Special issue papers

Do organisations now understand the importance of information in providing excellent customer experience?

Received: 8th May 2006

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Abstract Using empirical evidence and experience from the period 1986-2006, this paper argues that, by 1991, the components of good information management for customer experience management — including database and contact technology, relationship economics, contact planning concepts including moments of truth/touchpoints, process management requirements and vision — were known and practised. This has since led to significant improvements but more are yet to be achieved. The paper also describes the one gap in the marketer's armamentarium in 1991 — namely consistent or universal communication planning (which has been since filled), and highlights, with recommendations, key factors that have created failure or blocked success, including conceptual fragmentation and misconceived business objectives.

INTRODUCTION

Twenty years ago, a revolution in marketing was in full flow. Direct marketing was growing aggressively and rapidly and accounting for a larger proportion of the mix of communication methods because of its promise of 'accountable marketing' and the emerging concept of database marketing. Twenty years on, that revolution is still in full flow and audit reports suggest there are still considerable opportunities to improve. What happened, what really changed, the strategic initiatives required

today and, indeed, the necessity or value of information for improving customer experience — these questions are the subjects of this paper.

The term 'information' here refers to a hierarchy of knowledge that begins with data, builds to knowledge and peaks at insights. Beginning with accessible, managed 'data' in information systems, 'knowledge' is the inferential understanding drawn from that data and 'known' by people who are hence capable of generating better decisions and applications via rules or

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skills for system and/or human behaviour. 'Insights' are higher order learning that achieve decisive breakthroughs in understanding how to design or implement a strategy or way of acting.

Without facts in the form of data it is assumed that decisions and actions will be less effective, ineffective or counter-productive (value-destroying). The role of information in customer experience (and that for business value) needs some consideration.

METHOD

To answer the questions posed at the end of the first paragraph, the author draws on his own experiences as an involved individual who has had many opportunities to observe developments — a widely-accepted method of research in the social sciences.¹ A case study, a particularly valued method in business learning², is also employed to illustrate particular points. As Tooley and Darby³ comment, 'An important area of satisfaction ... is precisely working on issues to which one does have emotional or political commitment'. Furthermore, Eisner⁴ explains: 'Knowledge is always constructed relative to a framework, to a form of representation, to a cultural code, and to a personal biography ...' He draws conclusions from the developments of twenty years, describes any know-how gaps still to be completed as well as progress in development and implementation, taking account of academic and practitioner perspectives and several research studies carried out by his own team and third parties. From these conclusions he makes some suggestions for actions to improve the status of information still further.

To begin, then, the author describes

his early experience in marketing and the changes that motivated the creation of the customer marketing (CM) environment.

A CAREER IN MARKETING

1980s

In 1981 the author was part of the team that developed IBM's first UK marketing database. It used then state of the art technology and was based in a regional branch office. The system and its lead developer later were transferred to run the UK database and support IBM Direct. The author went on to propose and implement an end-to-end integrated information system to manage service-based contact and order-taking from supermarkets with automated warehouse management and despatch at Bernard Mathews plc in 1985.⁵ With this experience of integrated software business solutions, and having discovered the related database marketing applications⁶ he became CEO of a start-up British database marketing technology firm, WWAV Computing (part of WWAV Group, the leading direct marketing agency in the UK throughout most of the 1980s) in 1986. By 1989, WWAV Computing was UK market leader and could claim to be processing 10 per cent of all the UK's direct mail through bureau services or software installed at client organisations.

In the 1980s, as CEO of a high-profile company, the author gave presentations, on topics such as 'Building a marketing database: Key design decisions, common pitfalls and how to avoid them'⁷ at a succession of business and marketing conferences in the UK, at the annual Montreux Festival in Switzerland, and in the United States. The title of the presentation implies both

the opportunity and the fear of often-reported failure, just as 15 years later Gartner famously pronounced that 55 per cent of customer relationship management (CRM) installations would fail.

