

**Data and experience:  
Getting the balance right.**

## **Data and Experience: Getting the balance right.**

**An investigation into the relationship between brands, consumers and data within the digital space.**

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### **An introduction to a complex trio**

In a world where the consumer is king, brands exist in their millions and an individual can be subjected to up to 3, 000 advertising messages per day (Foresight, 05), establishing a point of difference has never been more important for the marketer to ensure standout. With the web connecting the consumer and brand at the touch of a button, the consumer really has become only one step away from a brands touch. Every view, click, and interaction is an opportunity to measure, analyse, and map you, as a consumer, against the brands marketing strategy or criteria. It's no longer you and the brand. It's you, the brand and a huge amount of data.

This data means the possibility for brands to have an appropriate and personal dialogue with you, the consumer, has never been more achievable, with the tools and data allowing tailored insight, and messaging that simply wouldn't have been possible 20 years ago. It's become a partnership that can be made as simple or as complex as the brands marketing team dictate, but it's a process that's made relationship building a statistical science rather than an emotional hunch.

Yet let's not make it all clinical. You, as the consumer, are conscious as to the availability of intelligence brands can hold - as well as the motivations behind any branded dialogue you decide to opt into. This relationship quest to achieve trust, loyalty and retention by brands is obvious to the now savvy consumer and, as such, consumers are making brands work harder than ever before to keep their affinity:

Nearly a quarter of 18 – 24 year olds believe that brands have to work harder to earn their respect and feel brands should incentivize, give free downloads/content and allow feedback opportunities. (Myspace Survey 2008 IN NetImperative)

It's a relationship age where consumers have the power of choice, the right to be part of a branded exchange, the ability to influence its direction, and the opportunity to contribute and shape other peoples relationship with that brand. It's this very power, now held by consumers, that makes brands strive to deepen relationships. With sophisticated

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database systems to facilitate their approach, brands attempt to capture every relevant move possible to be able, in turn, to get a step close to what's going on in their consumers mind and influence their daily lives. This study will examine how and where this consumer empowerment has evolved from, and its impact on the relationships we see them forge with brands today. In reviewing relationship marketing as a practice, the study will also review the origins and its shift from the offline to the online world as media began to fragment.

The study will also call into question why there is such a need to gather (and process) vast amounts of data on users every move, particularly when the brands being investigated aren't transactional in the digital space. In being able to understand the importance and motivations by these brands it is hoped that recommendations can be made to provide insight when brands, or marketers, are inevitably faced with the data or user experience hurdle in their near futures.

### **Relationship marketing and digital experiences**

Relationship Marketing is the practice of:

Identifying, establishing, maintaining, enhancing and terminating when necessary, relationships, with customers and other stakeholders at a profit, so that the objectives of all parties are met, and that this is done by a mutual exchange and fulfilling of promise. (Gronroos, (94:94)5).

Through learning about your consumers, and giving them positive brand experiences, relationships will develop and rewards of brand loyalty, advocacy, and sales will be returned.

Forrester Research compiled data recently that correlates the customer experience directly to loyalty. Translation: seamless, enjoyable experiences connect customers to companies. As relationships form, emotional attachments deepen (Mininni, 2008)

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This illustrates the need for brands to both develop experience focused strategies, as well as focus on the data that provides the customer insight.

It's the potential to achieve these financially rewarding relationships that have driven the practice to be well established amongst the majority of the high street retailer, particularly with stats showing that acquisition of customers can be up to 6 times more costly than retention (Kompella, 2004). Yet as the practice, traditionally associated with retail or transactional brands, filters into digital environments and non-transactional brand spaces, the ways in which strategies could, and should, be implemented are undoubtedly different.

For a transactional brand online, relationships are often driven by browser and buyer behaviour. Looking at Amazon, as an example, every product type, title, and user visit we make is tied back to our individual account ID's. This intelligence is then stored and contextually, through a sophisticated content management system, served back to us. This process reminds us not just what we have looked at and what we might like, but also what other users are looking for who have similar browser profiles to our own. By focusing on both our individual data, and by learning from other customer profiles, the experience that is delivered ends up being relevant and thoughtful and, as such, we're happy to provide the information as long as they continue to deliver a superior shopping experience.

For a brand without transactional capabilities the digital water gets a bit muddier. Fundamentally the driver behind any kind of relationship program is to have a positive return on investment (ROI), by customer, as a measure of success. In a space where transactions aren't facilitated (such as a brand site that doesn't have shopping cart functionality), additional performance metrics have to be put in place by way of views, interaction, registrations and referrals in order to gauge success rates. Any links that management may then want to make to "real world" purchase behaviour has to be asked (i.e. How often do you purchase xyz?) and any relationships built through the digital channel assessed (i.e. How many friends have they referred? How many visits have they made?) Lets put this into perspective by looking at the recent "Bring Back Wispa campaign".

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Wispa re-launched the discontinued chocolate bar back in October 2007 when the number of users signing Facebook petitions to “bring back Wispa” rose to just over 14,000 individuals. At the time Cadburys claimed that:

We get letters about the Aztec bar and the lime barrel in the Dairy Milk tray. But this is on a whole different scale. This is the first time we are going to give the internet a chance to prove itself and see whether it is all hype or genuine. (Bilsborough, 07).

Despite scepticism as to whether this was a genuine “Wispa revival” or an excellent PR stunt (and with Publicis appointed to launch Wispa back into the market prior to this, in August 2007 this seems likely), the use of social networks to find brand fans, teamed with nostalgic promise paid off. Follow this up with the brand going on to use the official Wispa site ([www.fortheloveofwispa.com](http://www.fortheloveofwispa.com)) where site visitors had the opportunity to write and star in the next TV ad, as well as a further petition (with over 17k members) gaining momentum on Facebook to bring back Wispa Gold today (Appendix 2), the digital relations this brand is forming becomes testament to the potential the channel has for brands who don't transact online.

One of the keys to the success Wispa has had is that data, up until now, hasn't played a huge part in their strategy – they've solely focused on an emotion (nostalgia) and an experience (petitioning for change) to drive the brand / consumer relationship. Other brands haven't been quite so brave in terms of letting go of unnecessary data reporting and, in becoming tied up in trying to only produce activity that can be tracked - the user experience can lose some of its potential.

Yet before I go on to discuss these examples and even begin to look at how this may shape the landscape of the future, it is important to put this into perspective with how relationship marketing began and how it moved into the digital space to understand how data, the consumer and brands have moulded their own digital environment that we play in as marketers (and consumers) today.

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### **There's no such thing as a critical incident...**

Initially this study was asked to consider how critical incidents played a part in the history, looking at key moments or changes that were pinnacle to the practices development over time.

As literature has been examined and the evolution of relationship marketing within the digital space reviewed, the notion of how any one event could be classed as "critical" (to its current practice) is called into question. Moments and incidents all appear to be interlinked or overlap and have subsequently proven near on impossible to isolate. Would the loyalty cards exist today if Tesco hadn't launched their Clubcard program or were they simply the first to market? Could technology really have held back the adoption of relationship marketing if costs hadn't fallen to more reasonable levels of investment or would brands simply have adapted regardless? Did internet capabilities cause relationship marketers to embrace the web as a channel or did it just naturally evolve as consumer penetration grew?

