Opinion Piece

Reflections on a life in database marketing

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ABSTRACT This article reflects on the author's career in database marketing and customer relationship management, explaining what took him into this line of work over 30 years ago and identifying the main changes in client requirements that he has observed.

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In 1980, at the age of 32, I left academia for a spell in industry. I joined the European HQ of Rank Xerox, where I worked in business planning and competitive intelligence, monitoring and forecasting the devastating impact of Japanese copier manufacturers on our business. I had been consulting to Rank Xerox for a year, working on the relationship between service satisfaction and perceptions of response and repair times, merging service records with the perceptions of survey results and analysing the file using SPSS. A central finding was that the halo effect was alive and well. Unreliable machines made customers think that engineers took longer to arrive than they actually did!

Another part of my responsibilities was to help Rank Xerox develop a framework

for managing its emerging systems business (word processing, daisy-wheel printing, laser printing and the first true windows product, the Xerox 8000 information processing system, based on the original Star workstation whose windows idea was adopted by Apple). I was one of the few managers who learnt how to use a word processor (I insisted that one should know how to use the products one sold). This attracted many wisecracks from senior managers. 'Got a new job, then, Merlin?', they asked, when they saw me tapping away. Given the importance of Xerox's service contract business (made possible by the unreliability of their machines), I decided to learn more about service. I worked with an independent consultant, Dr Tony Wild, who was working on Xerox's problems and who educated me in

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the intricacies of spare part management. This cooperation resulted later in our book, *Field Service Management*, the first book (we think) compiled on the Xerox 8000 system.

In those days, Rank Xerox's business planning community used APL to manipulate the many matrices needed for complex, interlocking plans. Then, along came one of the first spreadsheet programs, Visicalc. We bought an Apple IIe and (unbelievably, these days) asked university academics (operations researchers from Sussex University, my alma mater) to programme a model for analysing Rank Xerox's service business.

In 1983, I was given the opportunity under the Rank Xerox networking scheme to allow managers to leave and contract back while working from home. I took it. This gave me a free Xerox 820 computer together with its massive 8" floppy disk drives and daisy-wheel printer. Meanwhile, I answered a job advertisement for a senior post at Henley Management College and negotiated it down to a part-time post, giving me a great foundation for a consultancy career. One of my tasks at Henley was to develop a short course for senior marketers, Marketing – the New Realities, which I did in conjunction with the consultancy Marketing Improvements. It was great training for me too.

My confidence in dealing with senior management was greatly boosted by Jim Coulson, a wise consultant from California who ran several senior management development programmes for Rank Xerox. He asked me to present on them while I was still at Xerox and gave me a contract to work on them after I left the company. He also gave me work, including some at Xerox's laser printer division in Los Angeles. I had a lot of luck and some really good friends!

I was by then something of an expert on computer marketing, did many projects for computer companies and wrote a book, *How to Market Computers*

and *Office Systems*, with Hamish Macarthur, an experienced IT analyst and consultant. I developed a training programme on the subject that I ran in many countries. With Hamish, I wrote regular articles on IT marketing for the main magazine for recruiting IT marketing and sales professionals.

As luck would have it, at the same time I was asked to contribute to a training programme being run for Rank Xerox UK's marketing department by an experienced training consultant, Kevin Martin, whom I had met while working on other training projects. A senior member of this department was Mike Wallbridge, who managed the company's marketing communications. When in 1984 he moved along with many others to British Telecom to help with the newly privatised company's marketing, he contacted me and asked me to see him.

Mike was very kind, telling me I was the only marketing person in Rank Xerox (whose management was dominated by ex-sales people) who had made sense to him. Could I help him with his massive program for creating and using British Telecom's first truly national customer database? Ever the optimist, I reasoned that because I knew about the marketing of computers, and the associated skills and change management requirements (which I had learnt about from Kevin), I could learn about the use of computers in marketing. So I entered the world of database marketing. By now, Kevin and I had formed a company, and we needed all the good people we could get to help British Telecom.

