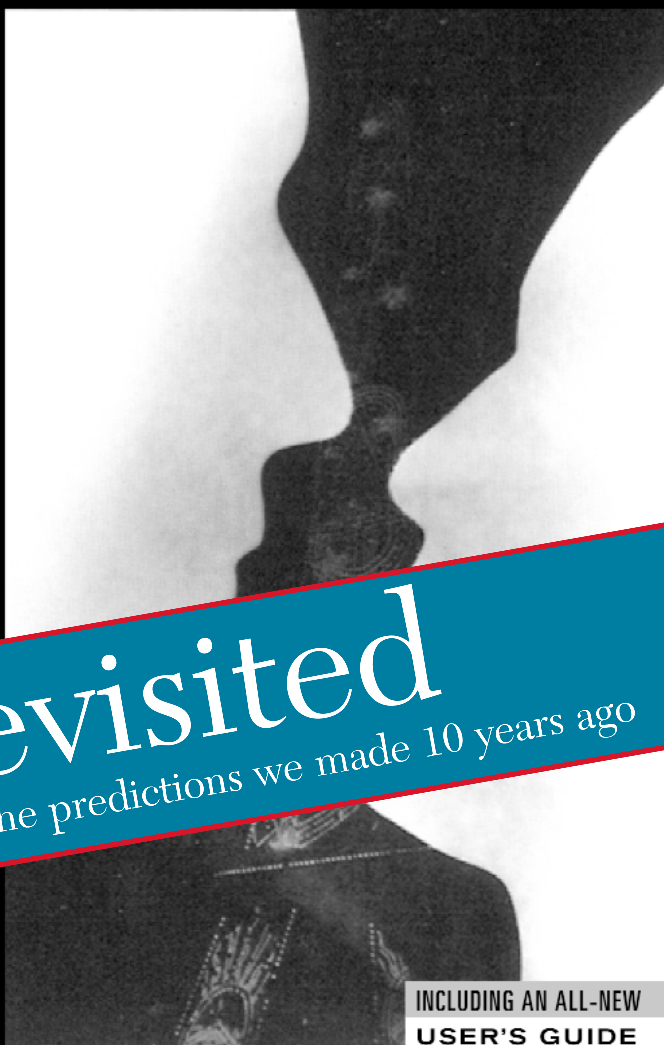
THE ONE TO ONE FUTURE

Building Relationships One Customer at a Time

"Book of the Year"
—Tom Peters

"Peters was wrong. This is not the book of the year. It's not even the book of the decade. It's one of the



revisited

a look back at the predictions we made 10 years ago

DON PEPPERS and MARTHA ROGERS, PH.D.

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Peppers&Rogers Group

Martha Rogers, Ph.D.

FOUNDING PARTNER

Business 2.0 Magazine named Martha Rogers, Ph.D. one of the 19 most important business gurus of the past century. The World Technology Network named her as an "innovator most likely to create visionary ripple effects." Recognized for the past decade as one of the world's leading experts on customer-based strategies, Rogers is an acclaimed author, world-class speaker and a founding partner of Peppers and Rogers Group, the world's leading customer-focused management consulting firm. Gartner has positioned Peppers and Rogers Group as the only CRM-services firm that can help clients with both vision and implementation of their customer initiative.

With Don Peppers, Rogers has co-authored five best-selling books on the subject of customer-based strategy. Rogers currently serves as an Adjunct Professor at Duke University's Fuqua School of Business. She is also the co-director of the Teradata Center for Customer Relationship Management at Duke.

Don Peppers

FOUNDING PARTNER

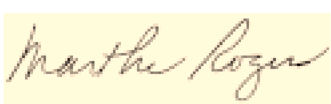
Recognized for over a decade as one of the leading authorities on Customer Relationship Management (CRM) business strategies, Don Peppers is an acclaimed author and a founding partner of Peppers and Rogers Group, the world's leading customer-focused management consulting firm. Don's vision, perspective and thoughtful analysis of global business practices have earned him a ranking by Accenture's *Institute for Strategic Change* among the "Top 50 Business Intellectuals." *Business 2.0 Magazine* has named him "one of the foremost gurus of our times," and the World Technology Network has cited Don as an "innovator most likely to create visionary 'ripple effects.'"

Peppers' expertise and clear, concise thinking places him in high demand—as both a speaker and a management advisor—with *Fortune* 500 executives and entrepreneurs seeking to maximize the value of their customer relationships. Formerly, Peppers was a new business rainmaker for world-class advertising agencies and the CEO of Perkins/Butler Direct Marketing.

