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The buyer-centric revolution: The rise of reverse direct

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Abstract

A long-standing and fundamentally important division of labour between marketers and consumers is coming to an end. Traditionally, companies make and sell while consumers buy and use. But emerging added-value buying services are putting the power of IT and information in the hands of consumers and reversing the flow of marketing processes, so that buyers' search for value pre-empts sellers' search for customers. The buying process is becoming professionalised and organised. At the same time, such 'reverse marketing' processes represent a fundamental challenge to the direct marketing *status quo* while promising to realise direct marketing's dream of 'perfect' relevance at minimum cost.

A retail revolution

When Perlmutter's Market opened its first 'self-service' grocery store on the outskirts of Moline, Illinois in 1937, proprietor Mr Perlmutter had little inkling of its long-term effect. Until then, shoppers walked into a shop, went to the counter and asked a service assistant for what they wanted. The service assistant then went and got it for them. But at Perlmutter's Market, shoppers had to wander around the store and find what they wanted for themselves.

Most retailers at the time were appalled at this cavalier lack of service — and many customers agreed. But Perlmutter was not too worried. He was selling Tide at 29 cents a pack as opposed to the 59 cents a pack offered by traditional retailers down the road, and many customers were snapping them up.¹

Today, self-service is the retail norm. But back in 1937 it faced huge obstacles. Many elements of the value equation had to be reconfigured, all at the same time, to make the new concept work. Retailers had to rip out their old in-store infrastructures and replace them with new and unfamiliar store layouts — both a heavy cost and a big risk. They had to learn new skills in store layout, display and merchandising. At the same time, shoppers had to learn new shopping skills and habits, and adjust their expectations on both price and service.

For such reasons, self-service was not an instant success. In fact, it took decades for the idea to sink in and for its full impact to work its way through. But ultimately, this impact was immense.

Self-service transformed the industry's cost structures, taking price competition to new and unheard-of levels. It opened the way for new retail formats, which allowed retailers to generate new economies of scale

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via a new virtuous circle: create ever-bigger stores with ever-greater operational efficiencies, while offering consumers ‘one-stop shop’ convenience plus lower prices. Knock-on effects such as increased scale and buying power only added to the momentum — leading to a fundamental shift in the balance of power between retailer and manufacturer. Leviathans like Wal-Mart simply would not exist without Perlmutter’s original innovation.

The rise of buyer-centricity

Retail self-service is not the first important new division of labour between individuals and organisations and it will not be the last. The industrial revolution saw individuals outsource a whole range of activities (such as making clothes and food production and preparation) to factory owners. Like self-service, it also required both buyers and sellers to adopt new processes, depended on the introduction of new infrastructure, and created transformed cost structures and balances of power.²

Now, with ‘the information age’, the boundary between firms and individuals is changing again. This time, however, the renegotiation does not so much concern physical work as information work: who does what with what information — particularly the information that drives the core economic tasks of matching supply to demand and connecting buyers to sellers.

Generically speaking, our economy has four main ‘buckets’ of activity — making, selling, buying and using (or consuming). Historically, organisations have focused almost all of their efforts, including their uses of information and IT, on the first two buckets: making and selling. Sellers have provided buyers with most of the information they need to make purchasing decisions, and marketing has evolved as a top-down, seller-controlled process revolving around sellers sending ‘here we are, this is what we have to offer’ messages to targeted consumer audiences. Sellers have then left it to individuals to tackle the other two buckets of buying and using, by sifting through this information and exercising choice, for example.

But now a new breed of ‘buyer-centric’ organisations is emerging to use the power of data, and of information and communication technologies, to help individuals tackle the last two buckets of ‘buying’ and ‘using’ in a more professional, organised manner. In particular, added-value buying services (the focus of this particular paper) do two new things. First, they collect ‘here I am, this is what I want’ information from individual buyers and pass it on to sellers. Secondly, they source and deploy information to help buyers achieve their go-to-market goals more efficiently and more effectively.