It's arguable that these incidents, whilst significant in shaping the industry, haven't been critical in it's development – it has simply been a gradual evolution or adoption by marketers and consumers alike that have collaboratively shaped today's practice:

Before AD 1000 – a paradigm shift took 1000s of years. 1000-1800 a paradigm shift took place every 100 years. 1800 – 1900 more change than in the previous 900 years. 1900 – 1920 more change than in the whole of the 1800s. 2000's – massive paradigm shifts occur every decade (Kurzweill, 05 IN Foresight report).

With the digital world continually growing, innovating and reshaping our consumption habits, to pinpoint anything of critical significance for the purpose of evaluation is an impossible challenge. With this in mind Elliot Rogers and his theory that innovation was simply diffusion over time is more helpful to describe the way this practice evolved, viewing it as the way in which the "spread of a new idea from its source of invention or creation moves to it's ultimate users or adopters" (Rogers, 1962).

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In other words relationship marketing didn't happen because of one (or more) key incidents it gradually evolved as marketers built a broader understanding of techniques and the consumer positively reacted to the practice.

As outlined in his original work Rogers defined the diffusion process as an invention needing to pass through 4 key stages: The innovation itself, the communication concerning the innovation from one individual to another, the social system in which the innovation is diffused and the time dimension of the process.

This concept of diffusion is therefore reliant on external factors rather than just any one singular event or incident. Its need for multiple inputs rather than one key driver to create the effects cause this evolution that, in term begins to diffuse and alter its original state. The web by its very definition is a series of linked and inter-woven pages. It's this interlocking that has meant extracting out any "critical incident" that has led to shape the digital practice of Relationship Marketing today, implausible.

In addition to this, and of particular relevance later on when we begin to look at the power and involvement of the consumer within the web, the reliance on societies uptake of an innovation is key to Rogers theory. Whereby Rogers' initial theory looked at the idea of how the telephone is totally dependant on a mass use by society, in today's world Wikipedia is a prime example of an invention that would have failed should diffusion not have taken place: If it had not been picked up by the early adopters, then spread to the mass and finally continue to trickle to laggards the site would be totally useless. It relies on multiple users to create, edit and moderate entries and without this pro-creation from individuals, would consist of totally blank pages.

The author of this paper, therefore, rejects the concept of critical incident within this studies context, and instead will look at the diffusion of relationship marketing identifying key periods of change that evolved the practice to where it is today, at a period where "the brand is no longer in control – the consumer is" (Riddell, J cited Anon '07).

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### **Coping with Innovation and evolution**

Being able to cope with such constant change, be it driven by technology or the consumers, is no longer a skill to give marketers a competitive edge but a necessity to even stay in the game. Learning how you can engage and co-create with this shifting set of parameters is becoming an instant and essential skill for marketers (Tapscott & Williams, 2008). The sheer rate of digital diffusion within society now occurs at such a rapid rate it can become a constant spiral or game of catch up. Brands that continue to work on year long strategic plans will become the losers as their strategies date quicker, making way to brands that are able to move faster and flex their tactics to accommodate new trends.

A recent study saw that

45% of global Internet Users share opinions about products, brands and services by Instant Messenger whilst almost 30% recommend products / services on a blog / weblog. (Universal McCann, 2008)

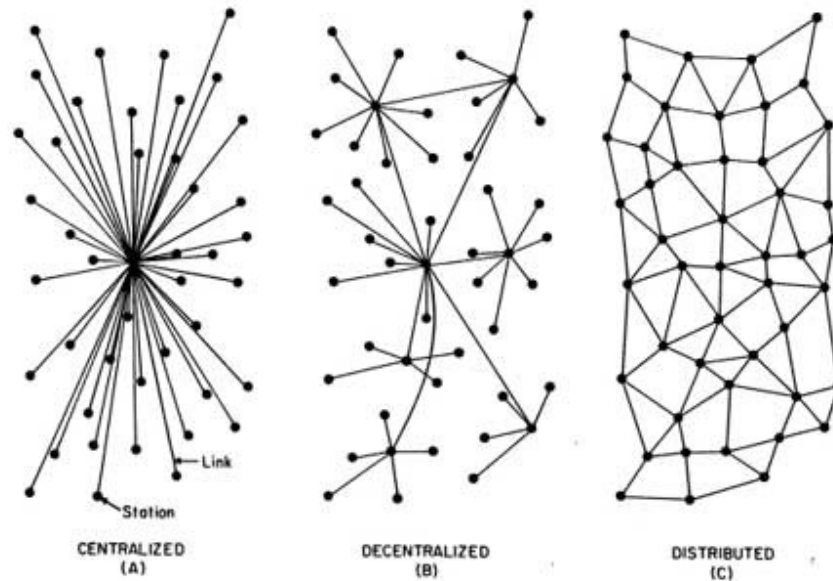
With such a large number of individuals now happily creating content that can immediately have a positive (or negative) effect on a brands relationship with consumers at the touch of a button, “the need for companies to open their doors to the global talent pool” (Tapscott, 2008) in order to let consumers join in and pro-create with them is an essential tactic for maximizing relationship.

It's this shift in power and move away from centralized control that some brands are finding difficult to embrace. With conversation and relations beginning to exist outside of a brand site, how to remain accountable for your brand, not to mention begin to affect the consumer relationship, is an ever-changing struggle. It's this prospect of losing control that has begun to make the delivery of brand information in the most efficient way (for example Facebook or Twitter), difficult for brands if they want (or more importantly need) to account for who the message has been disseminated to.

Multiple sources within this evolving process of peer2peer distribution also means that anyone could be an influencer in the brand / consumer relationship. All contributors are

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suddenly able to affect their own thoughts and opinions onto the original message or task, playing a part in shaping the dialogue that is passing round the population. Baran visualised this well when he defined 3 models of communication: Centralized, Decentralized and Distributed:



(Baran, P. 1964)

These 3 models quite clearly depict how communication has changed across time and, by viewing the nodes as touch-points that spread messaging to new prospects (and spawn relationships), the control and possible way in which the message can be altered becomes clear.

Consider the earlier days of relationship marketing whereby a centralized communications model would see an impact (with the consumer) as a much more linear transmission – a brand alerting a consumer about a special offer, new product or even free sample given to the consumer through a non-responsive medium. Consumers weren't expected to respond and the gratification or experience was the simple receipt of the communications itself.

Power then began to shift slightly as brands began to recognise the importance (and cost effectiveness) of positive word of mouth with earlier marketers employing brand advocates to spread the message and generate sales i.e. The success of Tupperware

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parties in the mid-late 80's – beginning to decentralize the way communications could be passed.

