
LIES, DAMNED LIES, AND DIRECT MARKETING

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This is essay 3 in a series exploring web marketing. (The others are "Click click, you're dead", and "Darling, I'm not content!") It's freely distributable: you can send it to anyone, as long as you include the source. Just quote chris@chrisworth.com somewhere.

HEY, YOU! You with the cow-shaped envelope and the list of beefsteak lovers living in New York State! Yes, you with the clipped coupons and A/B splits mumbling about response rates and key codes! You, talking about "owning" people as if they were cattle and prying into their lives like some CIA spook! I'm TALKING to you, direct marketer!

This Internet thing ain't working the way you wanted, is it? You thought it'd let you assemble customer profiles in undreamed-of depth, collecting a snippet of information every time a consumer clicked an icon. You dreamed of merging and purging millions of partial profiles from different sources, that all those fragments plucked from the clickstream could be glued together into intimate patterns of buyer behaviour. Well. it's time to stop dreaming, guys.

Someday soon, when a million products can be compared with one click, all any overt sales approach will do is tell your customers you're a loudmouth. Traditional brand loyalty is dead; the profiles in your databases will soon be useless. Your constant demands for attention from "consumers", while offering them nothing except the chance to spend money, are sapping their energy. The way you build "profiles" with their private information has lost you their trust. It's time to realise the web equivalent of one-to-one marketing is fundamentally different to the one-to-one you know and love.

On the web, one-to-one is not about invading people's privacy and demanding that they buy. One-to-one on the web is about creating conditions that let them buy from you when they want. The web is not a one-to-one, but a one-FROM-one culture. But even if you're stuck in the one-to-one rut, you're still a smart guy. Far smarter than those above-the-line people, right? So let's look at some of those differences between the web and traditional direct marketing. And see if you can turn them to your advantage.

Difference 1: on the web, dishonesty is obvious.

Let's face it. You don't really know your customers, do you?

You've spent a lot of years building up "consumer profiles". You know where your customers live and what they buy, and you treat them like your best friends. But you're not going to succeed on the web until you realise these are not "consumers" and not "profiles" you're dealing with, and certainly not friends. Because in a savvy networked world, customers resent you insisting you love them when you don't. As David Weinberger of JOHO (www.hyperorg.com) says, the problem with 1:1 marketing is that one side of the equation is only pretending.

Recently a startup company was featured on geek news site Slashdot. The news angle was that this startup had adopted the Jennifer Ringley principle – installing webcams in every office and letting the whole web "see" the trials and tribulations of starting a business. This backfired – it turned out to be a ploy to direct more clicks to advertising-supported sites. They just weren't being honest. And no venture capitalist or talented executive in Silicon Valley will now touch this company with a barge pole. (By contrast, Jennifer Ringley – whose 24-hour bedroom "Jennicam" started the whole webcam craze, turning exhibitionism into an art form – is now a much-loved web celebrity.)

The web makes such pretenses obvious because on the web, customers are interacting with each other as well as with your brand. In a networked world, it's instantly obvious if you pretend to be friends when you're not... yet it's impossible to be real friends with thousands of customers. So what

can you do?

You can stop pretending. And start being who you are: someone who wants to sell stuff.

One way is to create a great retail experience, like Amazon.com. Amazon never sells; it creates an environment where people can buy. Letting customers post book reviews on the site creates an atmosphere of honesty (at least before Amazon became a Serious Business and started vetting them, violating a prime web rule: nobody is smarter than everybody.)

Another way is to set up frequent shopper programs: San Francisco's Netcentives has signed up over two million customers who get rewarded with frequent flyer miles when they buy through its site, clickrewards.com. With US incentives programs topping \$24 billion a year, Netcentives CEO West Shell believes he can save companies money by glomming their rewards programs into one big program and managing it for them. Another startup, Prio (www.prio.net) signs up retailers and offers discounts to Prio-registered buyers, crediting discounts back to your credit card.