For direct marketers, the implications of this reversal of the direct marketing process are huge. It has the potential to:

- eliminate huge amounts of waste and inefficiency from direct marketing as we know it
- massively enrich the content and value of the exchange between buyers and sellers

New divisions of labour ...

... are changing buyer/seller relationships

- trigger a radical re-engineering of current direct marketing processes such as database building, management and analysis, segmentation and targeting, customer relationship management and campaign management
- transform the direct marketing agenda, particularly relating to controversial issues such as privacy, intrusion, ‘opt-in’ versus ‘opt-out’, permission and so on.³

Added-value buying services

If shoppers had all the time and energy in the world they could already, in theory, shop around far and wide enough to find the best possible products and services for their particular needs and circumstances at the best price. But the way today’s retailing and marketing processes are organised such ‘perfect shopping’ is so time-consuming and hasslesome that buyers end up making all sorts of compromises and trade-offs. Time and time again, they opt for what is easiest rather than for what is best.

Minimising these trade-offs and frustrations represents a massive unmet consumer need. An untapped market. Enter the added-value buying service.

Added-value buying services help buyers tackle these trade-offs by empowering them with richer, easier-to-access-and-use information that enables them to source better value at lower cost (where ‘cost’ includes the time, money and hassle of shopping as well as the money cost of the product or service in question).

Currently, of course, sensible sellers go out of their way to understand buyers’ needs and to make the buying process easier. But they do so ultimately for their own purposes: to influence the buyer’s preferences and choices more efficiently and effectively in favour of their particular brand or product. In contrast, emerging buyer-centric services seek to understand the needs of the buyer *in order to help the buyer achieve his go-to-market goals* more efficiently and effectively — regardless of which seller benefits. They do this by assisting the buyer at each stage of the buying process: from initially identifying and articulating a want or need, to searching for the most appropriate product or service, comparing different offers, evaluating their merits, negotiating terms and finally closing the transaction.

It is early days yet. We are still in the Perlmutter’s Market era of added-value buying services, not its mature Wal-Mart flowering. As Froogle, the new shopping spin-off from search engine Google currently under beta-test in America, comments, ‘the Froogle you see today is likely to evolve and improve over time’.

So what sorts of improvements are on the cards? Tables 1 and 2 give a sample of the different functions and forms of value already being offered.

Search

Search services help buyers find out what is available and where it is available from. Buyers use Froogle’s search engine to find websites selling

Helping buyers to buy

A market in its infancy

Table 1: Functions delivered by selected added-value buying services

	Functions delivered					
	Needs articulation	Reverse direct*	Search	Comparison	Negotiation	Transaction
Froogle	x	x	✓	x	x	x
HomePro	x	✓	✓	x	x	x
Conciera†	x	✓	✓	✓	x	x
Confetti	x	✓	✓	x	x	✓
Shopping.com	x	✓	✓	✓	x	✓
Bizrate	x	✓	✓	✓	x	✓
NextTag	x	✓	✓	✓	x	✓
Edmunds.com	✓	✓	✓	✓	✓	x
Appliance Buyers Guide	✓	x	x	✓	x	x
The Prism†	✓	✓	N/A	N/A	N/A	N/A
The Customer's Voice†	✓	✓	N/A	N/A	N/A	N/A

* Eg collecting and passing on expressions of interest, intentions to purchase, specifications etc.

† Prototype

Table 2: Selected buying services, main forms of value

	Impartial	Expert	Convenient
Froogle	✓	x	x
HomePro	✓	✓	✓
Conciera†	✓	x	✓
Confetti	x	✓	✓
Shopping.com	x	✓	✓
Bizrate	✓	✓	✓
NextTag	x	x	✓
Edmunds.com	✓	✓	✓
Appliance Buyers Guide	✓	✓	✓
The Prism†	N/A	N/A	N/A
The Customer's Voice†	N/A	N/A	N/A

† Prototype

the products they want to buy. Froogle's stated purpose is simple, to make it 'easy to find information for products for sale online'.