Long before “CRM”

or any of its related terms entered the business lexicon, our book predicted that computer technology and interactive media would lead companies to seek individual relationships with their customers. We forecasted changes in the strategy and treatment of customers and prospects to be driven by the new interest in customer relationships.

Today, it’s time to be held accountable for our predictions. In this 10th anniversary supplement, we review the veracity of those projections. We’ll note what has been accomplished, where those predictions may have fallen short, and where the greatest opportunities for the next 10 years may be found. We’d love to hear what you think about the future of customer strategy. Email us at f2f@1to1.com.




Our predictions

Things we missed

"Share-of-Customer" will win out over "Share-of-Market"

Instead of concentrating on one product at a time and trying to sell it to as many customers as possible during a fiscal period, we predicted that tomorrow's share-of-customer marketer would concentrate on one customer at a time, trying to sell that customer as many products as possible over the customer's lifetime.

Share-of-customer (SOC) is a data-intensive or knowledge-based business strategy with an allure that has greatly multiplied since we first wrote our book. In particular, the Internet has allowed many online companies to interact very cost-efficiently with individual customers. Simultaneously, the increased capability for computers to analyze and apply that data more quickly, relative to individual customers, has given online firms an ability to make rational decisions with respect to how one customer should be treated differently from another. In essence, share-of-customer marketing was a business strategy waiting for the right technologies to be available before it could take off…and those technologies have arrived.

Share-of-customer marketing was a business strategy waiting for the right technologies to be available before it could take off...and those technologies have arrived.

Not surprisingly, Internet-powered dot.coms were the first to experience breakthrough performances here. Their early successes are largely attributable to their ability to collect data relating to individuals, to draw intelligent inferences relating to the broader needs of individual customers and to interact with those customers cost-efficiently, in real time. Perhaps the single best example of a share-of-customer-focused competitor today is Amazon.com.

Amazon's focus is not on its overall book or DVD market share per se. Rather, it is on understanding individual customers, then meeting their needs across a wider and continually expanding span of products and services. It's not a store in search of customers, but a customer base in search of products. This is exactly what we suggested would happen in retailing.

Our prediction was that "Tomorrow's store will be an information service—a sophisticated information service—backed up by a warehouse and a home-delivery function."

The online SOC strategies of e-tailers are rapidly being adopted by "bricks-and-mortar" organizations today, as well. For example, at Royal Bank of Canada (RBC), the share-of-customer approach is a fundamental principle. RBC has forsaken a siloed, product-based organization in favor of organizing around customer segments. It observes the profiles and needs of individual customers, grouping "like" customers into particular segments. To appeal to the customers of each unique segment, the bank bundles individual offerings, drawing from a wide array of financial products.

What we didn't foresee

In 1993, we failed to predict the true degree of difficulty that non-start-up companies would have in making the transition to an SOC approach, including organizational/change-management issues, integration with legacy systems and measurement challenges.

The next 10 years: Leveraging customer intimacy

To varying degrees, it isn't hard to find examples where companies are using customer intimacy to identify and then fulfill the broader needs of an established customer base. Even so, the promise of SOC-fueled strategies is even greater going forward, particularly with the advent of wireless technology. As the Internet becomes more ubiquitous, data-fueled SOC strategies—based on inexpensive, continuous interaction with individual customers—can be expected to gain even more traction. As more is learned about each customer and as the knowledge and trust relating to any given customer base grows, companies will seek to leverage this intimacy across an ever-broadening sphere of product and service offerings. ■

PREDICTION NO. 2: CUSTOMER COLLABORATION

Make customers your partners

Ten years ago, we predicted that companies would collaborate with their customers to help them solve their problems, better meet their needs and sell more products and services. Back then, collaboration with consumers was the occasional focus group, or in the B2B world, interaction with the outside sales force. But a share-of-customer focus demands far more intimate and ongoing collaboration. How would formerly mass-market, one-way communication-oriented companies develop the means to entice similarly accustomed individual customers to willingly, continually and intimately participate in a collaborative dialogue?

The answer: Demonstrate an immediate benefit for customers in exchange for their sharing personal information. Kick-starting collaborative relationships, companies realized that customers needed an enticement or explicit bargain. "Answer these 10 questions and we'll give you a discount coupon. Fly 25,000 miles on our airline and get a free ticket." But the real payoffs didn't materialize until companies began translating what they learned into tangibly improved service. The customer collaborates, and the airline learns what really encourages loyalty in a frequent flyer. It's not necessarily the free trip, but rather the shorter check-in line or a seat upgrade.

