

.... **NEW BOOKS IN REVIEW**

EDITOR: *Sanjay Mishra*

ASSOCIATE EDITORS: *James B. Wiley*

Meryl P. Gardner

Anne T. Coughlan

Roy D. Howell

PERMISSION MARKETING: TURNING STRANGERS INTO FRIENDS, AND FRIENDS INTO CUSTOMERS, Seth Godin, New York: Simon & Schuster, 1999, 255 pages, \$24.00.

Even though targeting is arguably the centerpiece of the marketing concept, most mass media (e.g., television, radio) do not allow marketers to target consumers with any degree of precision. Direct marketing has arisen as an alternative to such mass marketing.

Seth Godin's book *Permission Marketing: Turning Strangers into Friends, and Friends into Customers* presents the latest thinking on direct marketing (interested readers can obtain the first four chapters of the book free by visiting www.permission.com). The tone is similar to the series of books written by Martha Rogers and Don Peppers on one-to-one marketing (e.g., Peppers and Rogers 1993).

Godin presents a new idea—permission marketing, which envisions every customer shaping the targeting behavior of marketers. Consumers provide interested marketers with the information about the types of advertising messages they would like to receive. The marketers then use this information to target advertisements and promotions to the consumer. This is seen as reducing clutter and lowering search costs for the consumer while increasing the targeting precision of marketers. Marketers obtain the trust of the consumer and build two-way relationships with consumers.

INFLUENCE OF THIS BOOK

The sales rank of the book on Amazon.com on May 12, 2000, was 207. An article in the April 2000 edition of a leading Internet business periodical, *Business 2.0*, commented that "Permission marketing was once a niche business. Now, everybody is doing it." Moreover, permission marketing has been included in Phil Kotler's (1999) millennium edition of his textbook *Marketing Management*. The Association of Interactive Media recommends the book for e-mail marketers.

Examples of companies that now practice permission marketing include Yesmail (www.yesmail.com), MyPoints (www.mypoints.com), and Chooseyourmail (www.chooseyourmail.com). In addition, other companies use per-

mission marketing to send consumers promotion alerts (e.g., United Airlines) or general promotional messages (e.g., www.lycos.com).

PERMISSION MARKETING AND THE INTERNET

Permission marketing makes a lot of sense when evaluated in relation to unsolicited commercial e-mail or "spam" (Cranor and LaMacchia 1998). Senders of spam realize two things—that the cost of obtaining a new e-mail address is minimal and that the marginal cost of contacting an additional customer is nearly zero. There are software programs that "troll" the Internet and obtain e-mail addresses from Web sites and Usenet groups for essentially no cost. Some spammers have advertised that they can provide 45 million e-mail addresses for \$30. In addition, marketers incur similar costs if they send out 1 million or 100 million e-mails. Because of these low marginal costs, such marketers are likely to send out more e-mails than are desired by consumers (Shiman 1996). Moreover, deceptive practices (e.g., forged e-mail headers) have become common among such marketers. Therefore, most serious marketers have steered away from this approach by adopting permission marketing.

PERMISSION MARKETING AND THE MARKETING LITERATURE

Even though the idea of customer-initiated targeting is a new one, it is closely related to two concepts that have been discussed extensively in the marketing literature—relationship marketing (Sheth and Parvatiyar 1995) and one-to-one marketing (Peppers and Rogers 1993; www.1to1.com). Relationship marketing proposes that marketers must focus on long-term relationships with customers rather than single transactions. The main idea of one-on-one marketing is that marketers must think of a segment of size one and customize the marketing mix to each customer.

Permission marketing builds on relationship and one-to-one marketing by adding a new twist—customer-initiated targeting. Some scholars have pointed out that consumers may not buy the metaphor of "entering into a relationship," because most relationships are initiated by the marketer (Fournier, Dobscha, and Mick 1998). When consumers target

marketers and control the terms of the relationship, it is possible that it will lead to increased involvement and participation.

Recently, Sheth, Sisodia, and Sharma (2000) have proposed the concept of customer-centric marketing, which includes what they call co-creation marketing. Co-creation marketing envisions marketers and consumers participating in shaping all elements of the marketing mix. Thus, it is a larger construct, whereas permission marketing is focused on one element of the marketing mix—communication.

The concept of permission has previously shown up in the direct marketing literature. For example, Milne and Gordon (1993) discuss the role of customer permission along with volume, targeting, and compensation in the context of direct mail. However, their reference is to individuals providing a direct marketer the permission to share their personal information with others. In other words, Milne and Gordon view permission as a tool to establish privacy rights, as opposed to Godin, who views permission as a way to enhance targeting.