At that time, the main very large users of customer databases were the big direct mail marketers, such as the *Reader's Digest*, American Express and mail order catalogue operators. Barclaycard had recently burst onto the scene, while utilities generally used their customer databases for emergency service management – central heating

maintenance contracts were relatively new. In the next few years, company after company lined up for the services of our business, mainly to help them implement new marketing approaches using customer data. The most dramatic success was achieved by Direct Line, who had launched in 1985.

British Telecom dominated our client base, but British Airways, British Gas and others completed our portfolio. It was then that I started my Database Users Group, so that companies could learn from each other. Its first members included British Telecom, British Airways, Homebase (one of the first loyalty card operators with its Spend and Save scheme) and others.

British Telecom's Customer Communications Unit had the tough task of rationalising myriad fragmented communications initiatives to create more effect at lower cost. Mike's project resulted in the company being able to write to all of its customers with the same (or relevant) messages. Managing this Unit required real skill, and Adrian Hosford had been recruited from ICL to build a team of some of the best marketers in the United Kingdom. He succeeded, and I am still in contact with many of them, who taught me so much about direct marketing.

One of the critical influences on my early work was my connection with Andersen Consulting (now Accenture). They were the main suppliers of database marketing technology to British Telecom. I learnt much from its senior people, particularly Nigel Backwith and Bob Shaw (Bob and I wrote one of the first books to explain how to do all this – *Database Marketing*). Andersen's referred me in to British Airways. And it was from Andersen's that I recruited Neil Woodcock (now Chairman and CEO of The Customer Framework) into our company.

Customer database technology was then 'clunky', as they put it. Databases were not relational, but in most cases flat files,

which made processing them expensive and time-consuming. Relational databases had appeared, but they were expensive and required complex programming. The culture of data management that we accept as normal these days was absent, and many corners were cut and errors made. Many marketing managers had no idea what a customer database was, what it could do, and its benefits, so much of our work involved communication, explanation and training.

With the databases came contact centres, but it was – compared with today – a cosy world. All you needed were addresses and telephone numbers, as e-mail and mobile telephones were rare. Instead, we had faxes, pagers and other now rarely used devices, which generally were not top priority – just getting the basics of name, address and fixed-line telephone number onto databases and learning how to use them was the focus of most of our clients. For business contact databases, life was as yet uncomplicated by the emergence of home working (though I featured in BT campaigns along with my family as one of the first true home workers). The idea was just taking root that small business customers were more effectively managed using *Telephone Account Management* (a telephone and a customer database rather than a cheap sales person). Yes, this was another book, this time with Chris Wheeler, one of my consulting colleagues. The vital contact histories were another matter. As they resulted from telephone calls and direct mail exchanges, they introduced an additional set of concerns about data quality.

I decided in 1989 to go back into academia. This led me to a Deanship of the Faculty of Human Sciences at Kingston University, from which position I was able to support the privatisation out of the university of what was to become the Institute of Direct Marketing, still a global leader in developing the skills that we all need.

Fast forward nearly 30 years, to a world of the Internet, smartphones and tablet computers, social media and customer-managed data, and you can imagine how database marketing has changed – not just in how customers expect to be managed, but how managers expect to see, analyse and use customer data or insight. By now, my colleagues and I at The Customer Framework had been assessing the quality of customer management in many industries and all over the world. This track record puts us in a good position to monitor and make sense of new developments.

For example, in most of our large clients at The Customer Framework, a key senior individual is the head of customer insight, who manages customer data and (usually) market research. Their responsibility ranges from producing insights to support business and marketing strategies, to how insight should be generated and used during interactions with individual customers. They are involved in the move towards real-time analytics and in how insight can be managed and used across many channels, from physical outlets or contact points, through contact centres, to the Web and mobile. In many companies, their remit extends to issues such as the management of payments, bringing them into contact with financial services providers, to consumer location data, where relationships with mobile network operators are important. Their suppliers extend beyond marketing agencies and data management companies to suppliers of a wide range of software, lately including apps – mainly for iPhones and Android devices.