Partners and customers alike will share information and, in essence, collaborate because the benefits of such integration flow to all participants will have been demonstrated.

Collaboration is an investment of a consumer's time and effort. Once that effort is put forth, it takes time to replicate this level of intimacy with another provider. Collaboration becomes a barrier to entry for competitors.

Early progress in collaboration resulted in primarily systemic benefits for customers. Companies learned about the needs of individual customers and responded with fundamental service improvements available to all. Though individual customers perceived they had more influence over the company's actions, they were not yet involved in individualized and interactive exchange. The Internet, coupled with vast improvements in information technology, brought more tools for not only learning about the needs of customers-at-large but also for exhibiting a direct cause-and-effect relationship with individual customers.

What we didn't foresee

We failed to appreciate the degree to which self-service would become such a powerful collaborative force. Previously, a company needed to actively inquire to obtain customer information. Where should this product be shipped? What credit card will provide the payment? Today, customers fill in these blanks on their own. Companies learn and remember.

With so many self-service technologies now in place, customers are actively collaborating—doing work for a company and benefiting themselves with the highest possible quality of service—self-service. Companies are reducing the cost of service while actually better servicing customers, individually. Dell's Premiere Pages is a good example. Similarly, look at advances in shipping by FedEx, UPS and the U.S. Postal Service. The result: A company's agents need to do less because the customer is doing more, as the customer's satisfaction level skyrockets.

The next 10 years: Entanglement and trust

By 2013, companies will have so refined their collaborative processes that customers will be entangled to the degree that they won't dream of choosing other providers. For example, a financial services company will know everything about an individual customer's economic existence. Because the company will continually assist the customer in optimizing his finances, the customer will be willing to cooperate to the full extent capable.

Partners and customers alike will share information, and in essence collaborate because the benefits of such integration flow to all participants will have been demonstrated.

Finally, in a collaborative, share-of-customer driven economy, there will be no greater sin than a violation of trust. If the costs of dishonest dealings seem significant now, they will pale in comparison to what is at stake within an ecosystem of customers and suppliers built upon trust and mutual advantage. ■

PREDICTION NO. 3: CUSTOMER DIFFERENTIATION

Companies will start treating different customers differently

In 1993, we saw that conditions were right for an era where companies could begin generating enormous potential value by moving from product differentiation to customer differentiation. Knowledge of individual customers, we suggested, would prove to be a more powerful means of capturing their hearts, minds, loyalty and wallets.

In effect, a focus on individuals creates the raw material for competition based on share of customer. Meanwhile, we noted that technology was evolving and enabling development and analysis of what we referred to as "one-to-one knowledge"—insights into the nature of individual customers.

One of the most important insights we had was that simply *interacting* differently with different customers was not going to be sufficient to enable a company to generate meaningful, long-term relationships with them. We predicted that when media did in fact become more interactive, companies themselves would have to begin actually *treating* different customers differently—that is, they would have to engage in different behaviors, and take different actions, based on the individual characteristics of particular customers. We recognized, of course, that true customization would be too expensive in most businesses—certainly for B2C firms.

Looking ahead, we anticipate enormous advances in the mass customization of physical products. Look, for example, to auto makers for tremendous progress toward "your car, your way."

What we didn't foresee

In retrospect, there is one thing we should have said more clearly: something we might call the principle of "categorization." Mass customization is cost efficient because it does not involve actual customization at all, but instead uses standardized sets of differences.

In a mass-customized approach, we first break the product (or the service delivery process, or the interaction process) down into pre-configured modules, each of which can be combined with other modules according to set rules. The more modules we have, the more combinations of final outcome there can be. In this way, just a few dozen modules might make possible many thousands, or even millions, of combinations. But there are not an *infinite* number of mass-customized combinations, as would be true for a genuinely "customized" solution.

The same argument applies to customer differentiation. When we think about how customers are different, we must apply the principle of "categorization" to generate a meaningful result by automation. For instance, a Web site that prompts customers to choose from one of six scenarios to express their own needs or motivations immediately creates categories of customers based on the scenarios. If a "yes-no" question is also answered, and if the result is rated on a scale of, say, one to five, then altogether 60 different categories of customers are known, representing 60 different ways these three questions could have been answered. Subjecting each category of customers to another round of interaction will yield even more categories—but the point is, to do this in an automated way implies that there will not be an infinite number of categories.