Such presentations argued for both the necessity of database marketing and advised how to go about it successfully. They were based on (and led to) experience in implementing such systems, for which there was a substantial uptake in demand. During the period, at least 60 relational database marketing databases (marketing systems based on RDMS technology) were implemented for major firms and brands including Nationwide Building Society, WH Smith, GKN Vending and Time Life, variously replacing either no direct marketing activity or upgrading the previous generation of merge-purge systems, which typically took 2–200 lists of names and addresses and merged and de-duplicated them to create a one-off mailing file.

1990s

From the early 1990s the author's career took a different turn, with roles in a trade association and the nascent Institute of Direct Marketing and as an international consultant to companies such as Vodafone (designing CRM systems), Inmac Worldwide (global systems), Thomson Holidays (strategy and culture change projects) and, in particular, OgilvyOne, with whom he worked intensively for over ten years, serving as their global knowledge manager for four years. With OgilvyOne he developed a global knowledge base and service toolkit for its international clients, a project that involved a dozen global best practice development taskforces and several international strategy pitches. This breadth of

experience and access to hundreds of case studies and practice issues provided the opportunities to learn from, interact with and influence some thousands of direct, database and relationship marketers in the UK and beyond, observing changing attitudes over the period.

New millennium

As Director/Professor of the Centre for Integrated Marketing since 2001 the author has conducted research into integrated marketing and the issues of media-neutral and integrated communications planning.

TWENTY YEARS IN DATABASE MANAGEMENT

In 1986, database management had the potential to be as ubiquitous a business application as financial accounting: every company needed one, creating an almost zero to 100% growth opportunity. During the period 1986–1991, WWAV Computing (later The Computing Group) was the fastest growing UK direct marketing services company and the leading European player in the field. Soon after it grew larger than its parent. Nevertheless, the turnover in 1990 (and in 1990 currency) was still less than 10 million. By comparison, today, Sage — originally and still a leading PC-based accounting software firm — claims in access of 4 million worldwide CRM users through its ACT! software alone, while market leaders Siebel and SAP are global giants. The 2004 CRM market was variously estimated at \$10.9 billion (by AMR),⁸ \$3.6 billion worldwide⁹ with \$2.5 billion in Western Europe.¹⁰ These figures are for technology and related services and indicate the scale of transformation over the last 20 years, evidence of considerable change and

recognition by companies of the importance of customer information and the divergence in measurement scope.

Others were making a similar discovery in the late 1980s, with a broad trend towards new computer-aided sales and marketing systems (CASM) noted in an influential article by Moriarty and Swartz in *Harvard Business Review*.¹¹ This suggested that sales and marketing systems were the most complex to implement and the last frontier for information technology. A typical apocalyptic claim of the time was that made by Professor F. Warren McFarlan of Harvard that: 'In five years, there will be two types of company — those who use the computer as a marketing tool and those who face bankruptcy.'¹²

A moment of truth

A key part of WWAV Computing's database design method was the concept of 'moment of truth' that the author introduced in early 1987. This term was borrowed from bullfighting by the English consultant Richard Normann¹³ (a specialist in service marketing) and later popularised by Jan Carlson of SAS to define the importance of creating a great customer experience at a critical or significant service point. The phrase later became even more widely popularised as 'touchpoint' — a moment of truth being an important touchpoint — and also related to the concept of 'critical incidents' much used in service marketing. Thus, from the beginning, there was a strong relationship between service and database or customer marketing.¹⁴ Moreover, from the beginning, it was established that all communication needs to create value in order to work.

At The Computing Group, the concept was used in two ways: as a way of designing one-to-one marketing

strategy (although the term 'one-to-one' only arrived later, popularised by Peppers and Rogers who were leading evangelists for the new way of marketing¹⁵) and as a way of designing the database marketing system. The concept was that by identifying the moments of truth (touchpoints) one could determine the required customer experience, business performance and also the information that needed to be collected and provided to support each critical interaction. This effectively defined the nature of the required database and its use, including both the data model (the data to be held and how it would be organised) and the applications required for collecting and using the data.¹⁶ This is the root concept of CRM or CM — a more modern term meaning much the same as CRM — or indeed database marketing as it was then envisaged.¹⁷