None of these companies ever pretends it's doing anything except trying to make a buck. There's nothing wrong with that. Direct marketers, to make money in a one-from-one world, be honest.

Difference 2: the web doesn't tolerate loudmouths.

Unlike print, radio, or television, the web wasn't built by marketers; you have no natural right to be here. Nor does your target audience have any obligation to listen to you. Yet, bound by Old Ways, you think you can build a customer base by shouting the loudest. That's a mistake.

In a webbed world, one-to-one marketing messages aren't needed. Soon, search engines and shopping bots will track down whatever people need, whenever they need it – even if it's a totally new product launched the day before – and your constant intrusions into their time will be resented or ignored. Seth Godin writes in *Permission Marketing* (www.permission.com):

'It's just physically impossible for you to pay attention to everything that marketers expect you to – like the 17,000 new grocery store products that were introduced last year, or the \$1,000 worth of advertising that was directed exclusively at you last year.'

And web writer [Rebecca Eisenberg](#) puts it succinctly in an open letter to PR reps:

"If nothing else, take this to heart: your cluelessness about the Internet, your unwelcome interruptions, your naivete, your insistence on hogging my bandwidth, be it with downloads or phone calls or FedEx deliveries, do not impress... when it comes to getting attention, one method stands out: doing something interesting. Now get to work."

Direct email or "spam", while cheap, is universally and violently despised. (Hi, Direct Marketing Association! Are you aware your clueless attitude towards spam has turned you into a outcast in the weberati's eyes?) Columnist Stewart Alsop writes about how he used to respond to every email, but now feels comfortable deleting messages without reading them. (*Fortune*, 27 Sep 1999.) The one man to ever make money from direct email (Cyber Promotions's Sanford "Spamford" Wallace) did so not by running spam programs himself, but by selling random lists of email addresses to suckers.

So you've got to shut up. But then how do you get your message out? The answer: instead of talking yourself, create ways for your customers to talk to each other.

Slashdot (slashdot.org), the discussion site for geeks, doesn't talk much itself. Nor does it provide much content. Rather, it's a daily list of links to news elsewhere on the web. Below each quoted story is a threaded discussion area where readers can exchange comments about the story. The comments add colour and balance to each story, going beyond the one-to-many imperiousness of traditional media. Look at it, *Herald and Tribune*. Look at it, *New York Times*. Even those doing the web thing right, like the *San Jose Mercury News* (www.sjmercury.com) should look at it, because Slashdot is the future of journalism.

Slashdot is young and angry and a large chunk of what's there is trash, but the site's built a participating audience in the hundreds of thousands. Why? A simple human truth: people would rather talk to each other than to you. The Cluetrain Manifesto (www.cluetrain.com) puts it thus:

"Even at its worst, our newfound conversation is more interesting than most trade shows, more entertaining than any TV sitcom, and certainly more true-to-life than the corporate web sites we've been seeing."

So you've got to forget building relationships with your customers and start dreaming up ways to let them build relationships with each other. (A hyperlinked community of people who enjoy your products is better than any sales force or ad campaign, and a lot cheaper.) And you don't need millions of them to succeed; an August 1999 list of Top 20 sites by number of buying customers included Tower Records, thriving with under 50000 regulars. What's important is how much you mean to people, not how many of them you've tricked into clicking on over.

The Cluetrain's 88th thesis reads: "Business is only a part of our lives. It seems to be all of yours. Think about it: who needs whom?" Web customers don't listen to you because you've got nothing interesting to say; you're a one-dimensional flak who talks shop all the time. Direct marketers, to build a customer base in a one-from-one world, stop talking.

Difference 3: the web doesn't like your agenda.

As a marketer trying to make a buck, you've got an agenda – which is the worst thing you can have on the web. Why are eBay's (www.ebay.com) auctions so much more popular than Amazon.com's? It's because at auctions.amazon.com, Amazon's agenda is showing.