The next 10 years: Your car, your way

In summary, we predicted that companies would move away from a product-driven, mass-marketing approach in favor of greater customer differentiation. Unquestionably, companies today are harnessing technology to develop intimate snapshots of individual customers, both in terms of their value to the company and increasingly in terms of their own needs.

Looking ahead, we anticipate enormous advances in the mass customization of physical products. Look, for example, to auto makers for tremendous progress toward "your car, your way." ■

PREDICTION NO. 4: SCOPE VS. SCALE

Scope will win out over scale

A scale-based business builds 100,000 identical widgets at a time and then uses media blasts and volume discounts to help shovel them out of the warehouse. A scope-based business builds just as many total widgets, but offers many different configurations, each designed to meet the needs of particular customers. Moreover, the latter manufacturer tries to increase the *scope* of its relationship with each of these customers, providing such value-adds as widget design, maintenance, management software, usage-consulting services and service agreements.

And since widgets are often used in conjunction with other components (we'll call them gadgets and fidgets here), the scope-based competitor additionally develops and provides similar products and services in these areas, as well. The end result: the scope-based competitor takes what it learns about individual users of both its core and ancillary products and services to develop still more categories of products and services designed to meet the needs of what began as a mere standard widget-consuming customer base.

Unquestionably, as companies move away from purely scale-based competition, they are learning to expand the scope of their relationship with individual customers.

Ten years ago, the scope-based competitor was a relatively rare animal. But back in 1993, we saw two critical elements that could potentially fuel profound transformation in the one-to-one future: 1) It won't be how much you know about all your customers that's important, but how much you know about *each* of your customers; 2) You'll have to concentrate on increasing the scope of your relationship with each of your customers, one at a time.

Notice, companies have always had knowledge relating to their individual customers. Even mass marketers held potentially useful knowledge relating to their myriad distributors. Unfortunately, until someone in any company noticed this was an asset waiting to be harnessed, no one bothered either to a) gather and organize all of this information into one place or b) act upon it. It wasn't until all of the elements fell into place—cost-efficient information technology, interactive/accessible tools such as the Internet and visionary entrepreneurs or management teams that were noticing the opportunity—that anyone was able capitalize on this asset in any significant, profitable and therefore landscape-shifting way.

Today, the scope-based approach is evident, to varying degrees, in nearly every business still in business. Unquestionably, as companies move away from purely scale-based competition, they are learning to expand the scope of their relationship with individual customers. That is, sell this customer software, but also sell him ongoing updates, data, maintenance and support. Or alternatively, sell power to this customer, but at the same time use the knowledge obtained in the relationship to provide remote climate management, home security and home-owners' insurance.

What we didn't foresee

At the time, we felt the "economies of scope" argument might mark the beginning of an era in which smaller companies would be able to level the playing field. And indeed, the competitive playing field was leveled to a significant degree. So in the early days of the one-to-one future, what we were envisioning was a massive fractionalization of the business landscape, or in other words, a wholesale shift in power from large organizations to smaller, nimbler entities.

Instead, a funny thing happened on the way to the future. Yes, a one-to-one business approach made it easier for smaller or even brand new companies to turn individual customer knowledge into competitive advantage, and to a large extent, this counterbalanced the scale advantages of traditional, existing companies. But as things evolved, larger, established companies began to "get it" and spur into one-to-one action.

The next 10 years: Scale plus scope

As this epoch progresses, increasingly, a "scope" based approach to business begins to emerge. Companies are thinking less in terms of creating a product and then finding a market and more about identifying and addressing complementary customer needs. Internet-driven firms such as Amazon and Charles Schwab are two good examples.

Today, there are far fewer wholly geographically- or product-organized businesses. Scale still matters, but as companies continue to organize themselves around their customers, we'll see an integration of scale with intimacy-fueled scope to make companies even more fiercely competitive. ■

PREDICTION NO. 5: HOME DELIVERY

Products will come to buyers rather than buyers going to products

The trip to the mall for sneakers and the latest bell bottoms; the visit to the grocer for milk and just the right avocado; the trudging from one auto dealer or furniture store to the next in search of the perfect car or couch: that's "shopping." For centuries, in order to buy something, or to find something to buy, shoppers have had to haul their bodies out to where the goods were located.

By the time we started drafting *The One to One Future*, with the advances in everything from IT to delivery services, more and more merchants were able to reach their customers at their home or offices, and vice versa. We believed this meant conditions were right for a wholesale transformation of traditional physical marketplaces, as well as retailer-consumer relationships. Catalogue shopping was just the embryonic start of what we felt would become a society in which sellers would routinely take their products to buyers.

