

COMING OF AGE

I N C O R P O R A T E D

Baby Boomer Marketing & Senior Marketing

Customers Have The Upper Hand – Come to Terms With It!

By Jim Gilmartin

Databases on Steroids

“Several months ago, I walked out in disappointment during a presentation given by the founder of MicroStrategy, a young billionaire named Michael Saylor. He exemplifies a new cliché, which is ‘If you’re so rich, why aren't you smart?’ His vision of personalization is one of databases on steroids.” So writes Arnold Kling, founder of the pioneering website, www.homefair.com.

Databases on steroids. Now there’s a metaphor for the times. Many companies are courting disaster by having unrealistic expectations about the power of database technology in achieving personalization in e-commerce. Remember the scene in Titanic when the stern rises high in the air before the ship sinks beneath the waves. Hundreds of people slide uncontrollably toward the already submerged bow. That image comes to mind when I think of all those who are looking to “databases on steroids” to achieve authentic personalization. Our guess is that not a few companies that place undue dependence on database technology in their marketing will succumb to terminal failure.

We are finding there are many conceptualizations of what personalization is about. Our objective is to help arrive at a concept of what personalization is not from the vendor perspective but from the customer perspective. Any different approach, it seems to us, does not lead to authentic personalization.

Power Is Shifting towards Customers

In thinking about personalization, it’s worth reflecting on John Hagel and Arthur Armstrong’s thoughts in *Net Gain* about how the information balance of power is shifting toward customers. One sign of this is the increased control customers are gaining over communication channels on which companies depend to get out their product messages. Now, for example, a hard disk video recorder automatically eliminates commercials from television shows. The falling rate of clicks on Internet banner ads indicates growing customer resistance to uninvited marketing messages.

Seth Godin coined the expression *permission marketing* to describe customers’ expanding power over marketing processes and communication channels. Database technologies will continue to

be valuable tools in marketing, but they cannot solve the problem created when, in Godin's terms, marketers do not have customers' permission to pitch them.

Now we automatically zap commercials out of television shows, doing the same thing in print media is just around the corner. E-paper, invented by Xerox, will take its place along side dead tree paper. Black and white electrically charged particles are embedded in e-paper. Change the electrical charges of the particles, and the copy they form changes. With e-paper, printed news virtually enters the real time world of broadcast journalism. We report events as they happen. An investor can get up-to-the-minute stock quotes as often as he wants from the same *Wall Street Journal* that he started the day with. Everyone can have a personally tailored newspaper. It's likely that many will want to specify advertising as well as editorial content.

You can create your own radio station free of advertising at www.imagineradio.com. Hyperlink to a place in your imagination where forms the gossamer image of an ad-free world. You may be in marketing, but let's not kid anyone. Wouldn't it be great to be able to escape at will the crass world of commercialism that tugs at your wallet 24 X 7?

Renounce Ideas of Controlling Customers

One of the biggest challenges in business today is adapting to a marketplace in which customers have the upper hand. It means mustering the will to renounce all ideas about controlling customers. Hundreds of books on marketing have tried to teach readers how to control prospects and customers and bend them to marketers' wills. Those books are now worthless. Control seeking is a core value of the Industrial Age that is now obsolete. It was a suitable value when Newtonian science was the primary source of economic metaphors. Modern science was born amid dreams of controlling the forces of Nature. Economics grew out of Newtonian physics and private enterprise never cut its connections with Newton's vision of a clockwork universe in which we reduce everything to an infallible prediction.

However, with quantum physics, fuzzy logic and chaos science serving up some of the more compelling metaphors in economics and business, it is dangerous to corporate health to remain addicted to the belief that power flows directly from control. Growing recognition of this new truth has helped give birth to the quirky idea of "leaderless companies".

Bring up the idea of leaderless companies in most corporate settings and you're likely to get a "Who let this weirdo in" look. Nevertheless, "leaderless" does not mean unbridled chaos and absence of oversight. It means upper management has renounced its direct control over company operations. Control is decentralized and dispersed into activity centers to leverage it for the company's benefit. It's easy to dismiss the idea of a leaderless company as a dumb idea because it's contrary to the convention, but it's significant that such staid business publications as *Business Week* are writing about leaderless companies becoming commonplace. The more iconoclastic *Fast Company* has run a number of articles on leaderless companies.

Technology is a tool of control, and tempts companies to define themselves by their technological attributes when they might do better to define themselves by more humanistic attributes. Personalization must be about humanism, not technology. (Go to

<www.personalization.com> for some other ideas about personalization.) Authentic personalization means giving up much of the control of marketing and selling processes to customers so they can give it back.

Sounds almost like one of those Zen imponderables, if not altogether crazy. However, several years ago a high earning financial advisor at American Express exclaimed that her typical new clients wanted to be the controlling force in the relationship between themselves and her. However, within a year, she said, most new clients ceded a substantial portion of control back to her. Her tack is usual among top performers in sales. We need to bring the same ethos into e-commerce if the idea of personalization is going to be more than just an empty slogan like “customer-driven”.

Act as an Analog of Customers

We achieve authentic personalization when the marketer functions as an analog of the customer. Think of the needle on a car’s fuel gauge functioning as analog of the liquid volume in the gas tank. The needle moves in synchrony with changes in fuel volume. Authentic personalization in e-commerce means moving in synchrony with the customer. This is a radical change in marketing. In the old Newtonian models of marketing, marketers strove to get customers to move in synchrony with them. Marketers’ wanted customers to be their analogs. Nevertheless, the rules of the New Economy call for the reverse to happen: marketers must now function as analogs of customers to obtain the highest levels of marketing success.

Biographical note: Jim Gilmartin is president of Wheaton, IL based *Coming of Age, Incorporated*. Established in 1991, the full service integrated marketing firm specializes in helping clients to increase leads and sales in baby boomer and senior customer markets. The firm provides clients' marketing communications, full advertising agency services and public & media relations' services. The firm also provides clients sales and service improvement training and turnkey Customer Loyalty/Affinity Clubs.

Jim is a frequent speaker at sales and marketing conferences, leadership/management retreats and association meetings. He currently teaches marketing and management seminars at the *University of Chicago* and is on the faculty of the *Bank Administration Institute's* Graduate School. He can be reached at 630-462-7100 or e-mail him at jimgilmartin@comingofage.com.