Many permutations

But there are many permutations of the basic theme. Debuy.com (also in the USA) helps buyers seek out offers from sellers by posting their wishes on the internet and 'letting sellers find them'. Some qualify the search, say with a quality threshold. Back in the UK HomePro directs you only to pre-vetted-for-quality builders by locality and speciality. Reverse direct marketing specialist Conciera enriches the search process by passing on specific requests and specifications (eg price bracket, time scale, must-have features etc) to a range of different suppliers, who then respond with offers as they see fit. Ehound.net is building a mobile-phone-based platform that lets buyers search for products and services by locality, while eBay specialised (initially, at least) in helping buyers search for hard-to-find collectors' items.

Yet others help buyers tackle complex purchases. Confetti.co.uk has created a 'one-stop shop' for those searching for any and all products and services related to weddings and other celebrations, while TenUK excels in searches for products and services that cannot easily be found online, such as, say, reliable good-quality local cleaners.

**Rethink every step of
the buying process**

Comparison and evaluation

But turbo-charged search without equally turbo-charged comparison and evaluation can create more hassle than it is worth. Why accumulate a mountain of data if it is such hard work to sift through that you give up? Hence the rise of specialist comparison shopping services. Froogle allows users to list their search results by price. Kelkoo now offers detailed price comparisons in over 25 different categories from CDs to cars and consumer electronics — in nine European countries. Moneysupermarket streamlines comparison and evaluation in financial products such as loans and mortgages by listing current offers, by category, from many competing sellers.

US comparison shopping services like Shopping.com, Bizrate, NexTag and PriceGrabber not only compare prices, but also product attributes. Shopping.com, for example, lists products according to consumer ratings and search popularity, as well as price. 'We make it easy for you to shop with confidence by providing you all the information you need to make the best shopping decision,' it says. Conciera's service collates personalised responses to their requests from different sellers online, thereby helping consumers make comparisons relating directly to their specifications. Edmunds.com offers independent and detailed car-to-car product and feature, price, reliability and total cost of ownership comparisons.

Negotiation

Edmunds.com also helps buyers negotiate better terms. One of its most popular services is its price 'calculator', which arms buyers with up-to-date information tracking not car-list prices, but what local car buyers are *actually* paying dealers, by locality. Other influential ventures such as eBay are educating consumers as to the possibility of teasing out further value from the marketplace in other ways, such as auctions. Likewise, notwithstanding the thrills and spills of dot.com collapses, Priceline's 'name your own price' and Letsbuyit.com's 'co-buying' services have also survived. Letsbuyit is now expanding rapidly again by (for example) providing the engine for the *Daily Mirror*'s online shopping service.

Transactions

Finally, online bankers such as Egg and online retailers such as Tesco.com and Amazon are raising the competitive bar in terms of buying convenience. They are part of the same overall trend towards a broader view of consumer value — one which focuses on *total* buying costs, which includes not only the actual price of the goods being purchased, but related costs such as the time, money and hassle invested by the buyer in the buying process itself.⁴

Needs articulation

Waiting in the wings, mostly still under development, are more sophisticated services that help individuals gather and manage their personal data, articulate and clarify their needs and trigger actions to meet these needs.

Use information to help individuals

A BT prototype enables a buyers to specify their 'perfect' car, for example. Key point: the software not only helps individuals send out 'ideal' specifications to prospective suppliers, it also helps the individual clarify his or her own priorities. What are ABS brakes? How important is design or brand badging to me? (If the 'perfect' car was a Skoda, would I still want it?) Services that help people through such minefields (including knowing when to say 'that is enough detail!') have huge potential, not only to help individuals source products and services that better fit their needs, but to help businesses truly understand what their customers are looking for.

