Chapter 3
Organizing for Database Marketing

Abstract Quantitative analysis is endemic to database marketing, but these analyses and their implementation are not conducted in an organizational vacuum. In this chapter, we discuss how companies organize to implement database marketing. The key concept is the “customer-centric” organization, whereby the organization is structured “around” the customer. We discuss key ingredients of a customer-centric organizational structure: customer management and knowledge management. We also discuss types of database marketing strategies that precede organizational structure, as well as employee compensation and incentive issues.

3.1 The Customer-Centric Organization

Successful implementation of database marketing certainly requires mastery of data management and modeling methodology. However, these tools are not applied in an organizational vacuum. In this chapter we discuss how to design organizations for implementing database marketing successfully.

A key concept to emerge in this context is that of the “customer-centric” organization. This means that the organization is structured “around” the customer – from the customer in, rather than from the product out. In the words of industry expert David Siegel as quoted by Stauffer (2001), “If you really care about customers… then you have to reorganize your entire company around customers.” Stauffer then says, “It’s not organizing the company to serve customers. It’s letting customers determine how you organize.” Galbraith (2005, p. 6), states customer-centricity as an imperative: “The need for customer-centricity is not going away, and it is up to each company to determine the level of application... required for success.”
3.2 Database Marketing Strategy

The organization design for implementing database marketing emerges from the firm’s database marketing strategy. The key issues are: (1) What is that