CEO Bezos's idea: look at what books customers are buying, then recommend items from the auction desk that might interest them. Oops. See the problem here? Amazon's assuming its customers are more interested in Amazon than each other. It's forcing its own agenda on to them. And Amazon's auctions remain lifeless.

How much more effective can your website be if you deliberately choose not to push your agenda? Here's an example of an agenda-less audience-building tool: the Realtime Blackhole List at maps.vix.com/rbl/.

Anxious to stop spam clogging his servers, Paul Vixie started blocking email from known spammers. (Such an action can have big results if you have many users on your server, since no user can receive email from the spamming domain.) The list grew and became a valuable resource, so he starting letting other ISPs use it. Hundreds now subscribe, freeing millions of users from the menace of spam.

The Vixie "brand" grew hugely thanks to these "sales". (Spammers complain Vixie's actions restrict freedom of speech; they're wrong. Freedom of speech is the right to talk, not the right to be listened to.) The Realtime blackhole list is a perfect example of the web's distributed democracy in action – because Vixie had no agenda. But imagine a marketing agency coming up with this idea:

First, the agency heads get together in a big room, or perhaps have a conference call. They decide which domains are persistent spammers based on their own experiences. This doesn't produce a big list, so they hold a focus group. At the focus group, one housewife says she doesn't like Pepsi, so pepsi.com gets on the list. The list gets sent to the agency's regional heads, who add and delete sites based on the clients they want to impress. More sites are added, until the New & Improved BlackHole list is big enough to look important.

Next comes the problem of reach – getting people to use the N&I Blackhole List. The creative director decides to prospect among ISPs worldwide, offering them 15% off some cool hardware if they'll apply the list to their servers. The campaign brings back thousands of responses, and the agency congratulates itself on its success. ISPs start using the list, more ISPs worldwide get to hear about the agency, and the creative director and account director celebrate with some office bimbos at a local nightclub, thinking of all the clients who can now market to that targeted audience. But something strange happens over the next year. One by one, ISPs stop using the list. By the end of the year, no-one's using the New & Improved Blackhole list, and the situation's the same as before – except the original Realtime Blackhole List is more widely used than ever.

The reason: the agency had an agenda and Paul Vixie didn't. Ultimately, success on the web is due to how useful the things you create are, not how big a bribe you can offer. You may protest that you need an agenda, that having an agenda is a necessary part of doing business – but you don't. Slashdot and eBay have no agenda; they grew because they adopted the agendas of their audiences instead.

So take a look at your agenda, and see if you can make it your customers' agenda instead. Find

useful resources to put on your sites, and customers will thank you by putting you top-of-mind when they want to buy something. Building such resources are the future of the marketing business. Direct marketer, to do business in a one-from-one world, stop pushing your own agenda.

Difference 4: the web knows what it wants better than you do.

Every month in your company somewhere, a twentysomething with a bad haircut comes up with a billion-dollar idea – which subsequently gets debated by the management food chain, dissected by the account service infrastructure, and dies the death of a thousand cuts.

In ad agencies, this happens because executives are still in the old scarcity mindset – they think in terms of mass appeal. In one-to-one agencies, the situation's better, since you've been selling niche products for decades. But both groups could use a dose of Network Economics 101. The web is not an economics of scarcity; within reason, any idea will have an audience somewhere. (Market research can't help; nobody wanted something called a "web browser" before Marc Andreessen created one.) So why not execute every idea, and let the web decide whether it's good or not?

idsoftware's Doom was the first marketed computer game to get the web. (Multiplayer text adventures called MUDs had got it years before, but never went commercial.) Its difference was that it didn't assume gameplayers would be happy playing on 'maps' designed by id - it let them design their own too. Thousands of richly textured virtual worlds, often full of custom monsters to battle against, went on the web - and the best made stars of their teenage creators. The next step (developed further in a sequel, Quake) was to let many players take part in the same game over the Internet, battling each other instead of dumb software opponents. The latest game, Q3Arena, will be Internet-only. idsoftware realised that the product – the gaming experience – is best created by the players themselves.

