

**CLOSED-LOOP MARKETING:
DON'T LET TECHNOLOGY DRIVE YOUR IMPLEMENTATION**
by Michelle C. Dy, Intranet Business Systems, Inc.
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In one of my recent articles (available online at <http://www.intranetsys.com/pub.html>, and on PMA's website at <http://www.pma.philonline.com/mcdy0801.htm>), I introduced the concept of Closed-Loop Marketing (CLM). In that article, I defined Closed-loop marketing as a corporate culture that focuses on integrating our customers' behavior into our marketing processes. Instead of broadcasting marketing messages one-way (from us to our customers), CLM requires us to carefully observe how our customers act and react to our marketing activities, and then refine our strategies and tactics accordingly.

Technology's Critical Role in Closed-Loop Marketing

Technology obviously plays a critical role in CLM. Given the number of customers a company may have, it is truly impossible to rely on human memory to keep track of each and every customer and their interactions with our company.

Don Peppers and Martha Rogers, in their 1997 book "Enterprise One to One" state that we have to rely on information technology to provide three critical capabilities:

1. **Tracking customers one at a time.** Our information systems allow us to record thousands of discrete customer transactions simultaneously every single day. This valuable store of customer data can be made available for analysis. We can analyze segments or groups of customers simultaneously, or analyze our customers' behavior, one customer at a time.
2. **Supporting Interactive Dialogue.** Gone are the days when businesses simply talked AT customers (one way broadcast); now we talk WITH our customers (two-way dialogue). Comments made during a phone call with a customer service representative are noted and analyzed. Reasons for discontinuing a service are logged. We encourage customers to send feedback, or solicit their opinions through surveys. We note all the promotions that a customer participates in, as well as all the promotions that they ignore. All these behavioral responses are recorded and associated with each customer record for later analysis.
3. **Enabling Mass Customization.** With information technology, we're now able to analyze the data we've collected, and then deliver a highly customized product or service to individual customers. Anyone who has used Yahoo's portal knows that it's possible to select the type of information that is displayed on your personalized Yahoo home page. Similarly, a frequent customer of Amazon.com will soon find highly tailored recommendations based on their past purchases and book ratings. In the brick-and-mortar world, mass customization is the cornerstone of Dell Computer's build-to-order, direct selling business model. Customer orders are taken over the phone, and only then will the unit you ordered be assembled.

The three capabilities above must be combined to create a technology infrastructure that can support true closed-loop marketing

Marketing's Leadership Role in Closed-Loop Marketing

Given technology's critical role in CLM, it is not unusual to find marketers pushed to the backseat of a closed-loop marketing implementation, leaving IT or IS in the driver's seat. Even worse, some marketers abdicate responsibility completely – they consider CLM a *Technology* project, not a *Marketing* project.

Marketers should embrace the challenges and responsibilities that come from leading a CLM implementation, not flee from them. After all, a CLM implementation cannot be successful if it does not help the company achieve its *business objectives*. Remember, technology is merely a means to an end. Your CEO or board will not care that you can now accept orders over the Internet. They will care only if your new Internet capability helps to increase sales and profitability per customer, leads to decreased costs, and results in improved market share.

What then, is marketing's role in CLM? Marketing must supplement the technology expertise of IT or IS with business expertise:

1. **Representing the Customers.** Remember that CLM's purpose is to improve our customer relationships. In the absence of face-to-face discussions with our customers, Marketers must become the "voice of the customer" by understanding customer interests, needs, frustrations, and expectations.
2. **Specifying Requirements.** You can't expect your IT or IS department to be marketing experts, or to be mind readers. Marketers must take the lead in specifying the requirements of their company's CLM implementation. What kind of capabilities do we need to have? What kind of customer information do we need to collect? What sales channels do we need to support? What kind of analytical models should we have?
3. **Prioritizing Requirements.** As with all major initiatives, we can't expect a single big-bang project to put in place everything we need. Marketers must prioritize requirements. Which features or capabilities are "must-haves", which are "nice-to-haves"? If we can only deliver four or five new capabilities in the next three months, which four of five capabilities will we choose from our wish list of 50+ items?
4. **Testing the System.** Any new technology capability requires user testing. Marketers must test the usability, friendliness, and correctness of any new system before customers encounter them.

For your CLM strategy to be truly successful, you must take full responsibility and ownership. Don't let technology drive the implementation. IT or IS are your partners in this effort. Work with them, but don't let them drive your project.

Michelle C. Dy is Consulting Director of Intranet Business Systems, the leading Business Intelligence consulting firm in the Philippines. [See <http://www.intranetsys.com>]. She is also co-author of "*Data Warehousing: Architecture and Implementation*", a book published by Prentice-Hall Professional Technical Reference (PHPTR). She can be reached via e-mail at mcdy@intranetsys.com.