Similarly, buyer-centric consultancy The Prism is developing 'scenario planning' software which reveals just how complex an information search, purchasing, planning, coordination and logistics task most significant life events are, from organising a stag night to moving home.⁵ The potential for added-value services here is immense. The essential starting point for each scenario planning exercise is rich, detailed information that captures that individual's circumstances, constraints (eg budget, time etc), priorities and preferences. The richer this understanding, the easier it is for service providers to address the need.

One way all these services could come together is via personal knowledge banks, such as those currently being developed by Information Answers/The Customer's Voice. A personal knowledge bank is each individual's own personal database which (in its fully fledged form) collects and combines a range of different types of data. These include basic administrative data (eg National Insurance number, blood type, tax reference, passport number etc), demographic data (address, occupation, income), transaction histories, financial records, personal interests and purchasing intentions. Individuals use these data to manage their relationships with suppliers, giving permission for different levels of access to different organisations for different purposes, and (sometimes) charging them for this access.⁶ By definition, such a personal knowledge bank creates a much richer, rounder 'single customer view' than any seller's CRM database. Because it is in constant use, it also remains accurate and up to date.

Rethink direct marketing

If services such as those described above mature and achieve critical mass, they could trigger fundamental changes in direct marketing along all the key dimensions of control, content, purpose and process. In Mohanbir Sawhney and Philip Kotler's words, they would require 'marketers to come to terms with customer-initiated marketing'.⁷ Key characteristics of the emerging phenomenon of 'reverse direct' are as follows.

- The buyer is in *control* of who is to be contacted about what, when.
- The buyer is no longer part of a targeted 'audience'. Instead, he specifies the *content* of the information he is interested in. It concerns what the buyer is seeking to buy, not the messages sellers decide to send.
- The *process* is bottom up rather than top down, initiated and driven by buyers seeking out sellers, rather than the other way round.

- The *purpose* is also buyer-centric. The services add value first and foremost by helping buyers in their search for value, rather than helping sellers in their search for customers.

A new competitive dynamic

The big question, then, is: is critical mass likely? The answer depends on a range of factors. One of them is technology. The actual idea behind ‘added-value’ buying services is not new. Specialist ‘which buy?’ magazines have long helped consumers search the market and review what is on offer. Retailers have long facilitated choice by displaying competing products alongside each other. Independent financial advisers have long offered personal advice to buyers. And pressure groups such as the Consumers’ Association have long offered consumers impartial product comparisons.

So what’s new?

But until very recently, such services were held back by intrinsic limitations relating to cost, convenience and trust (see Table 3). ‘Which buy?’ magazines are often very hard to use, for example. And we all know that the ‘independent’ advice coming from IFAs is not independent at all. It is driven by seller commission levels. Gathering and making available independent product information, such as that provided by the Consumers’ Association, is an expensive business which only a minority of buyers are prepared to pay for.

Now, however, new information and communication technology advances are creating breakthroughs in terms of our ability to cut the cost of providing such services and to increase their information richness, ease of use and access. And consumer take-up of both the internet generally and added-value buying services is accelerating. According to Pew’s Internet and American Life Project, for example, in 2003 93 per cent of American internet users went online to send e-mail, 88 per cent used search engines for general information searches and 83 per cent used it to research a product or service before buying.⁸ That is the third highest usage category.

Meanwhile, shoppers’ search and shopping habits are changing. According to Nielsen/Net Ratings, by autumn 2003 21 million US net users visited a comparison shopping site, with usage growing at around 34 per cent a year.⁹ Research by Accenture partners Paul Nunes and

Table 3: Added-value buying services: Competitive dynamics

Convenience	Time saved searching and transacting Money saved searching and transacting Hassle/stress avoided searching and transacting
Value added	Maximise savings on purchase price Maximise fit of product/service to specification The ‘thrill of the chase’ Alerted to new possibilities/opportunities
Trust	Independent, impartial information Expert, on-my-side advice Business model: where do its vested interests lie? Transparency (about the above)

**Cost, convenience,
trust**

Frank Cespedes suggests that half of all US shoppers now shop for information in one channel and then purchase in another. To those sellers who still think of channel strategy as a means of controlling customer preferences and behaviours their message is stark: 'the customer has escaped'.¹⁰

That may not be enough, however. To reach critical mass, these services need to become the consumer's 'first port of call' (hence Edmunds.com stated goal, which is to be 'where smart car buyers start'). And to do this they need to do a lot more in three crucial areas of cost, convenience and trust.