Open-source software advocate Eric Raymond calls it the 'plausible promise'. You don't have to give your customers a finished, polished piece of creative work; you just have to give them an idea that works and let them run with it. eBay started as a hobby site for swapping candy dispensers; now four million people bid and buy from each other in a great networked conversation. Swissarmy.com lets people design their own pocket knives onscreen, and plans to let people order them as soon as it's tooled up. Priceline.com lets people decide what they want to pay for plane tickets and its market cap is now in the billions.

Hoary old ideas like differential marketing and customer ownership – reaching only your most profitable customers – are irrelevant if you can service everybody at the same cost. Maybe 20% of your customers produce 80% of your profits, but so what? In a webbed world, concentrating on that 20% means you're losing four-fifths of all the people who could be talking to each other about your product.

So don't concentrate on finding flaws in your ideas; just execute them and let the market decide. In a webbed world, even a small customer base can be profitable – if you make them part of the process. Direct marketer, to profit in a one-from-one world, understand that you don't know what your customers want.

Difference 5: the web cares about privacy.

Visionary and namedropper Esther Dyson says privacy is the single biggest issue facing web marketers. She's right, and the issue isn't in your favour.

Fourteen million people use anonymizer.com to surf without exposing their information to sites. Eight million use Pretty Good Privacy (www.pgp.com) to scramble their email messages. Canada's Zero Knowledge Systems (www.zks.com) is creating the Freedom Network, an encrypted "virtual network" of cooperating servers on the Internet that lets users surf, send, and shop in total anonymity – or even with false identities. In a webbed world, people not only want their privacy, they've got the tools to keep it.

Thinking of letting your software peek at users' hard disks? Military-strength encryption algorithms like Blowfish and successor Twofish are in the public domain and feature in several off-the-shelf software packages. Scramdisk (www.hertreg.ac.uk/ss/) goes a step further and lets them

hide that encrypted file within an unencrypted one; all that private information you want could be squirreled away in the low bits of a playable sound clip. In a couple of years the 5 pain-in-the-ass factor of using these products will go away and users will encrypt their information as routinely as they open a Word document today.

That's not all. 11% of web users disallow cookies, the small text files many sites like to sneak onto their computers to keep track of them. Increasing numbers are setting killfiles in their email clients so your marketing messages won't get through. They're using filters that present them with only the parts of the Net they want, stripping out messages that contain certain phrases or come from certain sources; you can yell at these users all you want and they won't even know you're there.

And these days web users are increasingly unlikely to fill out forms that ask them for too much information; they won't give their address to you if you get greedy. Realnetworks (www.real.com) got whacked by a tidal wave of protest when someone discovered its software was sneakily reporting what songs users listened to. Microsoft and Oracle have been similarly caught with their ears pressed against your wall. Customers are waking up and realising their information belongs to them, not to you.

So when you can't collect customers' data without losing their trust, how can you take the pulse of your market? There's a way - but it doesn't come from listening to consumers. (And it doesn't mean you eavesdrop. Knowing you're listening in makes them say things they don't mean.) It means coming clean and telling your customers why you want their information - and being prepared to pay for it.

Rory Sutherland of direct agency OgilvyOne believes selling your private information will become an explicit transaction, you trading your details (with strict conditions attached) for cold hard cash - or perhaps even granting the right to use these details to your favourite charity. (In effect, treating your data as a creative work over which you have rights.) Even if you respect your customers' right to privacy - soon, you won't have a choice - they'll only be willing to give you their details if you offer real benefits.