With so many products available, physical stores were becoming too crude and time-consuming an instrument for optimal information exchange.

Why was this becoming not only an effective but also an essential business strategy? We posited that physical stores exist primarily as a convenience to marketers, not customers. Their function, we said, is twofold: provide a center for *information* relating to purchases and then a *location* for customers to execute transactions.

By 1993, there were hints that both functions might be accomplished without physical storefronts. Stores themselves sometimes did not seem capable of handling consumers' increasing demands for price and selection. With the proliferation of niche products during the late '80s and early '90s, it was becoming clear that even with several visits to a number of retailers, a consumer could not be sure of acquiring all the information necessary to make informed purchases. With so many products available, physical stores were becoming too crude and time-consuming an instrument for optimal *information* exchange.

What we didn't foresee

We missed the mark in terms of the customers for whom home ordering and product delivery would have the most value. One of our fundamental beliefs was that repetitive purchases could easily become candidates not merely for home delivery but for a form of auto replenishment. In our view, such groups would know their customers so well—and so simplify their customers' lives—that the bond between home-delivery grocer and consumer would become unbreakable.

But most of these services experienced enormous difficulty catching on—not due to lack of consumer acceptance, but because of unprofitable business models. Most failed outright, primarily due to logistical difficulties associated with cost-efficiently delivering products to a customer's home. Why is Peapod still here while most of the competition is not? It's the firm's bricks-and-clicks model. Many customers still need the ability to feel, see and smell products with their own senses. By teaming up with Quincy, Mass.-based Stop & Shop supermarkets, Peapod is able to give customers the best of both the online and dirt worlds—the ability to shop online, while also being able to experience the products in the stores.

In the B2B world, however, taking products to customers is becoming a way of life. Think of Wal-Mart's relationship with its suppliers, or Home Depot's. Think also of the webs of manufacturers that collaborate to build, customize and deliver increasingly sophisticated finished products. Aided by Electronic Data Interchange (EDI), private networks and the Web, auto replenishment is becoming commonplace, if not dominant.

One of the important things we overlooked was the degree to which electronic information dissemination would supplement and work directly to support traditional channel-distribution structures. Even though customers may like to order online, many still prefer browsing in a printed catalogue (which means companies have to provide online and offline capabilities).

The next 10 years: Business efficiency through replenishment

The real advancements will take place in B2B, where auto-replenishment of raw materials or intermediate parts will add to business efficiency. All businesses will seek ways to deliver relevant product information directly to customers, as well as deliver the product or service itself. The extent to which such information sharing and delivery grows into some form of auto-replenishment will be a function of each business's ability to build trust, economy and loyalty into its individual customer relationships. ■

Customers will be managed in "portfolios"

Ten years ago, we predicted that new information technologies would soon permit companies to create value by managing their customers just as they do their other, more traditionally accepted assets, such as products, brands, factories or financial holdings. To execute share-of-customer strategies and to maximize customer lifetime value, we suggested a company should organize so that there are specific managers in charge of specific customers with a clear line of authority for every customer.

Because most companies are likely to have far more customers than managers, we further advised firms to assign customers to portfolios that tend to have similar problems, the same kind of relationship with your firm, the same kind of upside opportunity or the same basic attitude toward the product category. By grouping your customers into portfolios and placing a single marketing manager in charge of each, you would be able to ensure that a single individual in your marketing organization could be held accountable for managing the total stream of communication, dialogue and transactions with each and every customer of your firm.

Customer Portfolio Asset Management sets the stage for a more active and rigorous management of a new class of asset, the customer relationship.

Customer management, we noted, is significantly more sophisticated than traditional segmentation strategies. But more fundamentally, this sets the stage for a more active and rigorous management of a new class of asset, the customer relationship. And these ideas carry implications for everything from product development to sales, marketing communications, service, fulfillment and customer service.

Pick a customer from your customer base. Any customer, just pick some specific customer. Now ask yourself, What are your company's objectives for this customer? What is the strategy you have devised to achieve those objectives? Who will you hold accountable to ensure that this strategy is carried out? And how will you evaluate the success of your strategy? Most firms find these questions difficult to answer. Most companies simply don't have individual customer strategies. They have marketing strategies, but a marketing strategy is basically the same for every customer.

If the essence of one-to-one marketing is "treating different customers differently," then customer-portfolio managers are responsible for determining which treatments should be mapped to which customers. They set the treatment strategies to be applied to the customers within their portfolios. And in an ideal world, the success of each customer portfolio manager would be measured by the degree to which he or she is able to increase the profitability of his portfolio.

