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Reviews

Engaging customers in e-business: How to build sales, relationships and results with e-mail

Jeffrey L. Farris and Laura Langendorf

e2 Software Corporation; 1999; paperback; 106pp; \$19.95/£19.95

Who, in five or ten years' time, is going to be in the driving seat of the marketing bandwagon? You, and your colleagues, who are reading this prestigious journal? Certainly the editors would like to think so. Those of us who have grown up in the direct marketing industry have always believed that it is our ultimate destiny to inherit the world — that, as David Ogilvy famously said, in the future all marketing will be direct marketing, and that we direct marketers, forced for so long to sit ignominiously below the salt, will at last assume our rightful place at the head of the table.

Indeed, it might happen — but not to those who sit smugly around waiting for the prize to fall into their laps. The arrival of the Internet, and of the Web, has made Ogilvy's prophecy, unlikely as it seemed to this reviewer on first hearing it, an odds-on bet in very short order, for reasons that the prophet himself can never have envisaged. (But that is often the way with prophets — unchancy folk.)

But it does not follow that, as all marketing turns direct (or interactive, as it is fashionable to call it these days), we established direct marketers will necessarily be elected by acclaim to the leadership roles we so richly deserve. (Well, don't we?) There are other hungry predators roaming these woods, and if some of them lack the marketing finesse of a direct mail copywriter, well, they know how to programme a computer, to design a website, or to manipulate e-mail. And in this new world these are *marketing* skills, necessary even if not sufficient.

Which brings us to this book. (Or booklet.) It is all about e-mail — sending it, receiving it, gathering its addresses, writing it effectively, and integrating it with other channels and functions. It is untechnical, easy to read, and a highly pragmatic book, dealing, for instance in the first chapter, with different ways of sending e-mail (personal clients, team clients, auto-responders, rules-based auto-responders, smart auto-responders, list servers, bulk mailers, sequenced mailers and integrated e-mail management) together with the advantages and disadvantages of each (except the last, which is not accorded any explicit disadvantages). Anyone who is not already wholly conversant with all the possibilities inherent in the use of e-mail in conjunction with a website and a database can learn from this book; even the expert may find it has some useful tips and insights — or at the very least is an acceptable aide memoire.

The central theme of the book is quickly stated: '... for most companies email works in a vacuum ... [it] can be integral to almost every other system ... [it] should be repositioned as a feature of other existing applications'. Anyone who thinks that e-mail is just a device for exchanging memos with colleagues and friends, or that handling

Who will win the BIG prize?

The new marketing skills

Everything about e-mail

The theme: Integrate

But what about the traditional marketing skills?

customers' unsolicited e-mail responses to a website is a costly nuisance, will, rightly, find correction here.

Yet when the authors make occasional contact with traditional direct marketing subjects, the slips start to show. For example, in discussing bulk mailers, a survey from Georgia Tech is quoted, to the effect that 61 per cent of those receiving unsolicited e-mail delete it without first viewing it, while '11 per cent actually read the message'. (What the other 28 per cent do is not revealed — view without reading, perhaps?) And in the very next sentence we are told: 'Compared to ... direct mail, bulk e-mail can be a cost-effective way to reach potential customers.' Well, perhaps: direct mail is certainly more expensive than e-mail. But the figures quoted, far from suggesting the conclusion, actually cast doubt upon it: the proportion of (consumer) direct mail in the UK that was read by recipients varied, through the 1990s, from 55–65 per cent — five to six times the proportion allegedly reading bulk e-mail.

A discussion of 'marketing-generated responses' suggests that an order 'doesn't require any interaction between the consumer and the company' — involving, surely, an odd definition of 'interaction'. And a paragraph on contests/give-aways (presumably sweepstakes) fails to distinguish between the two — a distinction essential in UK law, even though it may not be so necessary in US law. (A book which carries a UK price on the back, especially one 64 per cent higher than the US price, should contrive to get these things right.)

Marketing for marketers

So, to return to our initial theme, here is an entrant from the computer software industry bidding to instruct us marketers in how to use one of the foremost tools of new technology marketing. And doing it not half badly either, on the whole. It would be nice to see some honest-to-goodness direct marketers at the cutting edge, if only so that all the old direct marketing lessons do not have to be relearned the hard way by a new generation from outside the industry. And so that we do not all lose our birthright as the forthcoming lords of the new marketing paradigm.

Robin Fairlie, FIDM

Net benefit: Guaranteed electronic markets: the ultimate potential of online trade

Wingham Rowan

Macmillan Press; 1999; hardback; 256pp; ISBN 0312222012; £25

Water and the Internet...

Will today's governments be as visionary in seizing the opportunity provided by e-commerce for us as the Victorians were in providing water for their people?