So offer them money. Offer them useful tools. Offer them free computers, as California's FreePC is doing. Make sure you tell them what strings are attached and respect those strings yourself. (Conveniently forgetting what you promised to keep private isn't solely the domain of fly-by-night marketers. Software giant Oracle sent email to thousands of users who'd specifically refused it, RealNetworks essentially states they'll respect your privacy only until they feel like rewriting the privacy statement, and try getting off a CNET mailing list once you're on one. Yahoo even tried asserting ownership over all content created on its free homepage service, GeoCities; that ended thanks to grassroots activism, but other freepage services have similar we-own-your-stuff policies.)

Your customers' private information belongs to them, not you. If you want it, you've got to treat it as treasure, guard it as securely as bullion. Direct marketer, to prosper in a one-from-one world, start valuing your customers' privacy as much as they do.

Difference 6: web customers aren't the same people.

Look at the demure, bespectacled secretary down the corridor. Go on, look. Do you know she's a leather-clad dominatrix at Madame Le Saux's Pleasure Parlour by night, whipping rich weals into the flesh of squealing supplicants? Check out the faces sipping supermarket plonk in Sam's Steak Shack: one of them owns a luxury yacht and at weekends turns his nose up at anything bottled after '54. People adopt different identities and behaviours when in different places; the Henley Centre calls this "moods and modes." And the web is a different place.

DoubleClick, the web's biggest banner ad network, just bought Abacus, an offline database marketer. DoubleClick hopes to merge its profiles with Abacus's and serve more 'targetted' messages. But there's no correlation between online and offline behavioural patterns; when those lists get merged - a far bigger task than DoubleClick imagines, incidentally - they'll be useless. (Perhaps that's why DoubleClick's stock nosedived after the buyout.) The US\$1bn DoubleClick's Kevin O'Conner paid for Abacus is about to evaporate, thanks to DoubleClick thinking the web is just another marketing medium.

Understand that anything you can infer about your customers from secondhand sources isn't nearly as accurate as what they know about themselves. OgilvyOne's Sutherland again: "With many exceptions, my view has always been that I prefer to do my own personalisation by explicitly stating my needs, rather than allowing some half-wit program to second-guess my requirements - the online equivalent of 'do you want fries with that?' "

Someone who never impulse-buys in a bookshop may binge monthly at Amazon.com. Someone who never looks at the top shelf in a newsagent may have a dozen web PornoPasses. Direct marketers, to gain market share in a one-from-one world, understand that the online customer is different.

A direct marketing model for the web: network your customers together

So as a direct marketer in a webbed world, you've got to be honest – which precludes making friends with your customers. You've got to stop talking – which prevents you getting your message out. You've got to lose your own agenda - which prevents you having a conventional marketing strategy. You need to understand your customers - which means giving up control over your products. And you've got to do all this for a different breed of customer who doesn't want you holding information on him.

Solving these problems involves understanding what the web is.

The web is not an audience to be marketed to: it's a set of communities to be networked together. The community you can network together may not be in the tens of millions, but that's irrelevant; as a direct marketer on the web, your principal task is to network people together, not spread your message as widely as possible.

Because in a webbed world, the relationships we have with our customers are nothing beyond the ones they themselves choose to build with us, in their own time and at their own convenience. Their decisions about whether to build those relationships are based not on messages they get from us, but on conversations they have with likeminded people -because those people are honest, friendly, and agenda-less. To succeed here, you need to create new ways for people to interact with each other, BEFORE trying to sell the products and services this networked meeting of minds wants.

So try it! You might start enjoying it.

When word gets out that there's a vibrant subculture thriving at you.com, the community around you will grow and your network of customers will get more and more supportive. You'll never know how old its members are or if they're A or B1 or C2 - but in a webbed world you don't need to; the concept of buying preferences defined by age and social group is dead. And your business will grow, on the back of a thousand networked conversations.

In 1924 Mark Twain said there were three kinds of lies: lies, damned lies, and statistics. In recent decades, there's been another lie – direct marketing. But the web's about to change all that. Because on the web it's honesty that wins.

Every time.

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This essay, along with others, is also on the web.

Chris Worth - November 2000