The design vision implemented by The Computing Group was a database marketing system (Database Mailman II) that autogenerated its applications from a defined data model and enabled a marketer to design, manage, operate and analyse complex communications campaigns online with the ability to interface to mail, sales contact management, telemarketing and operational business applications. In addition, the capability to have rule-driven actions was under development, so that one could automatically follow up or trigger communication (much like Microsoft Outlook and other email systems provide 'follow-up' options, but more intelligently). The systems were either installed in the client's data centre, in their back office or were accessed by a high-speed telephone connection to our bureau.

In 1988, The Computing Group installed the first online facility for

Table 1: Information-related integrated marketing performance. Scores range 1–7, 7 = excellent

	Mean	Median	Mode	Standard deviation
Customers treated in ways appropriate to them	4.97	5.0	5	1.158
Profound knowledge of customer groups	4.95	5.0	6	1.253
Lifetime value customer management	4.84	5.0	6	1.434
Brand recognises individual customers whenever they interact	4.81	5.0	5	1.272
Marketing aligned around customer groups	4.74	5.0	6	1.700
Excellent at realising high value propositions	4.71	5.0	5	1.271
Quality customer information timely at point of need	4.58	5.0	5	1.408
Evaluation as learning discipline	4.56	5.0	5	1.373
Practices ensure shared learning	4.25	4.0	4	1.341
Universal planning and evaluation framework	3.95	4.0	4	1.646
There are no silos	3.70	4.0	3	1.631

marketing managers — many of whom had never used a computer before (incredibly there are still managers today who lack such capabilities). The company also provided predictive and propensity modelling, data mining, segmentation and other analytical services, including the fusion of qualitative and quantitative information.

Between 1990 and 1993, senior managers from The Computing Group left to become CEOs or equivalent of the data consulting/service business at OgilvyOne, Equifax, Acxiom, AT&T and others, while Sophron, iForce, QCI and others have also had influential directors from the company.

During the late 1980s, other suppliers were also developing systems to support the sales force and telemarketing, so that, by 1990, the basic technology and marketing principles of what came to be known as CRM or CM were well and truly laid and the stage was set for a business explosion.

Sadly, while direct marketing ideas have gone mainstream, not least in the internet revolution, direct marketing has advanced very little.

This transformation was accelerated by the parallel development, beginning in the early 1980s, of relationship marketing,¹⁸ which can be understood as the discipline of organising business

resources to enhance each customer encounter as part of a long-term strategy of profitable retention.¹⁹ This accelerated from about 1989–90 to become an extremely popular business method.^{20,21} Its goal was to create extreme efficiency in maximising profitable customer experience, drawing heavily from the total quality movement.²² This was further fuelled by the research published by Frederick Reichheld in *Harvard Business Review* and elsewhere into the economics of customer loyalty.^{23,24} Reichheld further confirmed the importance of customer experiences in shaping this loyalty as well as the business-wide implications for delivering them. Suddenly, thousands of marketers and CEOs across the world were reminded by what seemed like a strong set of empirical data that keeping customers longer made excellent economic sense.

Within another two years, Garth Hallberg, a director of OgilvyOne (New York), launched differential marketing, which became enormously influential in the fast moving consumer goods (FMCG, or packaged goods) industry. It applied basic direct marketing and Pareto principles in an elegant way to help marketers recognise the relative value of the brand's customers and so budget communication in proportion. Many

brand owners woke up to the fact that a small number of customers, sometimes as low as 5 per cent, were driving most of the profits, transforming the economics of contact. It therefore made sense to develop more targeted communication strategies, which both funded and required databases. When added to the economics of customer loyalty, it stimulated increased appetite for a traditional direct marketing concept, lifetime value (LTV) or customer equity. These are lessons that have been noted but still need to be fully developed, as evidenced by an average performance score of less than five (maximum is seven) on LTV management (see Table 1).