Up until the advent of the web and the evolution of what we now call “Web 2.0” the distributed model seemed an unlikely scenario for a brand to have to consider yet, as the web continues to evolve, we move closer to relationships being owned by the mass. The distributed model takes us to a place whereby brands can no longer have a totalitarian or linear control of their messaging. Currently we are arguably in limbo between a decentralized and distributed method of communication running between brands and consumers. Envisage this communications diffusion along a further period in time, empowered by the younger audience who are growing up as natives to the digital space. A generation of pro-creators of content paint a picture that could see distribution as the main driver of communications and, whilst Baran's model may have to be adapted to include level of influence and level of bias, a distributed network seems a likely future.

The impact of this model and the idea that we are moving towards becoming a generation of involved influences and, as such, demonstrate some pack or herd mentality is nothing new. Public Relations (PR) is an age old science that has evolved as an art or science of establishing and promoting a favourable relationship with the public (Dictionary.com, 2009). It is interesting that still today PR is largely focused on influencing a group or mass (as opposed to any one individual) yet when it comes to accountability on the web many brands are requesting individual user insight. Whilst this insight could be useful, more often than not it becomes a distraction and is unable to offer non-transactional brands any real value in furthering relationships. Beginning to focus more on the noise of the pack not the noise of individuals, as reviewed in the earlier Wispa example, to strengthen relations and tailor experience points to a much more successful future for non-transactional brands.

Regardless, this need for control, the need to track and the want (by brands) to influence dialogue in a digital environment, is an interesting line of investigation for where the future of relationship marketing may actually end up.

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This quest for knowledge and the want by brands to be able to track all discussion and attribute it to marketing activity or to individual consumers has become increasingly important to marketers but where did this supposed need originate from?

### From the beginning to the web

The ability for products to have emotional relationships with consumers began once an identity to accept or reject became available. From the arrival of branded products into the marketplace, the faceless products developed a look and identities began to develop. The buying public began to “value their relationships with their branded possessions and with marketing agents and institutions that own and manage the brand” (Alexander et al, 2002 IN Binhrao, 08). With the adoption of “branding” widespread amongst organisations an age of consumerism was soon born.

At its earliest stages the focus for brands was developing an awareness; Standing out from the competition and being recognized on the shelf became increasingly important as product categories began to boom and eventually, in the 1970s relationship marketing became established as a marketing tool and even began to be considered as one of the missing P's (Healy, 01).

The first large scale relationship program or loyalty scheme, came to market as a “revolutionary” reward scheme. The scheme launched, straight from the US market into the UK under the program name of “Green Shield Stamps”. These stamps allowed customers in certain retail stores to receive stamps in exchange for purchases that they could collect then exchange for rewards from participating retailers.



Retrowow, (2009).

The scheme was basic – customers didn't have purchases tracked or stored, nor did brands have the capabilities or foresight to see that this was the future. Through its

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simplicity it achieved its objective of promoting loyalty and maintaining customer relationships. No data, insight or segmentation and yet it remained popular and fought off its competitors for almost 30 years.

Users participating could clearly understand the relationship they were entering into and the exchange of the user giving money in return for the retailer giving stamps was considered a fair-trade.

The importance of this trade being seen as equivocal (or at the very least fair) is vital in order to ensure the expectations of both the brand and the consumer are managed correctly. The subsequent quality of each trade or exchange is also invaluable as every encounter gets passed back into the consumers conscience and starts to be part of a consumers overall experience and feeling towards the brand.

The idea of “exchange” has been looked at by many scholars over time and the original idea of exchange theory was classically looking at the process of information and how it's exchanged:

Unemotional beings who have information, cognitively process it, make decisions concerning the pattern and the nature of the exchange with others. (Lawler, 1999).

As the classical works were looked at Lawler began to look at how emotions inevitably play a part in any exchange that takes place within a social or humanistic scenario. Regardless of intention any exchange (socially) is likely to have emotion inextricably linked to it:

Emotions are part of and can alter the context of exchange as well as be caused and produced by the exchange process and / or the results of negotiated exchanges (Lawler, 1999).

With this in mind the links with relationship marketing and the importance of ensuring dialogue is exchanged between brand, and consumer, through a positive experience is vital in its success. This is of particular importance within a digital scenario whereby a

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human touch-point (i.e. within a service industry) can't be relied upon and the consumer will have to take these positive emotive cues by processing sensory, informational, normative and structural clues as to the exchanges relevance.

Take the example of a user receiving an email from a brand and, in turn visiting a message board that the communication points him or her to. Immediately the user is trying to process what this exchange means. What does the information mean? Who is participating in the message board? And will the user be accepted or have power within any given thread? And, more importantly, does the message resonate with the user enough to evoke a response...? This processing gets easier for the brand to influence a positive response if there are more people enforcing the brand message that is being exchanged - the greater the shared responsibility, the stronger the emotion people will attach to the social units of the exchange (Sierra & McQuitty, '05). Whether Wispa did, or didn't seed their campaign to the general public on Facebook is irrelevant, the point is they empowered a group of people to feel emotional about the brand and, in effect, exchange positive dialogue with each other on behalf of the brand. This is relationship marketing at its most powerful level and, through emotional exchange and the creation of advocacy, the strongest returns can be made by brands.

A successful brand aims to develop a high-quality relationship, in which customers feel a sense of commitment and belonging, even to the point almost of passion (Chernatony and McDonald, 1998).

It's this scenario that practising brands of relationship marketing want to get themselves into (whereby competitive advantage and profitability is delivered), but in an age where communication is distributed and not always controlled, consumers are shaping and even developing brand identity (not just the relationship). As the digital landscape continually shifts and changes shape with each innovation, the importance of both data and experience is not called onto question, but the balance of these two elements becomes pivotal to a brands success.

Up until the late 80's / early 90's databases were information stores working solely as central repositories, not necessarily systems for intelligence. This moved on in the early

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90s as databases grew to incorporate transactional information, with companies attempting to close the loop around every customer interaction (Zingale and Arndt, 2001)

It was this technology that saw the turning point for brands in how they managed their relationships with consumers giving brands the ability

for retailers to transform cold data on consumer behaviour into warm relationship and eventually into a genuine customer loyalty founded on mutual understanding and trust. A warm relationship is also a learning relationship. (Mauri, 2003).

In the mid-1980's British Airways were one of the first to begin to use this database capability in order to manage their consumer relationships and launched the still successful Airmiles program.

Airmiles allowed consumers to swap the miles they flew with the brand for points that, in turn, could be redeemed for other flights. The actual concept of loyalty and the setup of the program didn't greatly differ from the Green Shield Stamps example we looked at earlier. This was, however, not Green Shield Stamps and the one key difference was that rather than operating as a conglomerate of companies rewarding loyalty this was only one company – making the infrastructure for data collection and data ownership a lot easier. Through giving every user who had signed up to the program their own unique loyalty card, and through extracting data from the customer from the offset, Airmiles was not only able to know exactly who each member of the program was but, more importantly, exactly where and when they fly. British Airways could now begin to talk to customers based on who they were and the sort of flights they were booking. The database provided the insight and, in an instance, large scale tracking and personalised relationship marketing was born.