PERMISSION AS A METRIC TO EVALUATE DATABASES

A secondary idea that comes from the book is that permission can be a metric for evaluating a company's customer database. Consider two customer databases. Database 1 has been assembled by customers providing the firm with permission to send them marketing offers from other companies. There is a clear understanding that the company will share information with other firms from time to time. In contrast, Database 2 has been put together by customers not giving the firm permission to share any information or send any promotional messages. The level of permission provided to the marketer is greater in Database 1. As a result, it is worth more. This is a big issue for Internet-based companies, such as Amazon.com, that have claimed that their real asset is their customer database.

CRITIQUE OF BOOK STRUCTURE AND IDEAS

The book is written engagingly, keeping a manager in mind. It can also act as a supplement in college courses on direct marketing or Internet marketing. The book begins with a foreword by Don Peppers, who describes permission marketing as the next big idea. Next, Godin presents familiar arguments against television advertising, for example, its low targeting precision. He then discusses the main idea and explores the relationship between one-to-one and permission marketing. Godin then presents the different levels of permission and argues that permission marketing is right for the Web. He presents several case studies and ends the book with answers to frequently asked questions.

There are several problems with *Permission Marketing*. First, the book tries to draw a distinction from interruption marketing (a pejorative term used to describe television advertising). However, e-mail is the preferred means for conducting permission marketing. Receiving several e-mail messages with detailed text may be as disruptive to a consumer's online experience as television advertisements are to the viewing experience. Second, the book overpromises. For example, it claims that permission marketing will kill consumer clutter. It is not at all clear how this will happen. Consumers may sign up for many categories or with multi-

ple companies, which will lead to excessive e-mail. Also, signing up for permission marketing does not ensure that a consumer will stop receiving unsolicited commercial e-mail (i.e., spam).

The book is weakest in explaining how marketers can increase the level of permission. Godin states that successful companies will be able to persuade consumers to provide them with ever-increasing levels of permission. However, in practice, this is one of the greatest managerial challenges. Even though some consumers may be convinced that providing a higher level of permission will be beneficial to them, transaction costs can prevent many from actually doing so.

A related problem is persuading consumers to keep their profile current. Again, although consumers may want to do so, transaction costs may lead them to fail to follow through. As a result, targeting becomes imprecise. These sorts of problems are not discussed in the book and undoubtedly will be the subject of future academic research.

The book has other limitations. The case studies chapter draws from too broad a set of scenarios to make sense. However, to be fair, at the time the book was written, applications of permission marketing were few. The book does not address the antagonistic attitude of many consumers toward companies and the way that should be overcome in establishing permission. The author frequently indulges in self-promotion with examples from his company, Yoyodyne (now part of Yahoo!).

Overall, the book presents a new idea but, in its enthusiasm to sell it, overpromises.

SANDEEP KRISHNAMURTHY
University of Washington, Bothell

REFERENCES

- Barack, Lauren (2000), "Permission Marketing Was Once a Niche Business—Now Everybody is Doing It," *Business 2.0*, (April 1), (accessed August 24), [available at <http://www.business2.com/content/magazine/marketing/2000/04/01/11026>].
- Cranor, Lorrie F. and Brian A. LaMacchia (1998), "Spam!" [available at <http://www.research.att.com/~lorrie/pubs/spam/spam.html>].
- Fournier, Susan, Susan Dobscha, and David Glen Mick (1998), "Preventing the Premature Death of Relationship Marketing," *Harvard Business Review*, 76 (1), 42–51.
- Kotler, Philip (1999), *Marketing Management*, Millennium Edition. Upper Saddle River, NJ: Prentice Hall.
- Milne, George R and Mary Ellen Gordon (1993), "Direct Mail Privacy—Efficiency Trade-Offs Within an Implied Social Contract Framework," *Journal of Public Policy & Marketing*, 12 (2), 206–15.
- Peppers, Don and Martha Rogers (1993), *The One to One Future: Building Relationships One Customer at a Time*. New York: Doubleday.
- Sheth, Jagdish N. and Atul Parvatiyar (1995), "Relationship Marketing in Consumer Markets: Antecedents and Consequences," *Journal of the Academy of Marketing Science*, 23 (1), 255–71.
- , Rajendra S Sisodia, and Arun Sharma (2000), "The Antecedents and Consequences of Customer-Centric Marketing," *Journal of the Academy of Marketing Science*, 28 (1), 55–66.
- Shiman, Daniel R. (1996), "When E-Mail Becomes Junk Mail: The Welfare Implications of the Advancement of Communications Technology," *Review of Industrial Organization*, 11 (1), 35–48.