In this way a basic understanding of the business economics of customer relationships was well established across an extremely wide range of industries by the early 1990s. One development was a variety of loyalty schemes, some decidedly spurious, but collectively leading to an evolution in sales promotion thinking. The greatest inspiration for this was Tesco's launch of its 'Clubcard' loyalty programme in 1991, which is still the bedrock of its marketing success today. Tesco was signalling a new way of doing business, although there was a considerable lack of understanding by the business press at the time. It is notable that Tesco partnered the launch of the Clubcard with a wide range of customer experience measures including the 'One in Front' service programme, which is intended to ensure that no customer has more than one person in front of them at the checkout. This set them up perfectly for the internet era and today Tesco is the world's leading internet grocer.

Also in 1991, integrated marketing communications (IMC) appeared on the business horizon.²⁵ Database marketing practitioners proposed planning across all

customer 'touchpoints', including advertising media. At the same time, IMC proponents were suggesting communication would be more effective if planned across the entire range of media. In marketing thinking, the concept of 'media' has steadily grown beyond 'advertising media' to include direct marketing, sales promotion and service interactions, exactly as Tesco was practising.²⁶ By 2004 it was widely understood that: 'Anything that conveys a message is a medium and is brand defining',^{27,28} merging the two concepts.

Observation of OgilvyOne during the period 1991 to 2001 illustrates what happened. In 1991, the author was invited by one of the unsung great leaders in marketing, Reimer Thedens, then CEO of O&M Direct's European business and soon to be worldwide CEO, to help the company develop knowledge and tools to address the forthcoming client needs at the end of the 20th century. Significantly, the starting point for this development consisted of task forces addressing packaged goods (led by Garth Hallberg and leading to differential marketing); sales force management; and service experience, matching the development of CRM. This farsighted vision also involved implementing immediate next steps. During this period, and as a direct result of the work, O&M Direct realised the need to change its business strategy and brand name to distance itself from its direct marketing legacy and became OgilvyOne. Direct marketing was a narrow discipline and what the company was offering was a new business and marketing method that involved the whole company ('360-degree marketing'), once again signalling a change in status for information.

International clients like Nestlé, American Express and IBM swung in behind the concept and OgilvyOne

needed to develop the capability to design and manage international campaigns and marketing programmes. For example, IBM centralised all of its 'advertising' with Ogilvy & Mather and shared its one-to-one marketing between OgilvyOne and Wunderman — both WPP companies, the former generally handling the more complex communication activities. Thus, the project developed and, in due course, the company rolled out a knowledge management system, Truffles — containing a complete and integrated set of customer relationship management tools and ideas known as 'customer ownership' to its worldwide workforce.²⁹ It also developed a very substantial strategic consulting service and, in partnership with Ogilvy & Mather (the 'advertising arm of the business'), an integrated approach to communication known as brand stewardship (later '360-degree marketing'). The business grew rapidly during the 1990s to some 60 offices worldwide and was perfectly placed for the internet revolution. In conclusion, marketers have had almost 15 years to learn how to achieve excellence in CM, using information to drive more profitable integrated marketing and a better customer experience. During that 15 years, there has been a global explosion in the practice and the only significant addition, apart from ever cheaper computing technology, has been the important addition of the internet as a data driven communication tool. How well have marketers progressed?

Some progress, could do better

The world is clearly different today, evidenced not least by the fact that the Securities and Exchange Commission (SEC) now requires organisations to report on intangibles such as acquisition

and retention rates, while data privacy has become a universal legal and business policy issue. In many ways organisations clearly do understand the importance of data. Most substantial companies will have some form of data warehouse with a degree of data integration around the customer and the IT department will be involved to some extent in issues of customer management. Companies such as Siebel — a leading supplier of marketing technologies — have turned into multibillion dollar enterprises and the term 'touchpoints' is now well understood. There are also a wide variety of low-cost PC-based systems that are designed as or include customer management systems, including Sage's ACT!. Even Microsoft Outlook contains a measure of contact management capability. Furthermore, tens of thousands of company web sites deposit cookies on visiting PCs, and some even do something with them. Amazon, for example, represents an entirely data-driven business with a very high standard of performance. So, a fair response would be that modern organisations have radically shifted their stance compared with the 1980s.