In the mid-1800s water was provided by competing companies who supplied water for a few hours a day to the affluent; this needed to be filtered and boiled before consumption. Large water companies believed that free market forces were the best way to ensure efficient satisfaction of this demand. Wingham Rowan makes an interesting comparison between the proprietary piping networks of these companies

...establishing a reliable network

and the IT networks and processes that have grown up in today's unregulated e-commerce model, powered by the growth of the free market Internet.

So what happened next to the Victorians' water supply? The government, keen to reap the social benefits, passed the 1848 Public Health Act which led to the establishment of a public water supply that could provide water of drinkable quality to all — 24 hours a day. An interesting consequence (given this analogy) was the ultimate disappearance of the large enterprises that established the original private services.

The premise of Wingham Rowan's book is that historically in all areas of basic infrastructure, whether water, postage or transportation, government intervention was necessary to ensure that the full potential was reached. Electronic markets are no exception and government needs to act as the catalyst, particularly if many of the social opportunities offered by e-commerce are to be realised.

A guaranteed electronic marketplace

His vision is based on a concept named a GEM (guaranteed electronic marketplace), where any provider of a service or product is free to enter and all transactions are guaranteed, with a dispute-resolution process in place. Individuals as well as enterprises are able to enter the market freely and offer their products and services.

Thus an individual, through a GEM, could for example offer their skill or their car by the hour or day, or a room in their house overnight, whenever it suited them, with complete peace of mind that their risk was minimal and that payment would be guaranteed.

Each transaction is guaranteed regardless of the seller by a bond that each seller establishes and which is held for compensation in cases of default. Access to the GEM is via a secure PIN system based on satisfactory vetting by an independent authority. The involvement of government provides the required interface to the legal system for cases of dispute resolution.

The principal characteristics of a GEM are that it should be:

- programmed to enforce fair trade automatically;
- committed to provide maximum usefulness;
- neutral, which should be aggressively asserted;
- responsible to the society in which it operates;
- secure as an overriding priority.

Careful argument

The book provides a high-level overview as to how, with government help to kickstart it, a GEM would operate and manage guaranteed transactions, as well as exploring the impact such systems would have in their country of operation. It clearly explains what steps would be necessary to launch a GEM as well as forecasting what likely opposition could be raised. With the characteristic thoroughness demonstrated by Wingham Rowan throughout this book, each argument is fully discussed and countered.

Finally, he considers how businesses might adapt to a world where electronic markets were genuinely open to all.

**Global shopping,
or national?**

Wingham seems to downplay the ongoing role of global shopping on the Internet once a national GEM is in place. He states that users of national markets will only shop globally for novelty, niche markets and for some digitised products such as software and music. Given the increased focus globally on the provision of customised products and services and the trend to increasingly shorter product life cycles, I believe this area will for a considerable time still be a substantial component of electronic trading. Perhaps governments might be encouraged to facilitate inter-GEM agreements between nations in a similar way that they helped pioneering aviation services between countries, covering amongst other items, access, safety, liability and settlement.

**Rare, original,
recommended**

This book is rare in both creating an original vision and at the same time giving almost step-by-step directions as to how this vision could become a reality. Whether the government in the UK will provide the impetus to kickstart a GEM, only time will tell. I strongly recommend this book as vital reading for anyone involved in e-commerce, and for anybody keen for a glimpse of where I too hope electronic trading may go.

Richard Mound, MIDM

Head of e-commerce and interactive marketing, IBM Europe

Grossman on circulation 1999

Intertec Publishing Corporation, Stamford, CT; 1999; 445pp; spiral-bound; ISBN 0918110262; \$115

**Magazines by
subscription**

This is the seventh in a sequence of annual surveys of the American magazine subscription scene which renders two distinct services to circulation managers and marketers: the survey reveals what 500 of their competitors are doing to acquire new subscribers; and also identifies trends and fashions in direct mail promotion over the years.

Gordon W. Grossman, the compiler, is probably the most knowledgeable magazine subscription salesman now living. He cut his teeth working for *Reader's Digest*, where he guided its circulation to an all-time peak of around 18 million US subscribers; since leaving the *Digest* he has been working as a consultant. He sits in the DMA's Hall of Fame, ankle-deep in giants.

So why have you not heard of him? For two excellent reasons: one, because he is low on conference exposure, high on intellect, and does not come cheap — it costs \$500 to talk to his answering machine; two, because the magazine subscription business is still asleep in the UK (though stirring), whereas it plays a major economic role in the USA — over 70 per cent of all copies are sold on subscription.

**Consumer, business,
membership and
frequency**

For the purposes of his survey, Grossman divides his 500 magazines into consumer (70 per cent), business (16 per cent) and membership magazines (14 per cent). Another principal categorisation, cutting across the first, is by frequency of publication: half of the 500 are monthlies.

