Editorial

Journal of Database Marketing & Customer Strategy Management (2012), **19**, 209–213.
doi:10.1057/dbm.2012.31

Is this then, the end? For the *Journal of Database Marketing and Customer Relationship Management*, it most certainly is. In part, this represents a shift in priorities by senior managers; far more, it is a sea change in the way that information is spread in an internet world, and longer term, it is about the future of the publishing industry itself.

To begin with what most, I hope, now know: this is the last issue of the last volume of the *Journal of Database Marketing*. It has completed its 19th year, not quite its 20th. In its inauguration, it dovetailed neatly with a sister journal, also now undergoing significant review and renewal: the *Journal of Targeting and Marketing Analysis*.

Both, in their way, were publications of a time. Those now steeped in database culture, used absolutely to the idea that the main issue faced by managers today is how to select from the abundance of information available in respect of customers, their habits and their preferences, would find cold and alien indeed the world that preceded the database revolution. The idea that direct marketing – because if you wished to market ‘below the line’, that was pretty much the only game then in town – was a slow, tortuous process of contacting lists of individuals, distinguished by one, maybe two factors at most, identifying the best list, then repeating the process again and identifying the best sub-segment and so on.

There was little genuine direct knowledge about customers: only a sense that List A might perform better than List B, and therefore there was something

about the characteristics of List A – age, gender, social class – which made its members more susceptible to your marketing offer than the members of List B. Statistical analysis, which was an obligatory component of early direct marketing courses, was fittingly basic to match.

Marketers learnt how to calculate a ‘significant difference’ between two lists. They focused on obtaining the right sample size; and campaign analysis was about listing out response rates and identifying those that were significantly greater. The emphasis was on the authenticity of direct marketing as opposed to the imprecision of its more inexact cousin, general marketing.

However, this was only half the story. For although direct marketing might tell you one or two things about your audience, building up a picture slowly and over time, it never aspired to the breadth of insight that a broader market research approach might achieve. For a while, in the early 80s, it looked as though the balance was tipping greatly towards direct marketing, as the advent of new computing techniques, above all, the growing introduction of relational database structures and software into the marketing arena promised areal step change in insight.

The database would be the repository of all that was known about those to be targeted for marketing. Henceforth, instead of selecting a list defined by a small number of aggregate characteristics and testing after the event to see which characteristic came through, it would be possible simply to communicate and then use multivariate

analysis to determine not just which group responded better, but which characteristic(s) were more powerful as means to define those groups.

Overnight, the scope of direct marketing expanded dramatically – as did the degree of statistical support needed. That particular revolution was one in which I am proud to say I had a hand, being both the originator and first editor of the *Journal of Targeting*, and author of what would nowadays most likely be titled *Statistics 101: a primer for Business*.

Although direct marketing departments were increasingly mutating into database marketing ones – and marketers had to explain the difference between a marketing database (the hardware and software, which in combination, contained the data used by marketing) and database marketing (a style of marketing predicated on the use of the growing information base) – a second parallel change was taking place. This is the shift from direct and database marketing from its role as adjunct to prospecting, to database marketing as support for managing customer relations.

For it became apparent very quickly that outside a few very specific circumstances, such as Lifestyle databases, which quite deliberately set out to amass large quantities of data about individuals who were prospects and had possibly never previously been customers for a particular product or brand, the optimum source for large volumes of data about individuals would be the customer base. There were two reasons for this: first, across a range of products, being a customer was synonymous with having a more intimate relationship with a supplier. Before any goods or services were provided, it was likely that the average individual would be required to disclose age, gender, address, income and a range of other personal data to the would-be provider.

Second, and very rapid focus for analysts, was the fact that where a service involved

frequent interaction between customer and supplier (the operation of a bank account, for instance), there was also transaction history to bring into the equation. How much, on average, did individuals spend? Over what period? What was their most frequent purchase? How often did they buy? And on and on.

Thus, began an age of data mining, when one of the first tasks that large organisations carried out after installing a major new customer database was to produce snapshots of those data from every angle imaginable, in the hope of identifying patterns that would contribute both to enhanced sales of existing product and highlight niche segments for which the design of niche products would be both appropriate and profitable.