The case study with British Gas refers to the period 2003–2005 (see Box). All quotations come from senior managers. British Gas was far from satisfied with its results, despite being the Centre for Integrated Marketing's 'Integrated Marketer of the Year' for 2004.

This case represents a summit, not the norm. For that, consider this evidence from a 2002 CMAT study in the USA.³⁰ (CMAT is a comprehensive customer management audit and CMAT-R is a reduced question set focusing on data related issues.) The results are based on a survey of only 15 companies, not a statistically robust sample, yet this is considered a significant survey of quality in the field.

Box 1: Case study with British Gas

On why the company changed

The driver was that we weren't customer centric, we didn't have a coherent approach to customers and we were just about selling products and not managing customer value. We had a very limited coherent understanding and insight about customers and we didn't have a segmentation platform to develop an overarching, holistic, value-driving strategy. That was really the starting point: we needed a focal point to pull our activities together that were all basically pointing in the right direction to develop a coherent customer experience.

On why it launched the world's largest customer relationship management (CRM) project:

We used to have a fantastic CRM system, which we used to call Blue Cards. Our service engineers, whenever they went on a job, used to scribble something useful down, like, 'Knock at the back door 'cos the old lady's deaf', or, 'Watch out for the dog', or, 'The meter is located here'. That built up fantastic quality information on an individual customer. But it was all thrown away when the systems were computerised! So we need to get back to basics and understand what is useful. We've gone through a lot of pain to identify that.

On coherence

Where we started was getting all of the basic foundation stones in place, so building our systems so that we could have a single view of the customer, building our organisation so that it was genuinely under one umbrella and people had shared responsibility. If you were part of the old telecoms business all you cared about was selling people telecommunications. So the organisational change gave people a customer not a product responsibility — shared responsibility for the totality of the profit and loss, and obviously then a single customer strategy was written.

On lifetime value strategy

We began with customer contribution to the business based on the criteria that drove value: consumption, payment method, and an element of regionality, since pricing and cost of delivery via the network varies by region. 90% of our economic value as a company sits with less than 50% of the customers... We can model the customer behaviours, even forecast how much the next door neighbour or new tenant/owner will consume. Analytics tells us how certain customer types, if we were to acquire them, would behave from a value perspective. So a lot of this has been done from a value driving perspective, now right into the strategic planning process.

On customisation

A high value customer in London will get a different letter to a high value customer in Scotland because their price relationship to their local energy supplier will be different.

On consistent customer experience

The whole point about being customer focused was that we felt that we could manage and drive value through more appropriately, rather than perhaps one part of the business doing a particular activity that was being contradicted by another part of the business, and we particularly wanted a consistent customer experience throughout.'

- 71 per cent of companies have the ability to recognise and welcome new customers
- 58 per cent can share customer data at multiple touchpoints
- 56 per cent have a prioritised plan for data capture
- 54 per cent demonstrate good use of customer data.
- 53 per cent have access to sufficient specialist resources
- 29 per cent have incentives and sanction supporting data quality
- 28 per cent of companies have an enterprise customer information plan

These results are not impressive. The firm which developed CMAT and ran the study, QCi, an operating subsidiary of OgilvyOne and a partner of IBM, Acxiom and other companies, has also conducted hundreds of surveys to develop a benchmark, possibly constituting the most extensive global investigation of broader CRM/CM practice. CMAT covers a wide range of CM practices, recognising that successful management of customer information means much more than simply good data warehousing. To develop the metaphor, a good warehouse is part of a flow of value: a well-stocked warehouse ensures timely availability of whatever is needed, if its stock is not used up, or if it is not replenished with new stock, then the mere presence of a full warehouse points only to an ailing business. Excellence in information management is a function of strategic business organisation, marketing planning, systems, culture and processes.