Another area that has now raised its (sometimes ugly) head is the area of social insight. I avoid the term ‘social media’, because social insight comes from many sources other than those that are classified strictly as social media. Yes, Facebook and the many other suppliers of social media channels are important, but customer-to-customer communications take place in many

other ways on the Web, sometimes on the sites of the company or its competitors. Social insight is a little bit like the Wild West at the moment – anything is possible, but it is very hard to see an ordered structure at the moment. This is partly because social interactions are developing so fast, but also partly because the importance of social insight is not yet clear in many sectors, while social interaction patterns are still developing very fast. Not surprisingly, we are engaged with many clients to work on social CRM and are active researchers in this area.

An example of the evolution of the social approach is LinkedIn, which we take seriously as a source of information and insight. We saw the importance of linking all members of The Customer Framework team and linking to clients and prospects. I personally have many connections (over 2000 and growing). Until 3 years ago, I was reactive, accepting but not sending invitations. I was worried about giving more than I got. Then I realised that LinkedIn was a better way of managing business contacts than a conventional database. So I used the facility to invite all members of my address book to join. This led to a surge in my contact numbers. We now enhance The Customer Framework’s database with information from LinkedIn, and refer back to it when we get enquiries. We have formed a group on LinkedIn for our Customer Horizons discussion group.

Each of us uses it in different ways. We were recently contracted by a software supplier to set up a group of senior marketers to help the supplier get input into its strategy. We built a list of best contacts, the criteria for which included that they should be first-order linked to us on LinkedIn. We found some that we thought were good prospects but were second-order contacts and already on our database. So we first invited them to become first-order contacts, as we took this to be an important sign of their willingness

to listen to and become involved with us. When we finally e-mailed our target list, we achieved the required membership within a week.

In business-to-business marketing in general, LinkedIn has become very important. I am still intrigued to see where the latest LinkedIn feature, the pushed endorsement, will take LinkedIn. During a recent assignment for a company specialising in software for small businesses, I met a distributor for whom LinkedIn was one of his prime prospecting tools. He looked at the connections of clients and prospects and found ways to contact them.

Another important influence of this social 'revolution' has been customer empowerment. The idea that customer experience management is something suppliers fully control has become unrealistic. Customers understand that they can shape the experience, perhaps even have the responsibility to do so; otherwise, their experience may be poor. So, in dealings with companies, many customers take 'advice' from the Web, by seeing what experiences other customers have had, and what they achieved, before deciding on their own moves. More widely, customers' access to a variety of ways of dealing with suppliers can lead to a kind of revolution. For example, power utilities, who at one stage thought that smart metering would yield them masses of new data about customers (with its advantages and problems), have realised that some customers reject this model, preferring instead to use consumer-oriented independent applications for tracking and managing usage.

This move towards customer empowerment is (or should be) changing the way marketers think about how they manage customers and use insight about customers. However, many companies are having difficulty getting to grips with this approach. This may be because they do not have the skills to manage a more evenly balanced relationship with customers.

It may be because they have invested so much in managing customers in a more directive manner. Or it may be because they are culturally so committed to the directive approach. This is gradually changing, but it does mean that many of the more advanced users of the social approach (and I do not mean just in how to contact customers, but truly social, from business strategy and product/service design onwards) are the packaged consumer goods companies, for whom the social approach creates the possibility of cost-effective dialogue with large numbers of individual customers. The old directive approach, using a customer database to contact customers when the supplier determined, was not viable, so their culture was not 'contaminated' by this approach.

As a hybrid consultant and academic, this new world of customer management is good news. New ideas are needed, but also great honesty. As someone who has strongly opposed hyping up ideas, I am happy to be able to save our customers money by reducing their sense of panic that they need to be doing lots more, very quickly. A core principle of the social approach is to be guided by what customers say, and that means lots of listening, trying out new things and seeing what customers think about them, and of course being guided by customers as to what to try. The great thing about the social world is that information about what customers think and want is out there on the Web and easily accessible and analysable. Moving too fast and getting it wrong is more dangerous than a steady move towards becoming more social in customer management. And still, the approach is only justified if it helps companies fulfil the age-old customer management objectives of better and/or cheaper customer acquisition, retention and development, in ways that engage customers better.