The shift from prospect to customer focus happened almost overnight. As too was the transition from customer relationships to customer relationship management. Briefly, perhaps towards the middle and end of the 90s, the term ‘relationship marketing’ entered the language. This was, however, quickly supplanted by its more distinguished older brother customer relationship management.

The difference was important. The former incarnation of database marketing was relatively soft-sell in terms of its approach to business. It was founded on the idea that the use of information in order to maintain good general relationships with customers would tend to lead to more positive customer attitudes towards a business and therefore a greater share of market. This approach was explicitly rejected by the exponents of relationship management, who took the view that customers had a value to an organisation: that, in fact, all interactions had both value and cost; and therefore a prime purpose to any customer database must be not just the recording and dissection of sales results, but through the addition of value data, a microcosm of the business in general. Every

interaction had a probable value associated, and over time, it would be the task of the good customer manager to maximise the number of good and profitable customers held, while simultaneously reducing the number of non-profitable ones.

Central to this view of marketing was the assertion, previously quite alien, that it was the duty of marketing managers not simply to grow the business by recruiting new customers and making new sales: but to add profitability, which could well mean actively managing out poor customers.

These are seismic shifts in business attitude: the focus on customer as opposed to prospect. The addition of value, and a small but significant reversal in how customers were viewed (previously, customers were identified by type and then different customer typologies were valued. Now, increasingly, they are segmented by value, and the characteristics of the most valuable are elucidated), and finally, a technical shift, whereby databases were merged either actually or virtually, and businesses attempted more and more to create a single customer view, unifying all aspects of their interaction with a business, from sales, to admin, to operational, in one database.

It was at about this time that the Journal took the conscious decision to expand its remit from being simply the *Journal of Database Marketing*, and to add the 'Customer Relationship Management' focus as well. This, in the early noughties, reflected what the editorial board saw as the point at which the approach began to mature and to move onward from implementing a new and interesting technology to consider, in the round, the impact such a shift would have on business organisation and management.

The reference to 'marketing' remained, although in some boardrooms, in some papers, the question was beginning to be asked as to whether this was still accurate. Because once relationship management became the guiding philosophy for a

business, all activities are, in some sense, infused with the spirit of marketing, and if marketing is everywhere, then is it still sensible to locate responsibility for it in one department, one board title?

That too has been a debate gathering pace over the last decade: is it really relevant or sensible to maintain marketing as separate discipline or distinction within the modern enterprise?

One might be forgiven for imagining that this would be the point at which CRM began to fade from the literature as a significant concept. That has not happened. Rather, the literature has continued to look at implementation of the CRM approach, with the focus now no longer on whether it should be done – but how. Business managers have woken to the fact that although the CRM-focussed business may be a highly desirable outcome, it is not something that evolves naturally or is easy to put together. The last few years have seen a rise in the volume of papers looking at how to put some specific aspect of CRM into practice.

A corresponding development, touched on from time to time in the journal, has been the growth of the law in these areas. When direct marketing first began to 'get computerised', IT managers were at first bemused by the idea emanating from Europe of a 'Data Protection Act'. This, the idea that individuals should have some say in how their data should be used, was entirely novel and for a while had the industry mesmerised. A great many conferences were attended and good practice guides written and circulated by those who believed firmly in the rule of law.

Confusion, briefly, entered the narrative, as the EU grappled with different forms of regulation for telecommunications and electronic communications, producing two similar but ultimately different regulatory regimes, and inspiring debate along the way as to whether the medium of SMS counted as telephonic or electronic.

Nevertheless, a fundamental truth remained: that respect for data protection was largely a matter of moral compass. From direct experience, I can relate how the board of one major UK business responded when informed that their IT systems were non-compliant; they asked what it would cost to make the systems compliant, what fines they would most likely encounter if they failed to do this and, on learning that the fines were negligible in comparison with the cost of compliance promptly decided (unofficially, of course) to remain non-compliant.

All that has changed, as the last 5 years have seen data protection laws seriously upgraded, and other bodies, including Financial regulators, now prepared to penalise member companies for failure to treat customer data with sufficient respect. Six-figure sums for major breaches of the law are now the order of the day – and not just in Europe. For although the United States does not have the same data protection framework as exists throughout Europe, its financial regulation is, if anything, far tougher. It can only be a matter of time before a large company breaches the seven-figure barrier for a particularly egregious instance of mishandling of customer data.