### **Buying Customer Loyalty**

The advent of Airmiles and the birth of the loyalty scheme “saw the shift in focus of the marketing exchange from transactions to relationships” (Foss and Stone '01). Although the links between the relationship acting as a cause for transaction (and the relationship

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the effect of the program) the obvious benefits to the brand, and the suitable offer back to the consumer, made it a guaranteed hit.

As Airmiles continued to see success Tesco were next to follow with the 1<sup>st</sup> large scale loyalty program for the masses – launching their Clubcard scheme to the public in 1994. The company proclaimed the Clubcard would “enable us to recreate the old tradition of a shop manager knowing all the people who shop in his store” (MacLaurin, 1994) ironically this is far from the case we see today as consumers still continue to be faceless entities, but the communications they receive are intrinsically link them to their behaviour in store.

Interestingly when Tesco first launched the scheme David Sainsbury dismissed the initiative as a return to Green Shield stamps, but the company was soon forced to backtrack, introducing its own Reward Card a year later as the success of Clubcard had seen a negative effect on Sainsbury’s profits (Randall, 1996) and the power of data being attached to transaction and consumers, became too much to ignore.

The loyalty scheme’s momentum didn’t fail to continue and numerous schemes offering the issue of points that could be exchanged for goods or services began to come to market. Despite some skepticism around the term “loyalty card” – believing it to be a misnomer (Worthington ’00) and that loyalty can’t be bought nor interpreted as a relationship of any value – the success of the cards in developing customer databases, increasing retention and the general public’s adoption of the cards is testament in its power to retain.

Interestingly Worthington’s point about loyalty being bought and therefore not qualifying as a relationship, is related directly back into the theories investigated earlier around exchange. His idea that loyalty (when paid for) is without relation is valid but, the fact that consumers still have a real world touch-point with the brand, means that emotion is still likely to come into play when users decide where to put their loyalty stamp. In the case of the way loyalty cards actually developed, users weren’t shopping in Tesco just because of the loyalty card and its benefits, they shopped in Tesco instead of Sainsburys because of pre-defined criteria from their personal experience. Experiences with the brand they had previously were evaluated and a conscious decision made (for those repeat visitors) that this was where their loyalties lied. Admittedly this process isn’t

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quite so straight forward and I'm sure external factors will also play a massive part (Location and the fact that prices remain comparable and product choice remains similar) but, in essence once loyalty cards came onto the market "en masse" they became an expected part of the service (by consumers) and therefore the fundamentals of emotion playing a part in establishing relationships still applied.

Falling costs in technology and the diffusion of schemes within the high street meant that pretty soon marketeers were confident that the early adopters such as Tesco and Airmiles had got the programs right and quickly followed suit with anyone from Boots to Game and WHSmith to Homebase launching their own versions of the Tesco model. By 2001 there were reported to be over 150 loyalty schemes within the UK with the reported circulation of over 40 million cards (Byrom et al, 2001). The advantages of encouraging loyalty and entering into a relationship program for a business were obvious – not only did it become a mandatory for retailers to keep up with the competition but through the strength of database solutions, the ability to significantly improve how individuals, groups and companies interact and perform (Lager, 2008) could have massive potential in increasing ROI.

Creating tailored communications through the provision of an intelligent database and segmentation insight was (and still is) a fundamental business driver and a key driver of relationship growth. In the case of Tesco the provision of data to the retailer through customer transactions, and the quarterly exchange of earned transaction points for vouchers, worked as a suitable exchange for both brand and consumer. Through targeted mailings containing monetary vouchers and offers, delivery and personalisation was based on actual buying behaviour meaning the relevancy that Tesco manages to have in its consumer dialogue is key to its success. In 2004 the brand reportedly printed over four million variations of its quarterly customer mailing (Anon, 2007 IN Strategic Direction). Its this stat that is absolute testament as to how much data has had to be processed, how much insight has been applied to allow segmentation to such a targeted level but, in terms of response, the interesting point is, has the uplift in response and consumers experience of the brand through such clever tailoring really given a return back on investment?

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### **Digital Growth**

Whilst offline relationship programs were growing in success and complexity, the web had also begun to evolve as a channel. Between 2000 and 2002 the Internet penetration within the UK tripled to almost 8 million (32% of the UK population) and this usage, evenly spread amongst both at home and at work, saw this first generation of commercial web content replicating on-screen content that was designed for, and sourced from classic channels: This was the copy-and-paste era of web production (Meadows-Klue, '07).

With the space untested, the prospect of consumer adoption of the web as a tool for distributing content and creating content had not yet been discovered by the dotcom giants. Brands experimenting in the space treated the channel with the same tactics as they would do in a broadcast environment. Users became bombarded with advertising messages delivered in the most interruptive manner possible in order for brands to get attention and, as marketers quickly created an online environment that contained spam, pop-ups and cookies, developers worked even harder to create anti-spam software, pop up blockers and cookie detectors (Batchelor, 08).

As the web began to mature further and legislation such as the Data Protection Act 1998 and bodies such as OFCOM began to evolve, the industry began to get regulated and the web began to move away from its seedy reputation. Yet despite rapid investment and a gradual increase in audience penetration the dotcom bubble finally burst from a commercial perspective in mid 2002.

Investors who had become more averse to risk and far less tolerant of the lack of up-front profits being delivered by internet stocks and the fear of terrorism, the build-up to war in Iraq and a slew of corporate scandals hardly helped sentiment either (Elliot, 2006).

Brands with a long term strategy survived, whilst those out for a quick buck soon realised that the web was a commitment for a much longer haul and not the quick buck that they had first anticipated!

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Whilst businesses were also beginning to understand the digital space the ability for consumers to actually afford PC's at home was also affecting internet penetration. Between 2000 and 2007, household penetration of PCs in the UK grew from 45% to 70% (Euromonitor, 08). Driven by falling price points in the technology, the PC was able to become much more of a standard household item rather than a luxury gadget and, in effect, enabled a greater number of people to begin the recreational use of the internet.

Whilst consumers were quietly beginning to venture online the brands were rethinking their retail and digital strategies. Brands that had failed to translate retail stores online and pure-playetailers were discovering that the reason for online shopping failing

wasn't due to consumers lack of receptiveness to use the channel but the fact that "etailing" had failed to blend new technology with a clear understanding of consumer needs (Keogh, 07).

Retailers had naively expected consumers to have an immediacy in take up of online shopping, adopting at the same rate the business' were setting up transaction channels. There was a failure or lack of understanding as to the length of times this diffusion to the mass would take and a misunderstanding of the reassurance consumers would need in both the webs security and stability for them to start to purchase.

Slowly but surely consumers started to understand and have faith in the channels stability, and brands began to realise, just like their real-world counterparts, that in order to increase the chances of success, an investment in developing relationships would be vital in generating both visits and transactions alike. With relationship and loyalty in mind, digital retailers begun to be more intelligent in their collection of data - whilst non-transactional properties gradually begun to store up information based on consumers "declared interests" in order to deliver a better user experience and relationship.

