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IS THIS THE DEATH OF DATA?

WE'VE HEARD A LOT about data, databases and data manipulation over the last 20 or so years. For many organizations it has been a boon. Think of the many organizations that have captured or managed various forms of customer data either for themselves or for other organizations. For privacy aficionados, all this data capture has been a curse. For them, too much is known about people, their habits, predilections and maybe even their private lives.

No matter how you look at it, though, data is what has driven marketing for the last couple of decades. Data was what built direct marketing into the multibillion-dollar business it still is today. I still recall my early days as the founding editor of the *Journal of Direct Marketing* (now transformed into the *Journal of Interactive Marketing*) when we first published revolutionary articles on data management using exotic tools such as log linear transformations, logit, multiple regression and CHAID. Those analytical techniques allowed us to develop what are now industry standards such as customer lifetime value, Markov chains and the concept of the long tail.

And now all that seems to be either going away or at least seriously challenged by an economy no one seems to understand, or can figure out how to stop or change or correct. The current economic malaise may do more to destroy marketing than all the cost cutting from all the panicked financial officers ever could.

Databases are built on historical information. What customers, companies or even countries did in the past was with the assumption that with sophisticated tools, marketers could peer into the innards of any person, company or organization to see what really makes them tick. Data was captured and then manipulated and massaged to squeeze out insights and information about how customers and prospects behave over time. That then was used to develop innovative marketing and communication programs that were "just right," not just for demographic groups, but for individuals as well. Remember, only a few years ago, we were all talking about one-to-one marketing. Individualized marketing programs developed and delivered down to the block or perhaps even individual house level.

But suddenly last fall, the database business went into a tailspin. Layoffs, retrenchments and downsizing in all types of businesses resulted in long unemployment lines, mortgage foreclosures and consumer retrenchments that manifested themselves in the form of empty airline

seats, unfilled hotel rooms, unpopulated happy hours at bars and all the rest of the "new economy" situations we see all around us.

Databases are built on history. What people have done in the past, and what we expect them to do in the future. All are based on sophisticated statistical and mathematical methods that make one basic assumption: People will be employed and live their lives in an upward trajectory.

But today they're not. The senior vice president who traditionally flew first class, stayed in five-star hotels, ate at hot restaurants and rented cars from the luxury aisle at Hertz is suddenly out of a job. He's not going anywhere except to the temporary office the company who laid him off is providing for the next six months or so for him to re-tool and work through his BlackBerry list of contacts. Whatever data all the organizations he once frequented captured and managed to attempt to influence his future actions are now



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worthless. And chances are that data won't be worth much in the future. The data that was once so highly prized and so carefully guarded by the data kings in the companies he frequented are worth absolutely nothing. Zilch. Zero. In fact, this once sought-after customer is now a liability. If the marketing organizations that once chased him with glittering offers don't know he's out of work and continue to promote to him, they're wasting current dollars and will waste even more until they purge him from their databases.

A hero yesterday. A bum today. Who can tell when that happens?

The challenge, of course, is what to do now. How can marketers that built massive data warehouses using the most sophisticated analytical tools and peopled by legions of incredibly bright analysts turn marketing around almost instantly? Yet that's what they're being asked to do. If our data now has no more currency than September 2008, what's the value of having 18 years of customer information from

which to model? Is that data worth anything if the people profiled are those who are out of work, losing their homes and struggling to pay off credit card debts, and who are not likely to ever get back to where they were only a couple of years ago? Seemingly, the only real value in the RFM model (recency, frequency and monetary value) is recency.

It seems we built a marketing system for the halcyon summer days of a marketplace that likely will never be again. It was built with systems and approaches and processes that are not only irrelevant, but perhaps harmful if used. Maybe data is the new toxic asset for marketing organizations. I hope not, but it sure looks like it right now. **m**



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