Among the challenges now facing buying services is keeping data fresh and accurate (a major technical headache for comparison sites); ensuring easy search, navigation and use (which are not trivial service design issues); and offering a fully rounded, seamless service. One of the strengths of online retailers such as Amazon and Confetti is their ability to provide a highly convenient 'one-stop' shopping service. Yet as Table 1 shows, a search-driven service like Froogle only really tackles one of many stages in the buying process. This has also been the weakness of traditional comparative information provided by organisations such as the Consumers' Association: using the service requires a detour from the 'normal' shopping process rather than being an integrated part of the process.

The Appliance Buyers Guide is tackling this issue in two ways. First, it is offering added value information: a customised 'best buy' report tailored to your personal circumstances. Secondly, to 'round out' its offer it has allied with NexTag. As competition between added-value buying services intensifies, we can expect more such alliances and partnerships. Shopping.com, for example, was formed in September 2003 by a merger of Deal Time (backed by Bain Capital, Bertelsmann and Goldman Sachs among others) and Epinions, the consumer reviews and ratings platform.

New business models

Edmunds.com gets the greatest number of 'ticks' as far as offering a comprehensive buying service. It stops short of closing transactions, but that is deliberate. Being involved in deals could compromise its independence, it argues. Which raises the crucial issue of trust, and the nature of the service's underlying business model.

Can consumers really trust added-value buying services to provide them with the comprehensive, independent, impartial information they need to make the best purchasing decisions? Or are they destined to go the way of IFAs and be 'captured' by the vested interests of seller commissions or other incentives?

So far, different services have taken different positions on this question. Comparison services like Shopping.com, NexTag and Bizrate are currently trying to ride two different horses, both at the same time. They all offer buyers extra, impartial information (Shoppers.com via Epinions, NexTag via Appliance Buyers Guide and Bizrate via its own peer-reviewed lists of most-recommended sellers ranked in order by various attributes such as price, reliability, service and so on). Yet at the same time, the listings generated by buyer searches are 'biased' by sellers who pay over the odds for top-priority placement. This conflict of interest

undermines their credibility as a consumer service, and will be a source of much debate to come.

Bizrate recognises the dilemma, giving users a one-click option to refer to 'de-biased' listings. Others resolve the problem in other ways. To avoid any charge of bias, Conciera charges only a flat-rate fee for connecting buyers and sellers. The Customer's Voice (see below) passes seller commissions back to its users and charges them a subscription instead. Froogle funds its service via search-triggered advertising, and stresses that the information it actually supplies to buyers remains free of seller 'bias'. 'Google does not accept payment for inclusion of products in our search results. Nor do we offer to place a merchant higher in the results if they are an advertiser or offer to pay for that placement,' it explains.

Trust is crucial

Likewise, Edmunds.com's main source of income is advertising. 'Edmunds.com was founded to empower consumers, and we will always regard consumers as our first and most important constituency,' it declares. 'None of the companies whose products are reviewed on our website own any interest in Edmunds.com or have any say in how or what we publish.'¹¹

Exactly which business model/funding mechanism best supports the added-value buying service's need for maximum trust remains to be seen (see Table 4). The key issue here is that sellers' go-to-market costs are ultimately paid for by consumers in the final price of the products they buy whatever form these costs take, whether it is advertising costs, retailer margins, commissions or whatever. If added-value buying services can reduce these costs, they can create a win-win for both buyers and sellers.

