

**The Internet, aggregation and customer data**  
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The Internet's effect on retailing has been enormous. Wherever a product can be easily compared, whether a strong brand or a product whose specifications can be compared easily (e.g. garden sheds), consumers are ill-advised not to start their search on the web. This used to apply just to more expensive products, but now applies to items down to a few pounds. Pricerunner, kelkoo and many others have shown the way. Their effect has not been to commoditise the markets they serve, but to reduce the importance of differences in availability (it's everywhere). While price is important, brand and perceived quality are just as important for most products and buyers.

In services like utilities, telecommunications and travel, aggregators have arrived. The term "aggregator" used, in financial services, to mean aggregation of investments (in funds or companies) to enable portfolio management. Now it also applies to comparison websites (as it does in utilities and telecommunications). In travel, aggregation applies to websites that search everything to help you book what you want at the best price. A strong comparison function means these sites are the natural place for consumers who want to try something new – or to switch (as seen in the name of uSwitch). Others focus on where complex quotation processes or difficult decisions frustrates customers – seen in the names of confused.com and moneyexpert.com. This is definitely not supermarket buying!

It's tough for those companies that invested so well in CRM to find that while erecting defences to prevent their customers being seduced by offers from competitors, they ignored the challenge of aggregators, broadly describable as "you're daft if you don't compare". Aggregators take 10% or more of buying decisions in several markets, and this percentage is rising. Of course, the importance of aggregators in terms of market share they "control" depends upon how often consumers make switching decisions. Aggregators have shown how many consumers are ready to switch, but also how important hygiene factors are for many customers. In utilities, most customers expect high service quality in the supplier they switch to. In credit cards, efficient administration and billing are critical. In loans, deposit accounts and mortgages, though rates are important, so are terms and conditions. Broadband customers want reliable connection and good support. However, by giving information on quality on their websites, aggregators show that they can also be the channel for providing information on these other factors.

Where does this leave conventional CRM? Well, much CRM works as "covert customer communication". Their philosophy is "I know my customer, I know their needs, I'll establish a dialogue with them so that when they take a decision they turn to me, and I get a nice result in up-sell, cross-sell and retention. However, the aggregator says, "don't listen to THEM, we'll find the right deal for you!" But it's not a one way game. If aggregators only create a strong switching habit amongst users, they'll provide their business clients with customers of low future value. So their aim should be to create transparency, so customers make more informed choices between products AND suppliers. The other side of informed choice knowing your own needs. For aggregators to help customers here means a big customer education effort – easy for simpler product categories, tough for others. So, aggregators are wondering whether they can help their clients win new customers, and then develop and retain them. This means developing deeper relationships with customers, and software and data that allows customers decide whether to develop the relationship further with one or other of their chosen providers.

There is a risk of using aggregators. Customers use aggregators to get a better financial deal and are declined by insurers or credit card or loan providers may find that their chance of being declined again rises, just because they applied for a product whose low cost means it is only for customers who are low credit or insurance risks. So, if these customers are to be served, aggregators must give information not only on rates, terms and conditions but also on whether particular customer characteristics may lead to a refusal, to a higher personalized rate or tougher conditions. This requires much greater transparency, which means more complexity ("you need to know more to make the choice"), in turn requiring more customer education. However, research shows that the better you are at educating your customers, the more loyal they will be. All this means aggregators will need to develop with suppliers an up-sell and cross-sell solution that allows customers to find out what is the best way of developing their relationship with their provider(s). This may involve aggregation in the older financial services sense – representing the consequences of past choices in the current portfolio (not just of investments, but of suppliers), and seeing what can be done to improve it, within and across individual suppliers. One thing is certain, however. The

larger the share of aggregators, the less companies can rely on old-style direct marketing, because the strong message of the aggregators is – if someone just asks you to buy their product, come to us and compare the deal.