

# The Information Loop

BY HUGH DUBBERLY

INDUSTRIAL AGE COMPANIES INCREASED EFFICIENCY THROUGH MASS PRODUCTION. They also used the tools of mass production to talk to their customers, sending the same message to as many people as possible. But mass communication isn't uniformly efficient. As John Wanamaker quipped, "I know half of my advertising is wasted; I just don't know which half."

Something else happened during industrialization. Suppliers lost direct contact with their customers. Once upon a time, the corner grocer talked to your family every day for years and years; now, supermarket clerks and their customers have become virtually anonymous.

Things are changing again. Mass-tailoring has begun to replace mass production, and narrowcast has begun to replace broadcast. Organizations find they need to know more about their customers in order to compete. And many are working to restore a measure of connection. Customer relationship management, relationship marketing and lifetime customer value have become watchwords. The goal: Start a dialogue, create a feedback loop, build a relationship.

Some of this talk is metaphorical. But increasingly, technology supports marketing programs that are tailored, tested and refined to serve not a mass audience but finer and finer customer segments, allowing organizations to create more personalized—and more profitable—conversations with their markets. This Whiteboard outlines the many links an efficient marketing program creates among databases and some of the tools used to analyze the information made available.

Knowing customers depends on tracking them and their behavior. And storing all that data creates risks. (In late 2002 and early 2003, Acxiom Corp., one of the largest database companies, had more than 8 gigabytes of its customer information stolen.) Our privacy, indeed our very freedom, may be at risk if we don't create safeguards.

But the best news may be this: Organizations that closely track their customers can also closely track their own performance. If up-to-the-minute sales figures are available to executives, how long will shareholders and markets remain content with quarterly financial reporting? Ultimately, this new transparency may be good for us all.

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**HUGH DUBBERLY** is a partner in Dubberly Design Office (DDO), an interaction design consultancy in San Francisco. Before forming DDO, he served as vice president for design at AOL/Netscape and as creative director at Apple Computer Inc. He has also taught interactive design at San Jose State University and Stanford University.