One of Grossman's most useful breakdowns, accompanied by shrewd comments, relates to the incentives employed in acquiring new

Incentives

subscribers, the most common being free issues, followed by free gifts. Only 11 per cent of magazines, from a handful of publishers, use a prize draw, but if one looks at their size, the impact of the prize draw as an incentive is seen in its true perspective.

Altogether Grossman examines something like 2,500 variables, and it is in the cross-referencing — which kind of magazine does what — rather than in the raw data that jewels of insight are conveyed. Nothing escapes his sharp eye, neither the way in which the giant-circulation magazines manipulate the price at which subscribers are bought and which is the key to the triangular relationship between subscription revenue, advertising revenue and circulation, nor the quirks of niche publications such as *Sex over Forty* with its guarantee of ‘full protection in the future’ — against prices going up, as it turns out.

Trends and examples

There is an intriguing appendix on trends in subscription pricing, and 500 subscription order forms are reproduced to provide inspiration and entertainment, eg ‘YES! I want to join *Adventure Cycling* today!’

This is a treasure trove for aspiring and accomplished subscription promoters; Gordon Grossman addresses no one outside that charmed circle.

Victor Ross FIDM

E-marketing: Improving marketing effectiveness in a digital world

Malcolm McDonald and Hugh Wilson

Cranfield School of Management/Financial Times Prentice Hall Report, part of the ‘Management Research in Practice’ Series; Pearson Education; 1999; 140pp; £95, ISBN: 0-273-64427-0

Early expectations disappointed

What a title this report has — e-marketing, digital world, improving effectiveness! Indeed, had I been asked to recommend this report based on its first 80-odd pages, I might have done so without qualification. However, the expectation and momentum soon ebb away as the reader is left bereft of any profound conclusions or insightful predictions of future marketing, and has to settle for a very mundane call for further research into the subject.

But good overview of role of IT

Notwithstanding such qualification, the authors provide an informed and succinct overview of the role of *information* technology in today’s marketing. Their excellent — albeit frustratingly brief and simple — analysis announces itself through various charts describing, for example, the drivers of change in IT-enabled marketing and the evolution of CRM systems.

Integration, interaction and the six Is

The sole hypothesis put forward by the authors is that future marketing will have six dimensions, centred around integration and interaction. These are coined as the six ‘Is’, the other four being individualisation, intelligence, independence of location, and industry restructuring. (It seems that every author is ‘having a go’ at toppling McCarthy’s ‘4Ps’, most attempting to replace these with a varying number of ‘Is’. For what it’s worth, of those propounded to date the

**The Internet
as a bazaar**

reviewer's preference is for '4Is': information, integration, intelligence and interaction. Can readers offer any improvement?)

Perhaps the most insightful analysis given in the report is that (Figure 3.2, page 31) comparing the sales process from vendor's (push) and buyer's (pull) perspectives with that of the espoused interactive marketing approach. The key differences arising in the latter are the opportunities, or need, for 'exchange of information' and the capacity for 'negotiation/tailoring'. These characteristics have been more prosaically observed by Drayton Bird, who has likened trading on the Internet to that in a Turkish bazaar!

Oversimplification?

In itself, the authors' map of information use in marketing (Figure 4.1, page 45) is a neat and succinct aide memoire to areas of marketing performance that should be regularly reviewed. However, one is left with the feeling that, if it is as simple as the seven given headings (operational data, operational functions, aggregated data, market research, segmentation and aggregation, management information, marketing planning), then why do organisations get it so wrong? Perhaps this is testament to the clarity and accessibility of the authors' writing. Or maybe it just should be that simple!

Quotable quotes?

Throughout, the text is illuminated by comments from expert respondents who were interviewed to supplement the authors' own studies. Some are very quotable. In particular, I was reminded of Stephen Roach's view that 'The productivity gains of the Information Age are just a myth. There's not a shred of evidence to show people are putting out more because of investments in technology.' And with reference to the application of technologies, Nick Hewson comments, 'Most marketing managers, and indeed sales directors tend to think fairly short term. In short, they automate what they currently do.' Such lackadaisical application is not the key to organising for e-marketing.

**Internet not
a panacea**

An all-too-brief section on Internet marketing follows, and is let down by poor presentation of the concluding chart. However, the message is clearly that marketers must methodically evaluate the particular nature, scope and scale of the Internet opportunity for their own business — as a supplementary channel, as part of their wider marketing mix, and not an all-or-nothing marketing panacea.

**Well-written
case histories**

An equally brief section identifies the ways in which software is used to support marketing analysis and planning decisions. There follow 40-odd pages devoted to case histories. These well-written cases can be read at a canter — very worthwhile, but there are no paradigm-shattering findings here. Rather, there are some top-line examples of how to integrate data into the marketing process, supporting different aspects of the proposed six 'Is'.