What we didn't foresee

Without question, the notion of introducing an entirely new organizational chart, of creating "customer managers," would meet with considerable resistance wherever the attempt was made. With hindsight, however, it is clear that we underestimated the degree of angst and difficulty companies experience during their transformation from pure product or service management toward the management of customers and customer relationships. But today, even though there's no universally accepted consensus on the definition of a customer portfolio, the concept is broadly understood and increasingly put into practice: group like customers into portfolios; assign managers to these portfolios; hold them accountable for increasing the long-term values of their portfolios.

The next 10 years: Customer relationships as an asset

The ties between a company and its customer portfolios or individuals will become even more collaborative and durable over time. Ultimately, these relationships become the engines of superior product development and offers, and customers develop a sense that the organization is responding to their broad-ranging needs on an individual level. In turn, the companies recognize that these relationships are an asset, and that by diligently managing this asset, they can increase shareholder value. ■

PREDICTION NO. 7: PRIVACY STRATEGY

Companies will make more money protecting customer privacy than violating it

It's been 10 years since we began admonishing companies that make more money by violating rather than protecting privacy. Yet still, interruption marketing thrives. Junk mail crams our postal mailboxes. Spam floods our electronic in-boxes. Uninvited telemarketers, particularly those with an uncanny knack for timing their incursions to produce maximum annoyance, deserve an added measure of enmity. Unscrupulous or merely unenlightened companies aggregate and sell our most intimate information to others for short-term profits.

Unfortunately, in the short term, privacy invasion works. Ironically, the same technologies that improve the cost-effectiveness of true relationship-based interactions can also be useful in reducing the cost-per-sale of spam, junk mail and outbound telemarketing, generating a positive return for both fly-by-nights as well as established, reputable companies. But do these tactics foster long-term relationships, building a platform for share-of-customer strategies and turn relationships into assets that generate sustainable, long-term profitability? The answer is an obvious no.

Companies that are respecting their customers' privacy are reaping the rewards of collaboration, dialogue and relationship. B2C and B2B customers alike are now routinely willing to share personal and confidential information with reputable third parties.

What we didn't foresee

When we wrote *The One-to-One Future*, we greatly over-estimated the value that ordinary, middle-class American consumers would place on protecting their privacy. Privacy protection is of great concern to the elites, the press, the Europeans. But most-middle class Americans are just not willing to spend any resources to protect their own privacy. One business innovation we thought would catch on very fast was the privacy buffer, also coined by another author as “infomediary.” Where are all the companies that were going to collect people’s private info and make it available to third parties so they could receive special offers?

The other piece we didn’t see 10 years ago was how much privacy we’d give up for security. And we still don’t know where that pendulum will end up. We also didn’t imagine that, at most companies, privacy—which should so clearly be a *strategy* question wrapped around use of data—would be taken over so completely as a compliance issue and therefore completely owned by the legal beagles. We do see some progress now though in the direction of responsible information stewardship.

The next 10 years: The fragile asset of trust

As for the future of privacy and intimacy between sellers and buyers, the one element that is becoming both more valuable and more vulnerable is trust. Consumers and government watchdogs are on high alert, and even a single transgression can result in the destruction of many years of time and effort invested in building relationships.

The future of privacy will become one of heightened standards, imposed to some degree by government regulation but more by corporations themselves. It begins with companies who will unambiguously state their privacy policies. Customers will be given control of the relationship in terms of the levels of information sharing and communication—anything less will be rejected by existing or would-be customers. As for deviations from agreed-to terms, these will become very costly, measured by customer defection and damaged reputations with the market at-large.

As a result of the higher costs for privacy mistakes, companies will invest more heavily in a handful of areas. For example, they will be more proactive in communicating their policies to customers, and will collaborate in understanding each customer’s privacy “threshold.” Acceptable forms and frequency of communications between customer and company will become even more explicit than they are today. Additionally, companies will pay more attention to process to ensure privacy is being addressed and that sensitive data is secure.

Certainly, government regulations can provide a degree of disincentive. But the real point here is this: though there are many good reasons to respect and protect customer privacy, the best is that in the information age, the management of information about customers is the company’s only way to have relationships with those customers and build value. ■

A LOOK AHEAD:

Interconnectivity will completely transform the supply chain

Well here we are, at the end of our journey back in time. We've been critiquing the now 10-year-old predictions from our 1993 work, *The One to One Future*. Now, we look 10 years forward—in essence, brainstorming what we might call *The One to One Future: 2013*.