This growth in intelligence was helped by further advancements in web site technology, particularly the growth of more complex content and contextual management systems that had become to be available to the market. These systems meant that retailers simply had to get the users basic data and, using a series of techniques to either encourage user login (which allows data to be tracked) or through a permissive cookie

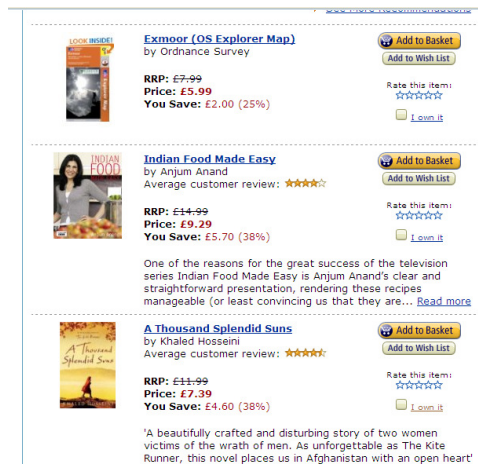
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policy (allowing session data to be monitored) the serving of products, content and information that would almost certainly be relevant to the users personal interests began to trickle through.

Amazon is a great example of one of those eTailers who both survived the dotcom crash as well as having continually innovated and developed new techniques to improve the service they can offer to consumers.

Once an account is opened Amazon's powerful relationship management system starts to get to work. Every interaction you then make with the brand is working to give you a better experience. The exchange is equivocal: The more you interact the more tailored your content and dialogue with the brand becomes, beginning to commit you to enter into a longer term relationship with the brand.

By way of example relevant content is always delivered for me when I make a visit, with continual recommendations for products based on purchases I've, and others like me have made. Not stopping there they also now go on to provide interesting email communications through not only recommending books that are personally relevant but also allowing me to let them know if I already own them – a nice touch that shows they're interested in getting it right. They're striving to improve the experience and, in the case of achieving a strong relationship, driving it forward through the technology available.



The screenshot shows three book recommendations from Amazon.co.uk. Each item includes a cover image, title, author, price information, and a star rating. The first item is 'Exmoor (OS Explorer Map)' by Ordnance Survey, priced at £5.99 (25% off). The second is 'Indian Food Made Easy' by Anjum Anand, priced at £9.29 (38% off). The third is 'A Thousand Splendid Suns' by Khaled Hosseini, priced at £7.39 (38% off). Each item has 'Add to Basket' and 'Add to Wish List' buttons, and a 'Rate this item' section with a star rating and a 'Learn it' link.

Amazon.co.uk, 2009.

The interesting thing that this example also begins to touch upon is Amazon's acknowledgement that the web isn't just a way for me to have a relationship with them (direct), but also to give me a relationship with all of their other customers (indirectly). Going back to Baran's model of distributed communications, Amazon may facilitate all the interactions but it feels much more humanistic: I can read (or even view) other users thoughts on products, look at what other like-minded fans are also buying and even

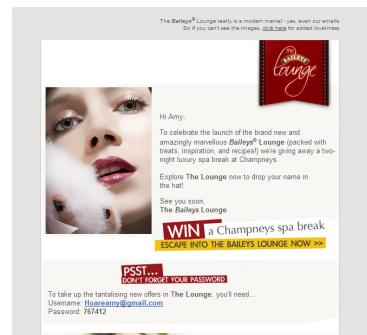
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purchase books directly through Amazon from other users who are selling the books second hand rather than new! Amazon had acknowledged early on the importance of the consumer and the very potential the web had for facilitating relationships and communications to a completely different level to other channels.

### Taking Data too far

Whilst some brands, such as Amazon have been successful in their gathering and usage of customer data, the importance of striking a balance between collecting data and offering a consumer an experience (based on that data) has to be right. Take Baileys.com as a further example of data going too far.

Upon receiving an email as a valued member of the Baileys Lounge (their wrapper for a relationship program) I link through to their site homepage where I am immediately prompted to enter my username and password – these details were conveniently included in my original email from them (as I tend to only remember my frequently visited sites details). Once clicking through, with a high expectation, I then navigate the site and can see that there are no actions available that seem to prompt the need for them to have asked for personal details / username: There are no options to upload content, no opportunities to vote, no competitions for entry. I have logged in so Baileys can view what content I am viewing.



Baileys.com, 2009

As yet my consumption of their site hasn't prompted any intelligent response based on the content viewed, and the experience of logging in ruins the user flow without any apparent need or compensation for the disruption given to the end user. Until the content provided equals the actions required from the site visitor the login should simply not be needed - you could question the need to track popularity of content by individual user as opposed to simply reviewing site trend data. Trend data at a top level is very likely to conclude where the popular areas of the site are in a lot more conclusive (and easy to analyse) way than trying to

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track back performance to individual user account and, ironically if you visit the site without clicking on the email link all of the content is open access....

Juxtapose this against Innocent Smoothies weekly newsletter.

The newsletter isn't personalised, the first paragraph is clearly self promotion about their new outdoor ad campaign and there are lots of attempts to get me to click through and visit the website. Despite this the email is entertaining, well written and actually made me click on a link to view their poster campaign. This poses an interesting link back to exchange theory and the importance of emotion in a relationship between 2 parties. The Baileys user experience was personalised, slick and clinical. The Innocent user experience was friendly, not taking itself seriously and felt "hand made". Comparing like for like the Innocent communication had a much more positive affect on my brand warmth, relationship and likelihood to advocate the brand to my peers - despite it's dismissive nature of all technology and analytical possibilities it had available to it as a brand.



7<sup>th</sup> January 2009

Hello and a very happy 2009 to you. Hope you had a lovely Christmas and are reading this week's news from the comfort of your oak panelled study whilst supping a fine whisky and reveling in your new elasticated jeans.

### Healthy new year

New year, new start, new hole in your belt. We're not going to mention the word 'detox' once in this week's news. Not once. Not even if you lasso the hosepipe in an enticing way and promise doughnuts afterwards. What we will tell you about though is our [nice new poster and press ads](#), which are out and about right now. There's a bit of maths involved but it's not hard maths where you have to dig out the [protractor](#) or figure out quadratic simultaneous equations to get the answer. It's simple stuff. 1 of our [smoothies](#) + 1 of our [veg pots](#) = your 5-a-day. No long division. No crossings out. No sexy hosepipe dances. For a healthy start to 2009, all you need to do is click [here](#).