In conclusion, the authors put forward five questions which they believe should be the focus of future research in fulfilling a central objective. That objective is stated as 'exploring what processes organisations can follow in order to integrate decisions on information systems support for sales and marketing with the organisation's marketing strategy'.

Strengths and weaknesses

But is not this the perennial thorn in *today's* marketing, here and now? And in relation to e-marketing — it is surely the vital *precursor* to being organised for the digital age? Perhaps this report's greatest strength — its title — is also its greatest weakness. The reader's expectation is unfulfilled.

To sum up: at worst this report is a necessary call to action, rather than a curriculum for improving marketing effectiveness. At best, it provides a salient refresher on the breadth and importance of information technology(ies) to marketing effectiveness.

Neil Morris MIDM
Deputy managing director, IDM

The alertbox: Current issues in Web usability

J. Nielsen
WWW.alertbox.com and *useit.com*

Free website advice

Alertbox is a collection of bi-weekly articles by Dr Jakob Nielsen, from 1995 to the present. It consists of a list of article titles, in date order (with the most popular highlighted), each linked to full text. Although each article is addressed to Web designers (or companies wanting to get on the Web), they are all grounded in the author's beliefs about what makes a website usable (or unusable) from a *consumer's* point of view. Recent titles include 'When bad design becomes the standard', 'Ten good deeds in Web design', 'Failure of corporate websites', 'Why advertising doesn't work on the Web (except for classified)' and 'Metcalf's law in reverse'. Nielsen is highly critical of most current Web design. Useit.com lists other articles, papers, interviews by Nielsen, contents of his new book, etc.

This free *alertbox* website should be visited fortnightly by every person involved in creating or maintaining a website. Its language is non-technical and it is relentlessly user-centred, being simply the analyses by a highly intelligent, ruthlessly critical and widely experienced Web surfer of his observations on the Web. Read, mark, learn and inwardly digest.

Robin Fairlie FIDM

Strategic customer care

Stanley A. Brown
John Wiley & Sons Canada; 1999; £19.99; ISBN 1 85335 959 3

Managing and nurturing customers to increase loyalty and customer value has been the subject of an avalanche of articles, books and websites. Regardless of the spin the author chooses to apply to the loyalty theme, the fundamental messages do not vary much. Identify and understand high-value customers. Measure customer profitability. Develop, test and implement strategies around customers. And on and on ...

Basics and key issues

While the basics are discussed, this book really addresses many of the key issues that challenge advocates and evangelists who are trying

to 'get senior management on board' while business leaders demand action and results, not more theory. *Strategic Customer Care* bridges the chasm; it is a practical guide that should be useful to anyone with an interest in improving business performance. The sub-title of this book — *An Evolutionary Approach* — is a pointed reference to the degrees to which various organisations have adopted strategies around the customer. It is almost too easy to read the usual and overworked 'Revolutionary' instead, but that would be a mistake. This book is pragmatic and realistic, and thankfully avoids preaching, either to the choir or the sceptics.

Evolutionary stages

To that end, Brown takes care to avoid alienating either audience right out of the gate by presenting the end state as the only game. Citing case studies and client experience (presumably through the PriceWaterhouseCoopers practice), he argues that there are stages through which organisations have been observed to evolve as they move towards 'strategic customer care'. The relatively few organisations currently there are 'focused on increasing the value and profitability of their customers through enhanced customer care'. So, it is not bad if you are in Stage I, focused on customer acquisition. This is the stage where customer information is gathered and measured, hopefully creating insights to support enhancements in business performance. Stage II organisations shift emphasis to retention, while in Stage III resources are aligned to increasing value and profitability through customer care.

Five pillars of strategic customer care

There are two major sections to this book, each about 150 pages long. The first half discusses the five 'pillars of strategic customer care': customer information and profiling, segmentation, customer research, technology investment and customer management. Brown explains why each is a key enabler, and reinforces the message with a liberal sprinkling of business vignettes from a wide range of companies. Throughout, he provides practical insights into how to assess your organisation's capabilities and strengths for each pillar, and there are ample clearly marked tips and ideas to help get started.

A network of self-help processes

Part Two describes how to get there; it is a 12-step self-help programme leading from management alignment and mobilisation to performance monitoring and adjustment. Because the steps form a network of processes rather than a sequential set of processes, some sections of the route map may seem puzzling (in Step 7, the reader is referred to Steps 3 to 6, which are covered in the next chapter ...). However, the map makes sense considering the complex issues and challenges.

The book concludes with four useful appendices that are templates to assist in working through some of the required assessments, plus a short but comprehensive listing of articles and books on related subjects.

Strategic Customer Care belongs in a desktop reference library. It is a practical and usable guide book, likely to be dog-eared and marked up by enthusiastic customer activists from any line of business.

Bruce Clarkson
General manager, relationship marketing, Sears, Canada