In 2003, QCi reported that the UK and Switzerland are the best at managing information and technology, with a 63 per cent score; 50 per cent represents acceptable business performance in the QCi system, while 100 per cent implies a fully deployed and mature business practice.³¹ The lowest performer was

North America with a 43 per cent score.

Achieving a 63 per cent score implies some 'understanding of the importance of managing information to improve customer experience' and this was improving at a good rate in both countries. It is highly questionable, however, whether after 15 years of development it is acceptable to have the average score of the highest-scoring countries in the world barely above acceptable. Let us remember, that we know that effective management of customers significantly enhances the profitability of the firm or brand.

QCi's findings are supported by other experience: the author routinely finds that client business-to-business organisations do not maintain good customer databases; that segmentation methods are not designed to give the richest information or data; nor can they be turned into functional communication strategies. His motivation for leaving The Computing Group in 1991 was the insight that managing data and developing software were not the challenges. The challenge was managing a business to use information well. The danger was that, in developing the capability to send more mail or generate more phone calls for marketers, all that was being generated was just more junk for customers to filter.³²

The performance gaps are confirmed by an even larger UK study carried out by the Centre for Integrated Marketing in 2004. The research consisted of 201 telephone interviews with senior UK marketers from a variety of business sectors. The research explored 26 integrated marketing competencies, including customer experience factors and their drivers. Table 1 shows 11 competencies that are closely related to customer and information management, such as recognising and knowing customers,

sharing learning and providing quality information at point of need.

In the research, a score of 7 was considered excellent, which means that a score in excess of 5 is needed to demonstrate competence. Anything less than 6 means that the organisation's performance is unremarkable, or worse — which is unsatisfactory in a competitive world. The mean scores show that UK firms still have a significant opportunity to improve, although there is no doubt that if the research had taken place twenty years ago on a like-for-like basis the UK would have scored lower on most of these factors. For example, UK marketers probably have better knowledge of customers today than they did then. They have certainly made progress in installing lifetime value as a management tool and probably also recognise customers more often, although this may be a mixed experience for customers, since the process of recognition is often automated and devalued.

This evidence suggests that matters are improving, but given 15 years to get here one can hardly be complacent. Customer expectations have almost certainly increased faster than marketers' abilities to meet them.

Consistent planning: A later innovation

There is one area of CM which was not at all understood 15 years ago.

Integrating communications has identified one important new operational competency (and it is not the internet). Progress in integrated marketing communications has been hampered by a substantial gap in understanding what is involved and how to do it. Organisations are still highly fractured and operating in silos — the last two rows in Table 1 — and this applies also to marketing

communications. Potentially the most radical innovation in marketing communications has arisen out of media neutral planning, namely the importance of achieving a common method of planning and evaluation that works across the entire range of touchpoints/media.^{33,34} The historic process of defining communications objectives and evaluating them according to the type of media or contact (moment of truth) fragments both the planning of customer experience and the evaluation of performance. For example, when an Ogilvy task force considered tackling the issue in 1996, it was considered 'too hard'. Thus, one of tasks for the next 15 years will be to implement universal planning and evaluation tools. The tools already exist³⁵ so, once again, the challenge is human.

CONCLUSIONS AND RECOMMENDATIONS

The technical foundation for good information management, as well as the marketing concepts and strategic elements to support a business case — apart from the not inconsiderable issue of media-neutral planning and evaluation — have existed for about 15 years. Progress has been made, not least in the many billions of dollars invested in the industry, but success is both patchy and limited, and there have been many failures.

While many of these have been technical failures,³⁶ the ultimate causes have been issues with people: their lack of skill and information, assumptions, biases, political stance and ambitions, policies and strategies. The issue that motivated the author to leave The Computing Group in 1991 (managing a business to use information well) remains a major issue.

At the heart of this is a failure to really 'get' the vision. Two examples of this are the gap between 'enhancing

customer experience' and 'managing customer contact' and the plethora of names for the business activity set.

