
Editorial

Integration — Why bother?

Ever since I moved into marketing from economics 30 years ago, the word ‘integrate’ has been a constant companion. In economics, the term ‘integration’ was then used mainly to refer either to setting up economic unions, as in European integration (please do not laugh!), or to vertical integration — companies integrating forwards or backwards by buying companies one or two stages down or up the supply chain. This practice normally produced poor results because the disciplines and/or economics of managing one stage of the chain did not apply in the other. Such integration usually only works when a company examines very carefully the different business models and economics that prevail at each stage and either develops a way to maintain them in parallel or else transforms one or the other so that managing the two stages in one company does not prove incompatible.

There was a third use of integration in economics — in the field of transport. Here, the idea was that an integrated transport system, in which different modes of transport — bus, train, plane — were planned and sometimes operated in an integrated way, would be better than one in which the owners of each mode optimised their operation according to their own objectives. This was very controversial, as it implied that planning always produced better results than the free market. Sometimes it does, but sometimes it does not.

In view of the chequered history of integration, why has integration — particularly when preceded by terms such as ‘seamless’ or ‘complete’ — received such a positive press in marketing? I think the answer lies in the presumed need of the customer — indeed, of any of the other stakeholders with an interest in an organisation — for consistency, and in the costs of failure or rework (using the principles of quality management) when consistency fails, eg when a customer has to give the same information twice, when a process requires manual intervention because the systems integration work has not been done, etc.

However cogent the reasons are for integration, perhaps the strongest relate to taking a fully integrated approach — or, as some still call it, a true ‘systems’ approach to managing or solving business problems. The most powerful reason for doing this is that non-integrated or, to use that horrible term, siloed initiatives are often not only sub-optimal in terms of their costs and benefits but can make things worse than if they had never taken place! I’m very grateful to the economics tutors who 35 years ago introduced me to the theory of the second best. This theory showed the negative effects of failure to integrate in a sub-optimal world. If you optimise in one area without regard to what is happening in other areas, the performance of the whole system may suffer. The simplest example of this is improving one’s customer database but having weak analysis or campaign management processes. This can lead to over-mailing, customer dissatisfaction and reduced marketing effectiveness. So, integration is best achieved by following a balanced approach.

In compiling the papers in this issue, we deliberately did not constrain our authors to the classic direct or interactive definition of integration in marketing — usually relating to data, media or channel integration. The result is an interesting set of papers exploring many different aspects of integration in business. In reading them, bear in mind the points above, and consider whether the benefits from the type of integration described in each paper fall foul of some of the above issues.

The paper by Paddy Barwise and Seán Meehan provides plenty of evidence that the strength of an integrated approach to marketing comes from a strong and perhaps methodical culture. They provide a number of case studies describing very different cultural approaches, but with a common message about the power of a strong customer-focused culture. So this paper supports my thesis above. The other papers show the importance of integrating individual elements of interaction.

Graeme Foux’s paper describes what companies have lost by not integrating the customer into their marketing approach. Recommendation, harnessed through online customer communities, can be a

very powerful brand and sales builder. But customers will form their own communities anyway, and what goes on in these communities is ignored by companies at their peril. Most companies deal with this as an afterthought, but Foux argues that marketers should consider adopting a methodical approach to customer community management.

Dawn Orr and Jon Cano-Lopez consider the problem of messaging to consumers in a world where mass media no longer effectively cover higher-value customers. They argue that translating the theory of multichannel communication into a practical proposition for reaching many different consumer segments with the right amount of exposure requires a significant investment in customer data integration.

Danny Meadows-Klue argues that 'conventional' advertisers need to change their ways if they are to get good results from customers searching the internet to try to find their products and services. Rather than deciding the language they want to use to talk to consumers, companies must understand the terminology that consumers use when searching. He suggests that classic techniques of test and learn can be applied to this new area in order to optimise response.

David Reed's paper shows how British Gas developed a branding approach to embrace all of its activities. It demonstrates the importance of involving company staff at all levels, not just in confirming the appropriateness of the central idea for the brand, but also in ensuring that service and product delivery supports the promise of the brand.

Shelagh Gaskill, Gavin McGinty and James Pratt's Legal Update is a salutary reminder to enthusiasts of the internet as the dream marketing channel. They focus on the problem of credit card fraudsters, and the playground the internet has provided for them. The most telling phrase from this paper refers not to how fraudsters acquire merchandise through abusing cards, but how they dispose of it. 'Criminals are rapidly turning eBay into one of the world's biggest fencing operations.' Need one say more.

Brian Kelly and Greg Bowman present a case study — from TD Waterhouse — demonstrating the importance of an integrated approach to the management of knowledge required by customers. This theme has been recurrent in marketing, although often marketing's focus is on customer information. But tales of brochures piled up in contact centres for access by call handlers and the consequent poor quality of response should remind us that communicating with customers is a truly two-way process, demanding improvement in the management of both customer and company information.

The overall message of these papers is that while a consistent approach to integration stems from culture, that is not by itself enough. A lot of hard work is required to achieve integration in practice. This work covers everything from marketing strategy and branding through to systems, data and processes. There is no simple route to integration — many mistakes are made along the way, and the benefits of each step in the process of integration may not be clear at the outset. Integration is probably best described as an experimental, learning process, rather than one that can be achieved following a recipe. That is why I emphasise the importance of a balanced, steady-as-you-go approach.

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