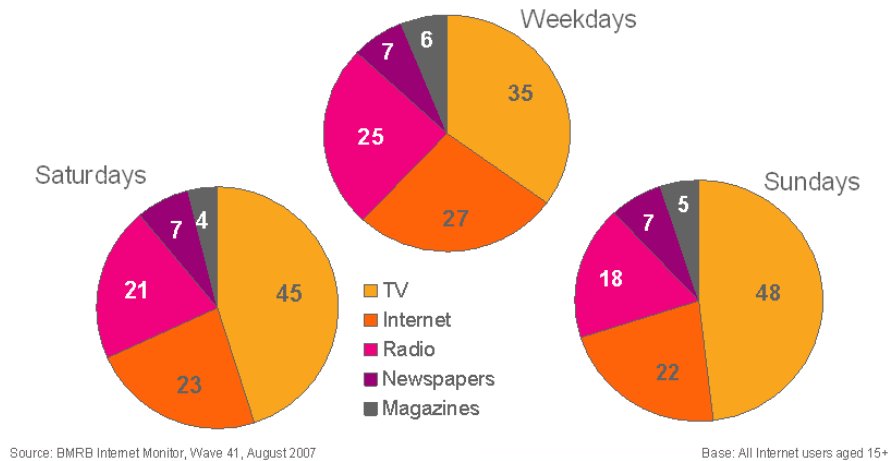
It's this acknowledgement by brands such as Amazon and Innocent in putting the consumer first that the experience of the brand is key to having a successful relationship – whilst this may mean data is a key driver it can quite easily be successful without any intelligence at "user level" and this should be obvious based on the marketing strategies. Its our importance as consumers that's continuing to shape how brands conduct their relationships and in demanding a better experience we can help ensure that brands treat us, and our data, with the right level of detail and respect.

## It's you that's important

In 2006 Time magazine named its person of the year as "You". The internet had officially grown up with the evolution and adoption of broadband doubling the amount of time individuals spend online and, by default, increasing the amount of time users were

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spending on the internet (Euromonitor, 08). The impact and respective penetration of both Home Pc's and Broadband communications had meant Audience's media consumption habits had changed and digital shifted to a channel of importance:



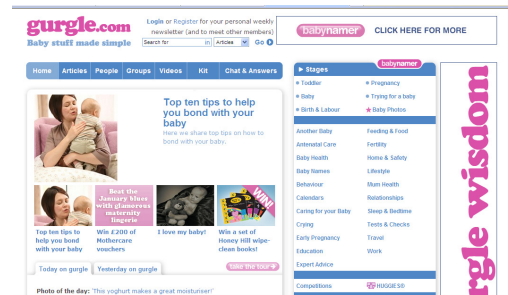
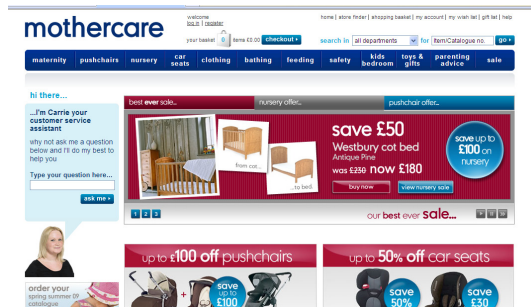
As Grossman noted with the consumers success as an influencer:

It's a story about community and collaboration on a scale never seen before. It's about the cosmic compendium of knowledge Wikipedia and the million-channel peoples network YouTube and the online metropolis MySpace. It's about the many wresting power from the few and helping one another for nothing and how that will not only Change the world, but also change the way the world changes (Grossman, 2006)

This acclaim, and the physical actions by consumers, marked a significant step for both business' and brands in recognising the importance of the consumer and their move towards pro-active participation - co-operating, producing and developing value and knowledge for brands and themselves (Wang, et al; 2005). Brands who had worked to deliver communications and relationships suddenly had to deal with a consumer that was no longer passive in its voice but actually shaping and altering the dialogue not just with them, but also with other individuals. Ozer (07) observed that by ignoring UGC, fans and adorers of brands will seek other avenues to discuss with peers... brands could combat this problem by creating an environment where fans can discuss and comment freely.

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Brands are consequently investing thousands of pounds in not only delivering commercial websites, but also sites geared around learning and facilitating better relationships. Compare mothercare's offerings, one geared to transaction and the 2<sup>nd</sup> geared to relationships:



[www.mothercare.com](http://www.mothercare.com) and [www.gurgle.com](http://www.gurgle.com)  
Accessed: [15 January 2009]

Rather than incorporate a message board or chat within the site the brand has launched a totally separate site designed to help those trying for, or already with, babies and children. The site is commercially clean and, although there is one competition for mothercare vouchers, its sole focus is to be more than just another baby guide, rather as “an experienced older sister who can solve your baby-themed problems” (Gurgle. 2008).

In digging deeper Gurgle is positioned as a totally different entity and its own limited company so what do mothercare get out of the site? On digging deeper into the sites privacy policy the sharing of data is strictly limited to Gurgle and its parent company. mothercare, through the Gurgle outlet, will be able to not only monitor trends on parenting to inform their marketing strategy but also offer members information and products with the luxury of knowing the parents and children age, names as well as any other monitored information they can take from the site.

This method for developing a relationship, whilst unusual, is a good example of a brand trying to build relations based on the web strengths. Consumers need to be able to exchange information and opinion with peers to change their own perceptions and behaviour in a rapid and largely unchecked manner, and to define brands on their own. (Morrissey, 05). The interesting thing to watch unfold across the next evolution of the web, with the likes of mothercare, will be if relations that consumer develop with the

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“social brands” such as Gurple translate or can be transferred back to the profitable brand.

Regardless of whether this transferral of brand affinity will occur it's this consumer control and empowerment that becomes the business challenge and the risk of doing nothing far outweighs the risk of experimenting with the space.

Ozer (07) observed that by ignoring UGC (User Generated Content), fans and adorners of brands will seek other avenues to discuss with peers... brands could combat this problem by creating an environment where fans can discuss and comment freely (as demonstrated with Gurple). The important factor for these brands is to ensure that they remain honest with their consumers.

Take as an example Ask.com's 2007 campaign “Information Revolution”. The campaign started as an unbranded integrated marketing activity: Inviting users to be individual and calling into question the supposed monopoly that Google have attained. The initial objective behind the piece was “to get people to consider more information sources, consider more search engines and of course, consider us!” (Ask.com, [Accessed: 10 January 2009])

At the beginning consumers were positive towards the campaign – with no real expectation as to where the messages were headed. When it surfaced later that the campaign was spear-headed by Ask the consumer opinion immediately shifted. They had a perception (at that point) that the campaign was not being run by a search engine and emotionally felt cheated when it was revealed otherwise. It wasn't a campaign to seriously question the search market it was a cheap ploy to elevate Ask's position and, as such consumers perception and relationship with the brand were negatively decreased.



Theregister.co.uk, 2007.  
[Accessed 2 January 2009]

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For non-transactional brands establishing relationships with consumers also has added complications. Where the likes of Amazon can drive their insight and relationships with consumers straight from their database of both declared and behavioural activity, a branded site simply doesn't have the same incentive. Whilst mothercare and Gurgle show a really good way for a brand to build digital relations it's not as easy as simply developing hobbyist groups. Think about alcohol brands, deodorants and grocery products: The challenge for using web to increase the brands warmth and relationship has to do so with creativity.