The trend that we feel will reap the most business transformation is this: The supply chain and the demain chain will integrate to create one end-to-end value chain. Today, even within a single company, the left hand—Supply Chain Management (SCM)—often has little knowledge of what the right hand—CRM—is doing. As a result, stock outs, excessive or obsolete inventories, and a host of related, cost-generating inefficiencies remain rampant. Picture these same inefficiencies extending out from the networked enterprise, down the supply and distribution chain, and you can see the enormous potential savings that could be realized by linking customer-facing interactions to supply-facing production and logistics.

You can see an enormous store of potential savings that could be realized by linking customer-facing interactions to supply-facing production and logistics.

Companies will first use portals and easily accessible, browser-based interaction tools to fix their internal SCM/CRM disconnects. They then will use those same interaction tools to work with external partners and create the dynamic, interconnected processes required to link all elements of the value chain from raw material to end customer.

An insurance company, for instance, will not only record the details of a claim from a customer, but will also put the customer in direct contact with a building contractor who can repair the house, and then electronically update the contractor with customer information.

Intriguingly, such well-understood CRM concepts as Most Valuable Customer and Most Growable Customer are now likely to be used to analyze and optimize supplier relationships. Essentially, SCM is merely the mirror image of CRM, so the same concepts that have revolutionized customer relationships will now be put to work in a supply chain context. But as both CRM and SCM evolve, the real twist over the next 10 years will be the exponentially greater degree of integration *between* their more highly evolved forms.

Here are some other significant trends we see going forward:

Signage. Signs will recognize your presence and morph to broadcast a personalized ad based on your needs and interests. (Think *Minority Report*.)

Interactive TV. Broadcast television and entertainment will move toward an on-demand, pay-as-you-go model. Look for advertiser-sponsored programming. To view the program, a consumer will have to demonstrate that he has viewed the commercial, most likely through a form of interactivity. Also, look for more embedding of products within television programming and movies and, in the case of TV, these products will change depending on who is viewing, for a personalized viewing experience.

Robots. Computers utilizing voice recognition, voice generation, logic and other programs will emulate real life, handling routine customer-service contacts. They will also be able to recall, collect and manage more information in less time than it takes today.

Smart devices. Equipment and appliance interconnectivity will continue to grow, enabling communication with manufacturers or distributors to monitor usage, anticipate and prevent breakdowns and improve product or service effectiveness, as well as product development.

Auto replenishment. Companies will utilize various technologies to develop a clear understanding of when the next transaction—be it delivery or service—might be needed. Reminders, either via email or robot, will become a welcome form of interaction between customer and provider.

Heightened security. The spector of "big brother" will return as governments increase efforts to know who we are and what we're up to. We may be facing national ID cards, remote monitoring and security checkpoints, but the heightened risk of terrorism will make the intrusion a welcome trade-off.

May profitability be with you

Wow, that was a quick 10 years! It's amazing all that happened. And we'll be equally amazed by the advancements of the next years. ■

About Peppers and Rogers Group

Peppers and Rogers Group is a management consulting firm recognized as the world's leading authority on customer-based business strategy. The company is dedicated to helping enterprises leverage customer data to drive profits and build more valuable relationships. Peppers and Rogers Group helps clients devise high-level strategies for building their business around customer value; assists clients in the operational implementation of their customer relationship initiatives; and maintains momentum by offering training and Web-based learning, research studies, workshops and keynote presentations.

Peppers and Rogers Group is headquartered in Norwalk, Connecticut with a domestic and international network of 11 offices. The firm maintains a global client list that includes BMW of North America LLC, Bayer Corporation, Bentley Systems, Boise Office Solutions, The Ford Motor Company, Hewlett Packard, Jaguar Cars, Lowe's, Merial, Roche, Scottish Power, Telesp, The United States Postal Service, Wolters Kluwer, Verizon, Visa International and Volvo. For more information about Peppers and Rogers Group, visit www.1to1.com.

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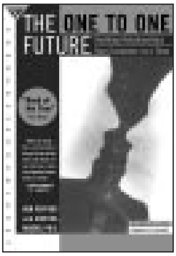
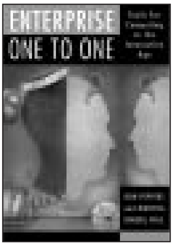


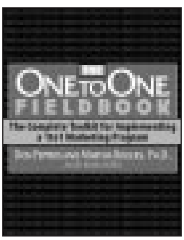
The One to One Future

In 1993, Don Peppers and Martha Rogers Ph.D., introduced the concept of one-to-one marketing in their book *The One to One Future: Building Relationships One Customer at a Time*. This book started the one-to-one revolution and has been published in 13 languages with more than 300,000 copies in print.