That is the real potential power of added-value buying services: they not only add value for buyers, but they can also add significant value for sellers too.

Reinventing direct marketing

Froogle, Bizrate, Appliance Buyers Guide, Conciera, HomePro, The Customer's Voice: none of these is a direct marketing business, so why should direct marketers bother about them? Because, separately and together, they promise (or threaten) to beat direct marketers at their own

Table 4: Selected buying services, main sources of income

	Advertising	Buyer fees	Seller commission*	Margin
Froogle	✓			
HomePro			✓	
Conciera			✓	
Confetti	✓			✓
Shopping.com			✓	
Bizrate			✓	
NexTag			✓	
Edmunds.com	✓			
Appliance Buyers Guide		✓		

* May be in the form of 'listing fee'

The waste in direct marketing

How to eliminate that waste

game, in terms of both cost efficiencies and rich, creative use of consumer data. Let us look at cost efficiencies first.

Today's direct marketing industry is incredibly wasteful and inefficient. How many other industries rejoice, as direct marketers do, at a 5 per cent response rate — which equals a 95 per cent waste rate?¹² The fatal flaw at the heart of everything the industry does is that it is based ultimately on guesswork.

Data gathering

First, direct marketers invest large amounts of money, time and effort acquiring the wrong data. Because they do not know who exactly is interested in their product or brand, they buy (say) a list of people with some of the same attributes as their intended customers, even though this list relates to different people making completely different purchases.

Analysis

They then spend an extra amount of money, time and effort making these data *less wrong*, analysing them by recency, frequency and value, and inventing all manner of sophisticated data-mining, data-modelling, profiling and other tools and techniques — all to reduce their degree of wrongness.

Communication

They then act on these wrong data to send the wrong messages to the wrong people at the wrong time.

Today, a large proportion of direct marketers' energies and skills are devoted to reducing the waste that guesswork creates. That is not the same as acting ever more efficiently and effectively on the basis of the right information. By starting out with correct data direct 'from the horse's mouth' — real buyers saying 'here I am, this is what I want' — added-value buying services reverse the direct marketing process, thereby shortcircuiting the cumbersome, circuitous processes that are needed to cope with guesswork-based data, and helping to eliminate all three levels of waste.

These bottom-up data come in many forms: searches, orders, specifications, transactions, requests for information, location information, comments and suggestions, complaints and other feedback and so on.¹³ Sellers who gain access to this information by working with value-added buying services have the opportunity to gain a march on their competitors by achieving greater product, offer and communication relevance at much lower cost: the 'holy grail' of direct marketing.

A simple Perlmutter's Market example is search-driven advertising on the internet. It is grabbing an increasing share of internet advertising — now up to around 40 per cent. Its response rates are much higher, simply because the content of the ads is much more relevant to what the buyer is looking for.

But that is just a first, tiny step. Services like comparison sites add value to sellers by acting as highly efficient 'order farmers'. *Business Week* estimates that last year, Shopping.com alone closed sales worth

\$1bn via click-throughs — which is why even the likes of Wal-Mart and Amazon want their products listed there.¹⁴ Why invest vast sums in segmentation, targeting and communication if, by displaying the right information in the right context, buyers come searching for you?

Services like Conciera's go one step further, by effectively acting as 'intention farmers'. When a buyer tells Conciera 'I'm looking for this sort of product', Conciera provides sellers with the opportunity to communicate with that individual at exactly the right time, about exactly the right thing. Closely related to intention farming is 'event farming'. By helping individuals plan for events such as organising a wedding or moving home, services like Confetti.co.uk and British Gas' House.co.uk get advance warning about key life events that trigger major purchases.

Added-value information

In this way, these 'bottom-up' mechanisms not only trump traditional direct marketing methods by shortcircuiting guesswork and guaranteeing relevance. They also add powerful new sources of potential value.

