HOWTOEXPERIENCE

From Push to Pull

Or what consumer marketers must learn from their B2B colleagues

Many commentators have hailed the age of 'permission-based' marketing. But if you take these trends to their logical conclusion, then consumer marketing is headed towards a B2B model.

David Williams of How to Experience suggests that brands that build the trust and respect of consumers - and treat their data with care - will have a chance to interact at a far deeper level than those that don't.

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TENDERS INVITED

The Williams' household expenditure up for grabs. Approximate value of contract £50,000 p/a. Bids for all or specific categories invited. Opportunities for supply include: Grocery; Household Goods; Financial Services; Insurance; Telephony; Entertainment; Holidays and Utilities. Submissions should be registered via my web agent. Detailed data will be provided to those suppliers that pass the Trust Index test…

Wanted. Value in my life.

Traditionally value has been created by brands through economies of scale. Doing more, better, for less has delivered value to customers – but at a price: consumers have to accept 'standardised' product packages. They have to invest time and energy in searching for, evaluating, buying and bringing the goods back to the cave. And then customising and integrating these with the rest of their lives. The traditional 'Push' model forces us to navigate through the myriad "biased" marketing messages. It's increasingly difficult to make real comparisons.

Yet I know *precisely* what I have and how I like to live. I want my new purchases to suit me, thank you.

"Would you like Smiley Sauce with that?"

Acquisition costs in traditional channels are rising. The response has been to focus on the improved *efficiency* in direct channels. To improve targeting, large organisations continue to pour money into increasingly sophisticated single-customer views. But they're missing the point. There is one person that knows *exactly* what they want and when they want it – the consumer themselves. In time, sophisticated purchasers will be tendering their consumer spending out to "suppliers" just as in business. Infomediaries, once the darling and then monster of the dot com boom, are already making a comeback. Buying power expressed through associations and community bodies will become more prevalent. Added value "services/experiences" will be the differentiators alongside brands.

Option unavailable.

It may be good for the business…but is it good for me? Very rarely. Increasingly we cash-rich, time-poor customers value quality of service and convenience just as much as keen pricing. When "Computer Says No" to me, the standard operating model wears very thin.

Yet if organisations can find a way to integrate efficiency with added customer value, suddenly its smiles all round. Indeed, in B2B models all organisations want to get to "partner" status, but this means that we will need to provide more complex integration services.

We're starting to see precisely this in financial services companies like Citibank and First Direct. Both offer aggregation services that track all your financial affairs, even if they are not all with the same provider.

Traditional marketing isn't working.

Many brands have turned to direct methods, spending small fortunes on collecting and overlaying key consumer data. The models help enhance the predictive ability of whether a customer will respond and convert. The aim is to enhance pickup, but it relies on mass bombardment of customers with sub 5% (at best) response rates. Aside from the colossal wastage, it is contributing to consumer wear-out. Increasingly, savvy consumers are rejecting these traditional push approaches: they are opting out of mail and telephone preference files.

The saviour for the smart marketer has been the rise in relatively low cost online channels. But even "search" isn't effective from a consumer perspective. Despite Google's efforts and the speed of broadband, trying to find what you need is a challenge. You need a trusted advisor on your side to help you cut through the clutter, interpret the reality and guide you to the right solution to you.

The reality is these efforts and the traditional guessing model, however sophisticated, is flawed. Only one person - the customer - can tell you exactly when they are in the market and their exact requirement. And when they're ready to purchase, they'll pull. A future model that embraced this reality – an intelligent response to 'pull' rather than blindly 'push' could flip everything.

Hide and seek.

As a consumer, however, I am not going to trust just anyone with my personal data. I may well want to hide anonymously behind a third party who brokers my business for me.

We've been here before. The dotcom boom was full of "infomediary" businesses that ultimately lost investors an awful lot of money. But today I believe there are a number of differences:

1. **Customers are more ready**. 73% use blogs and newsgroups to evaluate new purchases, many now transact on the web.
2. **Broadband penetration**. Let's be honest: without broadband the internet is a pain. But with rapidly increasing penetration rates in all N American and European countries the mass market is now accessible.
3. **XML protocols** mean that pulling and accessing data sources of the type required for comparison and availability make this integration via the web much easier.
4. **The industry is building**. There is a buyer-centric forum established building and discussing these models. Businesses like the Customer's Voice (TCV) are building data architectures from a customer rather than company perspective. Businesses like privacy preference service already provide the technology infrastructure to register interests and preferences behind various levels of anonymity so only trusted suppliers can access the identity of interested consumers.

How would a Consumer Goods brand or Retailer respond if told they could have my year's business of a particular category in return for a better price, or a degree of personalisation?

Follow it through and this pull model could look very much like a business-to-business marketing model.

Consumers do everything that businesses do. We buy products and services that add value to our lives; we hire and fire staff; plan and forecast. Set priorities and goals; allocate scarce resources (time, money and attention). We might not be as proficient as businesses, but we're certainly not stupid.

B2B in close-up.

Suppliers generally look at their relationships within three categories:

- Commodity
- Solution Provider
- Partner

Commodity providers are transactional in nature. Things are bought on price and convenience. Suppliers try to establish fixed contracts to lock in commitment, they try to gain preferred supplier status so they can get better share of spend. Intermediation is common where differentiation is limited and we want to reduce our transaction time and costs.

Solution Providers add more value as they offer tailored products that link into the specific operation. A good example in the US is iammoving.com. They provide an end-to-end moving service - even organising supply of many of your household services.

Partners are selected where resources are limited and supply is strategic - and/or where the solution is complex and bespoke integrated solutions are required. Often, other subcontractors work for the prime partner to provide smaller sub-solutions, but the trusted partner is responsible for delivering the overall solution and the relationship management is streamlined.

In B2B for commodities, the tender model is well established. Companies just want the best value and convenience. That means the minimum amount of time and cost spent searching and buying. This approach is already starting to appear in some consumer categories. In financial services confused.com and money supermarket are two examples. I enter my requirement and get 140 odd different bids for my business. Sites like Kelkoo have long been pulling together price comparisons in a vast range of categories.

Buying Groups are also common

Buying consortia try to give economies of scale to suppliers in order to gain pricing advantage, reducing suppliers' marketing and sales costs. In some ways these are already present in the huge network marketing corporations like Amway. But let's extend this further – what if my road or my Boys' school combined their commodity purchases? Some utilities are already using this model with the likes of Golf Clubs.

The brand dimension

Of course, all brands are going to hope that they become our partners so there is relationship control and security of supply. The reality, since we only have time for so many, is we'll choose those most trusted. Brands are going to have to decide whether they are going to be manufacturers or trusted partners with integrated solutions. And if they choose the latter, they really do need to have the customer's best interests at heart.

In the new consumer world, brand integrity becomes even more important to securing a lasting relationship. When push comes to pull, will your brand pass the Consumer Trust Index test? Visit www.howtoexperience.com to find out.

The H2X Experience – We think big, but we also think Real

H2X is an experience consultancy. We open up organisations so they know where, and how, to deliver the intentional experiences that will make a lasting difference to customers, channels, and employees.

We provide the experience to add value and build revenue. We think Big - but also think Real.

Our business creates relationships: relationships that build loyalty, increase profits and reduce churn.

H2X compares what your customers **expect** with what your employees actually **deliver**. Then, we help to make the practical and cultural changes needed to close the gap. We help you create a blueprint, pinpointing the changes that will deliver the most return.

By cascading and licensing our tools internally, organisations can change rapidly, without needing constant external help.

And, unlike some Experience consultancies, H2X only provides people who have actually delivered experience programmes in scale organisations.

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