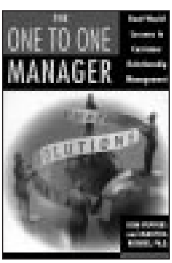
Enterprise One to One

Don Peppers and Martha Rogers Ph.D., turned to the tools needed to accomplish one-to-one in their 1997 best-seller, *Enterprise One to One: Tools for Competing in the Interactive Age*. *Enterprise One to One* examines the types of business situations where one-to-one is appropriate. Earning a five-star rating from *The Wall Street Journal*, it further established Peppers and Rogers as the thought leaders in utilizing strategy and technology to build unbreakable competitive relationships.



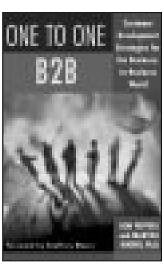
The One to One Fieldbook

In 1999, *The One to One Fieldbook: The Complete Toolkit for Implementing a One-to-One Marketing Program*, co-authored with Bob Dorf, former president of Peppers and Rogers Group, transformed one-to-one theory into a practical working guide. It pairs strategies with worksheets, questionnaires and specific tactics to give businesses the tools for starting a one-to-one program today.



The One to One Manager

The One to One Manager: Real-World Lessons in Customer Relationship Management, documents real-world stories of one-to-one marketing. Released in October 1999, it represents a departure from the previous books. Here, Don Peppers and Martha Rogers Ph.D., examine the issues companies face while implementing CRM programs. By compiling more than two dozen case studies from leading companies, *The One to One Manager* gives an inside peek at the world of one-to-one marketing.



One to One B2B

One to One B2B: Customer Development Strategies for the Business to Business World, applies one-to-one principles to the tasks businesses face when they are selling to other businesses, rather than consumers. Don Peppers and Martha Rogers, Ph.D. examine in detail the customer strategy efforts of five business-to-business organizations. *One to One B2B* catches these companies in mid-stride, documenting what they've done so far, and how this fits into their bigger plans.

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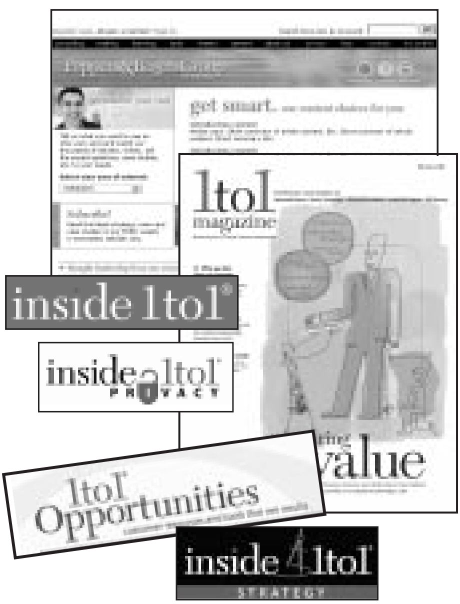
COMING SOON — REAL IMPACT: Increasing Your "Return on Customer"

Even as the customer economy takes hold, many companies still rely on misleading indicators of financial success. To drive positive business growth and increase shareholder value, the focus should be on share-of-customer.

In their latest book, *Real Impact: Increasing your Return-on-Customer*, best-selling business authors Don Peppers and Martha Rogers, Ph.D. contend that the basic financial reasoning behind many current business decisions is flawed. Over time, their actions may actually damage a company's long-term worth in ways that are typically not measured by accountants and business analysts. Today's technology makes it possible for businesses to re-think how they measure their success and make better strategic decisions based on these results.



1to1 Media

Led by *1to1 Magazine* and the e-newsletter *INSIDE 1to1*, Peppers and Rogers Group's independent media division reaches 250,000 CRM decision-makers weekly. Our array of print and interactive publications and custom content helps readers identify developments and breakthroughs in customer strategy, measure their own progress and track the trends influencing CRM.

Visit Peppers and Rogers Group's Web site to view articles and case studies from *1to1 Magazine*, *INSIDE 1to1*, *INSIDE 1to1: Privacy*, *INSIDE 1to1: Strategy*, Peppers and Rogers Group white papers and other custom content.

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