First, they add *volunteered* information to the mix: information that is exclusive to that particular relationship and therefore not available to competitors who are not privy to that relationship. Such volunteered information is a crucial source of additional, richer, detailed information — the sort of information that drives insights and helps generate even greater relevance.

Secondly, much of this volunteered information is also *predictive*. By sourcing information about what buyers are *intending* to buy, services like Conciera, Edmunds, HomePro and Confetti go one better than real-time transaction data. They generate accurate predictive information that enables sellers working with them to pre-empt everyone else in their communications. Thanks to its wedding planning service, for example, Confetti.co.uk claims to know who is planning a wedding up to two years before shoppers walk into an actual shop — by which time they have already made their minds up as to what to buy from whom.

Thirdly, they open up *access to new insights*. When buyers are given the opportunity to search for the value they want, invariably there are some occasions when they ask 'why can't I find X?'. And the answer is, 'because nobody has thought of offering X'. Confetti.co.uk claims that the original idea for almost every one of its own-label offerings has come from customers saying 'I really want this, but I can't find it anywhere'.

Finally, because they work on the basis of volunteered data and requested actions they eliminate most *privacy, permission* and opt-in versus opt-out problems right from the start (assuming, that is, that the added-value buying service is scrupulous in not passing on, or selling, these data to third parties without individuals' expressed permission).

In this way added-value buying services address all three levels of waste currently endemic within our direct marketing system — at the level of data gathering, analysis and insight and subsequent communication. At the same time, they help improve the quality of organisations' decision making in key areas such as new product and service development and relationship management. Like Perlmutter's

**New
opportunities ...**

... benefit both sides

The challenge for direct marketing

Market and its progeny, in other words, they open up a hugely powerful — new — win-win between buyers and sellers, allowing *both* sides to get greater value at lower cost.

They also pose a challenge for traditional direct marketing. Why should companies invest in traditional direct marketing (or, for that matter, other forms of traditional market research or marketing communication) if added-value buying services can source richer, more timely customer information and insight, and identify and qualify more sales opportunities more efficiently?

Likewise, what are the implications for customer relationship management? Granted, companies will continue to need CRM software systems for administrative and customer service purposes. But given the choice as to which relationship to invest in — with one particular individual seller or an added-value buying service that helps them access best value from many possible sellers — which relationship will most buyers choose to prioritise?

The chick and the egg

‘Reverse direct’ represents a tipping point in the evolution of information-based services, and of marketing itself. For the last 50 years — ever since the IT revolution first began — information and data have been gathered by corporations and analysed, processed and deployed by these corporations in pursuit of their own objectives. Today, as the power of information and the database is extended to the consumer, a new division of information labour is taking root. In the process, many of the familiar features of the old world are being turned on their heads.¹⁵ And potentially powerful new win-wins between buyers and sellers are emerging.

To realise these win-wins, however, sellers will need to adjust to a new information agenda. Central questions include the following.

New critical success factors

- How can we make sure that the content of our communication is useful to our buyers? (Think easy to use, comparative, impartial, expert, comprehensive etc.)
- How can we maximise the efficiency and effectiveness of our communications and interaction channels *from the buyer’s* point of view (eg to save time, effort, confusion etc)?
- How can we repurpose existing corporate knowledge, data, information systems and channels so that our customers can use them to further their own goals?
- How can we elicit rich, timely, volunteered information from our customers and potential customers?
- How can we provide maximum returns to any customer investing such information with us? (That is, ‘return on attention’, ‘return on information invested’ and value for time as well as value for money.)

This agenda will not necessarily be popular, in the early days at least. Like Perlmutter’s retail self-service innovation, it unleashes all manner of change: to processes, infrastructure, habits and expectations, balances of

The new era is just beginning

power. It directly challenges many organisations' current goals and mindsets as well as their structures and capabilities. It threatens sellers with a loss of control.