Take Smirnoff as an example. They haven't got a transactional element to their website and, outside of product recipe, are in a constant cycle of generating content that can make their brand site interesting. Within their site currently they have to therefore concentrate on softer measures to tease data out of their consumers – competitions, events, brand offers and news have been relied upon as enough to tease information out of me as a consumer under their “Join the party” proposition (Smirnoff.com [Accessed January 2 2009]).

The lack of incentive, whilst restrictive in appeal for some, is a positive for the brand. Users signing up (if we exclude those who crawl the net looking for competitions and special offers) are much more likely to already feel some warmth to the brand – there's an interest in hearing what they're up to and, in exchange for giving my details I expect to hear from them with messages of relevance. Nearly 3 months ago I signed up to their site and, to date, despite giving my mobile number, postal address and email address they have failed to deliver me one piece of communication. I opened up the possibility of a dialogue and they have failed to deliver.

This is a classic example of brands needing to tick corporate boxes of establishing a website and growing their databases. Nothing ever really gets done with the base, nor has anything of value been planned to give to consumers, but the marketing department can feel happy that they have a growing database regardless of its purpose or meaning.

Increasingly in my personal experience with a variety of brands data, numerical metrics are seen as much greater in importance than the qualitative measures. Yes, Tesco having 13 million active Clubcard members is important because they market to each of

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these people and can track the success of the relationship back to in-store spend, but for Smirnoff to report the numbers in their database has absolute irrelevance (at this point in time). Data has to be reporting into an objective whilst delivering on experience and the balance is almost certainly wrong when data isn't driving relationships forward.

The problem that non-transactional brands have when they are trying to develop relationships and capture data is that more often than not there is no purpose for personalised content or user account. When login isn't essential, and content not robust enough to begin to drop cookies and tailor information back to the user, the data that is actually being captured needs to be treated with more caution. It's this conundrum that these brands are facing and, in a quest to try to get a single customer view, failing to deliver on both the experience and exchange part of the relationship.

The importance of being able to deliver this user experience shouldn't be over-looked. As visited earlier when looking at exchange theory the ability to deliver emotion is absolutely essential (even if it is computer mediated), and one of the reasons using individuals to distribute brand communications works well. A recent study by Universal McCann finding that not only do we trust strangers online more than celebrities and almost as much as face to face recommendation but we trust them over any paid-for communications or advertising (Appendix 2). Digital is gradually, as with the real world, seeing consumers trust people over brands and from a marketers perspective, using those in a position of influence to gain positive word of mouth, will help brands achieve success.

It's this move from linear communications, and relationships, to a more social relational exchange that has begun to change the shape of commercial businesses and markets today. This was explored further by Tapscott and Williams who defined a practice they called "prosumption" the idea that customers want "a genuine role in designing the products of the future – on their terms, in their networks and for their own ends" (2008).

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An example of this is as Proctor and Gambles Secrets campaign who ran a campaign linked back to the Secret deodorant, inviting females to share their secrets online. The campaign, although perhaps dated now in its approach to interaction, saw 25, 000 secrets uploaded to the brand site. These secrets were viewed across the campaigns duration 1.4million times, with an additional 250, 000 user views of staged videos that saw women sharing their secrets with each other (Spalding, 2007).



Content generation also doesn't always need to be prompted for a brand to act upon the content. A recent Apple ad was allegedly created by a user loading up their own idea for a product ad directly to YouTube. This ad got picked up by the Apple team and eventually became the final aired TV ad. It's this notion of prosumerism that gives us a clear insight into where the future of digital is headed. Relationships will be forged between brands that embrace the space and advocacy will help drive the brands forward in this "prosumer-centric" paradigm:

Customers want a genuine role in designing the products of the future. It's just that they will do it on their own terms, in their own networks and for their own ends, increasingly they will do it without you even knowing about it. (Tapscott & Williams, 2008).

Indeed it is this mix of the consumer becoming more empowered to create, teamed with the growth and experience as online users and shoppers that "has caused their expectations to increase and crucially affect their online purchased behaviour and website patronage" (Sigala, 2006). Yet in the digital space where users can jump in and out of relationships, the dialogue, from a brands perspective, can be almost unmanageable. How does a brand focus in on the consumers that have importance in a space where identities can't always be ascertained?

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The customer strategy therefore, needs to move away from concentrating so much on who these people really are, taking any positives and negatives through digital avatars at face value. The key needs to be offering customers as a whole “what they are demanding not just mould the customer to the companies goals” (Scullion et al, 04). As Okazaki (2004) also observed, “online consumers may seek out more but, by giving more personal data, they expect personal attention in exchange the brand needs to deliver”. They don’t want to see a mass market message if they’ve given information of a “personal” nature they expect this volunteering of information to be met with an intelligent response. In these instances, brands that don’t have the technology, nor the content to facilitate such a response, should be staying away from such tactics.

If they (brands) continue to have the trust of the crowd and if they pay dividends back to that crowd. And those who try too hard to control that wisdom, to limit its use and the sharing of it... risk turning away the crowd that creates this value (Jarvis, 2005).

Spalding (2007) considered this further comparing an Agent Provocateur viral (61, 000 views) with the Proctor & Gamble Secrets deodorant campaign we visited earlier (1.4million views & 25, 000 entries). The difference he noted was that the first employed direct marketing tactics straight from the brand (in the brand creating the video and seeding amongst the perceived audience) whilst the second more “successful campaign” allowed the brands loyal customers to do the hard work for them.

Larnier (2006) examined the power of the collective further examining the danger of the group as well as the beauty of the internet as a way to “connect and place value in the people.” Influencing this group through empowering people has increasingly become a focus for marketers as a way to access and facilitate relationships. This idea of a pack or a group is key to an exchange whereby you need some social assurance that you are making the right decisions in your relationships and consumption habits. It’s this very premise and the importance to belong that has seen Facebook and it’s “group” functionality take off as individuals flock to show their personality and interests through attaching themselves to a variety of different groups

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Likewise, if a brand can work to build relationships with its influencers or advocates a relationship with the brand it could work to attract the latent collective and propel itself to popularity amongst a larger mass. This very process takes us back to the idea of diffusion and touches upon the tipping point that Gladwell explored in his book of the same name – once the early adopters have accepted and passed on a message or a practice gets diffused and taken up by the mass, the balance has been tipped and brands will see success.

It shouldn't be forgotten, however, that the mass can also just as easily turn against a brand or idea, something commonly seen with celebrities in the red tops and, for this very reason, the targeting of this collective that needs to be treated with care. One of the key reasons for undertaking CRM is to ensure 1:1 targeting of communication whilst repelling and eliminating economic non-valuable ones (Sigala, 2006). In many ways there is now the need to have the digital backing of the collective – perhaps seeing marketing move away from one way relationships to a more integrated manner of building relationships with the mass or pack.

### **Conclusion: Striking the balance**

In conclusion it is evident that the web's evolving nature has seen a massive shift in how brands, and consumers alike, have dealt with inter-relationships. Real world transactional brands such as Tesco have successfully used data to power and grow loyalty amongst their consumers but, in powering the data engine, have opened themselves up to a situation where the insight can be taken to a level where fragmentation of communications could become almost infinite.