Across the way, the *Journal of Targeting* has also been undergoing changes. In its original incarnation, it was intended to be a sharp contrast to publications dealing with market research. The distinction would be that although research tended to focus on what individuals said they would do (and was also commonly interested in segmenting individuals on the basis of attitude statements and lifestyle data), Targeting and Analysis would deal with real performance data.

That distinction, which survived the first decade of the journal's existence, has largely faded in the last few years. The ubiquity of customer data and the ease with which it can now be mixed and blended with other

forms of data, including attitudinal and 'soft' data, means that analysis is increasingly focused on the creation of hybrid models. Bear in mind, too, the shift outlined above towards value as primary analytic dimension. A great deal of the upfront complex analysis carried out on customer bases is the prerogative, nowadays, of those possessed of skills formerly viewed as accountancy skills. The ability to implement Activity-Based Costing of customer interactions: the addition of concepts such as Net Present Value.

These, and related, have tended to shift the focus of analysis towards tasks that are about eliciting accurate measures of value, with analysis of the customer base and adding light and shade in the form of customer profiling taking second place. Thus, direct marketing, at one time seen as the great antithesis to formal marketing, has come full circle. Through the database, it has in many organisations become the principal form of marketing; however, along the way, it has transformed – grown up perhaps – to take on many of the characteristics of the old-fashioned marketing it once rejected.

That felt, about 5 years ago, to be the end of the road. As narratives go, it is a pretty conventional tale: a Cinderella story about the gifted outcast, looked down on by their elder, more accepted sibling, in time growing to supplant them by stepping up to new challenges that only they can meet. However, in marketing, nothing ever remains the same.

If the story of the 80s and early 90s was that of the rise of the database, then the next decade was all about the internet. New challenges arrived in the form of new online technologies, which rapidly became the place where high volumes of customer data were being collected. Therefore, first of all, companies needed to wrestle with issues of how to incorporate those data into existing systems: how to integrate two quite different technologies.

At least, that appeared to be what the challenge was about. However, technology added a few more twists and turns. Social media are just beginning to impact within the marketing mix – though what is abundantly clear is that very few organisations have got these rights. Most, it would appear, seem determined to corral a dynamic new medium whose main attraction, whose defining feature is an absence of formal boundaries within the constraints of a corporate way of doing things. It shows. Corporate-inspired social networking rarely has the ring of truth to it, frequently is as much a turn-off for existing customers as a come-hither to new.

The mobile revolution has only just begun to break, and with it comes the rise of the apps: customers seeking out clever software solutions that will deal with some aspect of their daily interactions. This too is game-changing, as it presages a world in which the big organisations simply are unable to react swiftly enough to customer needs and interactions, and therefore vital data are likely to be ‘stolen’ from under their very noses by smaller, fleet of foot entrepreneurs.

The story is far from over. Database marketing – as terminology – may be slightly passé; however, its legacy is now central to the way most businesses view their activities. CRM, too, has become so central that organisations simply act out its philosophy without always necessarily

realising that they are doing so. There are new challenges.

These, Palgrave Macmillan and its authors will continue to tackle. However, with the change of focus, the issues will pass on to other journals, also dedicated to marketing, to communication and to analysis. Over the time, though, the same shifts in technology and culture that are now the focus for companies looking at their own CRM activities have proven significant in how this journal evolves.

Just as social media and social networking are giving rise to new models for the dissemination of information, the same tendencies are at work in publishing. Individuals and libraries subscribe less: information is disseminated through conferences, online publication and through informal – yet also peer-reviewed networks. This process – tradition giving way to new – has now caught up with the *Journal of Database Marketing*.

Its subject matter remains today as vital, as relevant as it was the day it was first published. However, for a new generation of business leaders and academics, information about database marketing will increasingly be obtained online – and no longer through the medium of hard copy journals. That is probably good for the environment: a little sad for those of us brought up on real, non-electronic books.

Jane Fae
Managing Editor