But as we have seen, at the same time it actually reinforces and extends the fundamentals of direct marketing. It is all about using rich, timely, personal information to eliminate waste, maximise relevance and create the greatest possible win-wins between buyer and seller. This element of continuity is as important as the discontinuities.

It is a bit like the chick inside its egg. When the embryo is first developing, the egg provides the chick with everything it needs. But at a certain point, if the chick is to mature and realise its full potential, it needs to break out of the egg's constraints. To move forward to the future, the chick has to leave some of its past behind.

Direct marketing's past lies in its role as part of a top-down, seller-controlled, seller-centric marketing system. The shell of that system is now beginning to crack. A more bottom-up, buyer-centric future is emerging — one that is driven by positive consumer input of rich, real-time and predictive personal information. That is the chick direct marketers now need to nurture and develop.

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4. Some companies, such as Tesco, are reorganising their logistics and supply operations to anticipate a buyer-driven future. Thus according to Tesco IT and logistics director Philip Clarke, in future 'products will flow quickly and seamlessly down value chains which encompass many different firms, in direct response to consumer orders. Consumers themselves will no longer be strangers. Far from it, they will be an integral, crucial and value-adding link in the whole process.' See Jones, D. T. and Clarke, P. (2002) 'Creating a customer-driven supply chain', *ECR Journal/International Commerce Review*, Vol. 2, No. 2, pp. 28–37.
5. For a useful exploration of this complexity see Willmott, M. and Nelson, W. (2002) *Complicated Lives*, Wiley, Chichester.
6. The Chartered Institute of Marketing's discussion paper *You Talking to Me?* discusses the case of entrepreneur Chris Downs who did exactly this: gather up all his personal data and sell them. 'In the future,' the paper argues, 'companies will increasingly buy personal data from customers.' CIM Insights Centre (2004) *You Talking to Me? Marketing Communications in the Age of Consent*.
7. Iacobucci, D. (ed.) (2000) *Kellogg on Marketing*, Wiley, New York.
8. Quoted in Hobsbawn, A. (2003) *10 Years On: The State of the Internet a Decade after Mosaic*, Agency.com.
9. Quoted in *Business Week* (2003) 'These sites are a shopper's dream', *Business Week*, 25 November, pp. 96–105.
10. Nunes, P. and Cespedes, F. (2003) 'The customer has escaped', *Harvard Business Review*, November.
11. Edmunds.com (2003) 'What makes Edmunds.com different?', www.edmunds.com/help/about/edmunds_difference.html.
12. Overall, the costs of matching and connecting in advanced economies have risen from around 25

per cent of all economic activity 100 years ago to 50 per cent today — and they are still rising. See North, D. C. (1990) *Institutions, Institutional Change and Economic Performance*, Cambridge University Press, Cambridge, p. 28; Butler, P., Hall, T. W., Hanna, A. M., Mendonca, L., Auguste, B., Manyika, J. and Sahay, A. (1997) 'A revolution in interaction', *McKinsey Quarterly*, No. 1, pp. 5–23; and the interview with Unilever CEO, Niall Fitzgerald, in *Market Leader*, Autumn 1999.

13. The power of one form of bottom-up data — transaction data — is already being demonstrated by Tesco via its Clubcard (see Humby, C., Hunt, T. and Phillips, T. (2003) *Scoring Points*, Kogan Page, London). Indeed, marketing director Tim Mason recently speculated (in a speech at the launch of *Scoring Points*) that in ten years' time the main or perhaps only point of contact between the customer and Tesco could be Clubcard. In other words, the key to the relationship would no longer be the store *per se*, but the information exchange between the two parties.
14. *Business Week*, ref. 9 above.
15. For more on buyer-centricity generally see Mitchell, A., Bauer, A. and Hausruckinger, G. (2003) *The New Bottom Line*, Capstone Publishing, Oxford; Mitchell, A. (2001) *Right Side Up*, HarperCollins Business, London; and Zuboff, S. and Maxmin, J. (2003) *The Support Economy*, Viking, London.