In the digital world of relationships brand techniques have been varied. Transactional brands have by far seen more successful practice, taking experience and learning's from the real world and translating them online. Yet whilst some brands have understood that the web has become a place of distributed content and participation others have failed to successfully leverage its strengths to their advantages.

Many companies have become more mechanical precisely at the time when they need to become more human in order to engage with the newly empowered

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markets. Web 2.0 isn't about technology: it is about the humanising of business (Tapscott & Williams, 2008).

This humanization needs to come from offering valuable experiences to consumers, offering them new ways to engage with your brand be it through the customization of products (as demonstrated by Nike iD's success with users designing their own trainers) or allowing consumers to shape the brands offering. With even public services like the BBC offering the chance for the public to shape and develop their digital platform (<http://backstage.bbc.co.uk>) the opportunity for brands to forge relationships on a deeper level has never been more possible.

Yet despite some digital strategies showing promise and an understanding of the new web being about communities, participation and peering (Tapscott, 2008), other brands are caught up in strategies that are fearful of dialogue with individuals within their audience that can't be tracked. Brands that have been able to put their faith in activities that sit best for the overall brand / audience relationship (as opposed to worrying about being able to monitor a singular individual) are seeing a positive return on experiences given.

As our relationships with the web continues to evolve a brands approach to its relationship marketing needs to be constantly reviewed. Success will be seen by the brands that are focused on the overall experience and the overall response of the mass and, in the case of data, the demands a brand wishes to place on it should be reflective of that very strategy.

Digital is the media of the masses not mass media and the minute brands recognize and work into this, the greater control. (Meadows-Klue, 2007).

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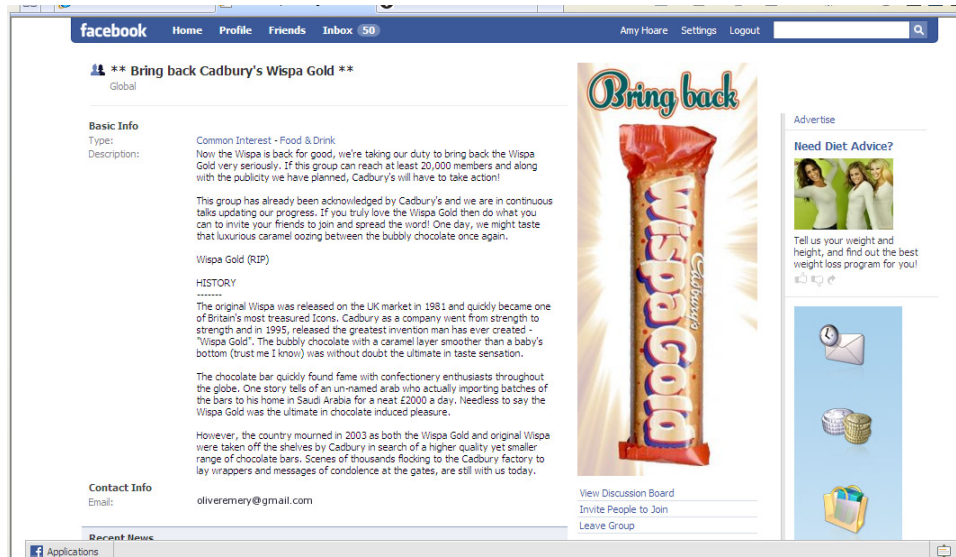
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# Data and experience: Getting the balance right.

## Appendix 1

### Bring Back Cadbury's Wispa Gold



Facebook., 2009. Available from:

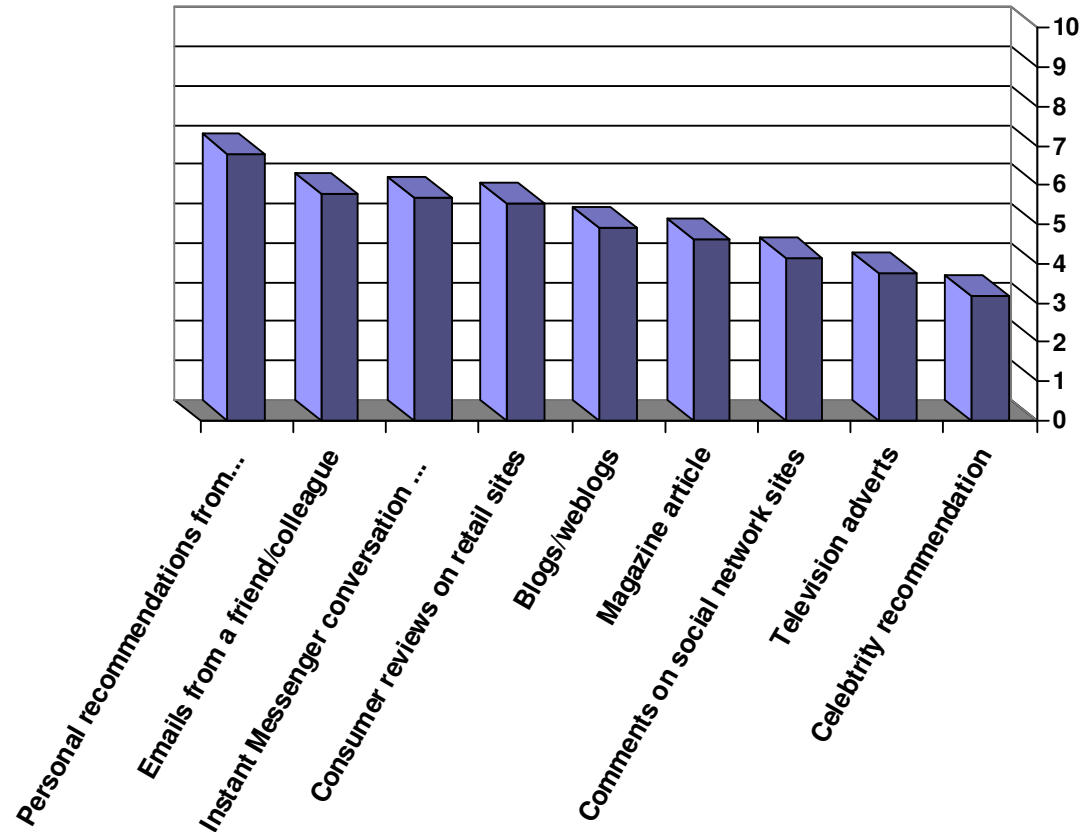
<http://www.facebook.com/group.php?gid=2311634209&ref=mf#/photo.php?pid=43746&o=all&op=1&view=all&subj=2311634209&aid=-1&id=511362035&oid=2311634209>

[Accessed: 15 January 2009]

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Appendix 2

“Thinking about where you find information for products, brands and services that you buy. Please can you rate them in terms of how trustworthy the information provided typically is? Where 10 = Very trustworthy and 1 = Not at all trustworthy” (Global Average)



*\*Study conducted by Universal McCann’s global digital research programme “Wave”. Research completed amongst 17, 000 active internet users in 29 countries.*