

## “When” is the New “What”

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The din of marketing has escalated to a cacophony, with the whines of e-mails, phone calls, and direct mailings drowning one another out. But when customers actually require help or when their needs or desires change, they hear nary a peep from companies. That is because marketing organizations spend their time figuring out "whom" to target with "what" message but have largely ignored the question of "when."

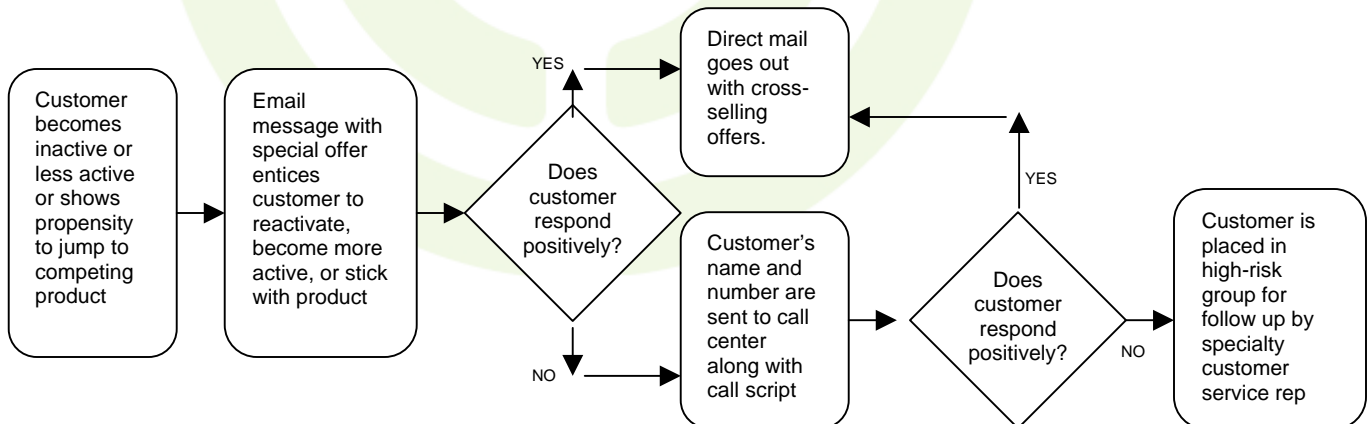
Airlines, for example, send an expensive package of promotions with each and every loyalty-program statement to their most valuable customers. But what happens when a customer suddenly stops flying her usual carrier? That defection is a fundamental alteration in behavior that the airline should act on immediately if it wants to keep her business.

“My cell phone use dropped after I switched jobs because I didn’t need all the minutes I used to have. I was thinking of canceling my contract, but the phone company contacted me almost immediately. Now I’m on a new plan that’s better suited to my needs.” - a customer

Companies in industries ranging from media to financial services to consumer goods are adopting systems that specify when to interact with customers as well as what to say to them. (See the exhibit "Talk to me.") Instead of blasting out messages according to marketing department schedules, they are monitoring customer activity (or cessation of activity) to spot the conditions under which a communication will have real impact. When those conditions are met, the systems automatically contact the customer with an appropriate, personalized message. The process relies heavily on technology: data warehouses, enterprise software engines, and Web applications and services. The individual pieces are being introduced by several vendors, and some can be built in-house.

### Talk to Me

Dialogue Marketing Can Be Used to Reactivate or Retain Customers





Such a capability is one aspect of an emerging practice called dialogue marketing, which achieves much of what relationship marketing promised but never delivered. In this context, a dialogue is a multistep conversation between company and customer that takes place over an extended period, involves multiple channels, and is triggered by customer transitions. Those transitions might include conducting a first transaction in a particular category (first purchase of a suit, first visit to a new property) or purchasing an item that suggests the customer is embarking on a large project (kitchen cabinets, a stroller).

Transitions trigger a step in the dialogue, such as sending a personalized e-mail, alerting a salesperson to make a call, or queuing up a personalized direct mail piece. The system might also create a point-of-sale message for use by a store associate during the customer's next visit-or on the company Web site for an online shopper.

After a transition triggers a communication, the system waits for a response from the customer, then acts accordingly. Lack of a response sets in motion its own sequence of events. Suppose a transition triggers an e-mail message, but after a week the customer still hasn't replied. The silence alerts a salesperson to give the customer a call. The dialogue system waits another week, then sends the customer a reminder e-mail with a link to the company's Web site, where he is greeted by personalized information related to his recent transition. An upcoming birthday, a brand promotion, or the purchase of a certain product could generate a specific message leading to another visit and another purchase.

Dialogues can be used to preempt defections, win back lost business, and usher customers through increasing levels of loyalty. For example, Harrah's automatically contacts casino patrons who are approaching the highest tier of its frequent visitor program with such messages as, "You are only one visit away from our Total Diamond reward level." A major regional grocer noticed that loyalty rose after customers visited its online store more than four times, so it designed a communication- and reward-heavy dialogue system to get them to that point. After the fourth visit, the system automatically reduces communications and incentives- and consequently the cost of marketing to that customer.

Consumers say time is their most valuable asset; they won't thank companies that waste theirs with information they don't need. But what is dismissed as junk at the wrong moment may be valued and pursued at the right one. Companies that use dialogue marketing always know the best time to reach their customers.

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