On the first point: a review of reports by researchers such as AMR Research, Forrester, IDC and Gartner and the associated commentary by journalists shows that CRM is substantially related to contact management, including sales force lead management and help desk services (the latter being the next generation of 'telemarketing'). This is an important application (and one often outsourced), but there is an important distinction to be made between increasing efficiency of these activities (less effort, less cost) and increasing effectiveness (more value). There is also a distinction between creating *value for* the customer and getting *sales off* the customer. For many years, CRM has been implemented to achieve cost saving: automating telephone answering, reducing the skills of personnel, controlling time, exporting effort to low cost regions, centralising or dispersing effort according to fashion. It has also been used to drive the sales force or telemarketers. Thus the focus has not been on 'understanding the importance of information in providing excellent customer experience' but on 'understanding the importance of information systems in reducing customer service costs' or 'understanding the importance of information in pushing sales and marketing efforts'. Cost savings and improved sales/marketing are vitally important, but both need to be managed as part of a strategy of creating differentiated value through customer experience. Brands that lack differentiated value can only compete on cost, thus are in danger of becoming commoditised. Consequently, there is a clear brand management challenge: plan consistently across *all* important touchpoints to create brand-enhancing but profitable

experiences. This can be more tersely stated by resurrecting the old term: the challenge of brand managers is planning and executing profitable, brand-true, moments of truth, and the job of information management is simply to support that.

On the second point, one of the notable features of the period has been the succession and variety of names given to the discipline(s). The list includes direct marketing, cyber marketing, database marketing, differential marketing, data-driven marketing, relationship marketing, loyalty marketing, maxi marketing, one-to-one marketing, customer relationship *marketing*, customer relationship *management*, customer management, customer experience management, as well as integrated marketing communications (IMC), 360-degree marketing, media neutral planning and more. Three factors play into this: a desire to seem different or new, political status in marketing, and a desire for companies to distance themselves from discredited hype and/or failure. For example, OgilvyOne needed to distance itself from its 'Direct' legacy, while much publicised failures in CRM led to companies offering a 'new' solution, CM.

This notional fragmentation, compounded by corresponding communications planning fragmentation, is significant. It leads to confusion, loss of skill (and rejection of good practice, most notably in the millennium internet craze) and dysfunctional gaps in understanding. Take, for example, the important university text book by Kotler *et al.*³⁷ This is selected because it is in many ways a fine and appreciated book. It has 856 pages, with 4 sections on information management related issues:

— There are two pages on CRM

- systems and their use in relationship marketing (pp. 409–10);
- There is one page on databases and direct marketing (pp. 789–91);
- There are seven pages on a marketing information system (MIS) (which is followed by a substantial section on market research) (pp. 264–271);
- And half a page on statistical analysis (pp. 297–8).

This amounts to only 1.23 per cent of the book and also fragments the information. Each of these sections arguably inter-relates: the MIS content belongs also to a good CRM system and database marketing, so does the statistical analysis. The overlap between CRM and direct/database marketing is not clarified, however. It demonstrates the commonplace division in the disciplines and failure to recognise the substantial identity of concepts with different names. One effect is that these systems are implemented by different functions with different skill sets and priorities, when what is needed is pooled knowledge and communal best practice.

A statistical study of the opinions of leaders of 299 businesses about superior relationship marketing by Day and Van den Bulte argues that:

The *configuration* component, which incorporates the organizational structure, incentives and accountabilities, is overall the most important element of the customer relating capability. The *orientation* component, comprising the mindset, values, and organizational priorities toward customer relationships, sets the leaders apart from the rest. The *information* component, including databases and customer information systems, contributes little to the overall capability once a minimum level of competency has been attained.³⁸

The experience of 20 years both confirms and contradicts this finding,

dependent on the viewpoint. The technology is largely understood, but a good information system by itself is nothing — one of The Computing Group's projects led to a very fine relational marketing database sitting on a bureau machine for several years without being used because the commissioning marketing director left the company at the time of launch. At the same time, it is part of the responsibility of leaders to develop the 'configuration' and 'orientation' components of success to collect and use information wisely in order to create value for customers, the community, employees and shareholders. This requires an integrated rather than fragmented approach.

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