The Customer as a God

Businesses today tend to herd customers as if they were cattle, but a revolution in personal empowerment is under way—and buying will never be the same again.

By Doc Searls

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Businesses today tend to herd customers as if they were cattle, but a revolution in personal empowerment is under way-and buying will never be the same again, says author Doc Searls. He discusses his new book, "The Intention Economy," with WSJ's Gary Rosen.

It's a Saturday morning in 2022, and you're trying to decide what to wear to the dinner party you're throwing that evening. All the clothes hanging in your closet are "smart"—that is, they can tell you when you last wore them, what else you wore them with, and where and when they were last cleaned. Some do this with microchips. Others have tiny printed tags that you can scan on your hand-held device.

As you prepare for your guests, you discover that your espresso machine isn't working and you need another one. So you pull the same hand-held device from your pocket, scan the little square code on the back of the machine, and tell your hand-held, by voice, that this one is broken and you need another one, to rent or buy. An "intentcast" goes out to the marketplace, revealing only what's required to attract offers. No personal information is revealed, except to vendors with whom you already have a trusted relationship.

Within a minute offers come in, displayed on your device. You compare the offers and pick an espresso machine to rent from a reputable vendor who also can fix your old one. When the replacement arrives, the delivery service scans and picks up the broken machine and transports it to the vendor, who has agreed to your service conditions by committing not to share any of your data with other parties and not to put you on a list for promotional messages. The agreement happened automatically when your intentcast went out and your terms matched up with the vendor's.

Your hand-held is descended from what they used to call smartphones, and it connects to the rest of the world by whatever ambient connection happens to be available. Providers of commercial Internet connections still make money but not by locking customers into "plans," which proved, years ago, to be more trouble than they were worth.

The hand-held itself is also uncomplicated. New technologies and devices are still designed by creative inventors, and there are still trade secrets. But prototyping products and refining them now usually involves actual users at every stage, especially in new versions. Manufacturers welcome good feedback and put it to use. New technology not only evolves rapidly, but appropriately. Ease of use is now the rule, not the exception.

OK, now back to the present.

Everything that I just described can be made possible only by the full empowerment of individuals—that is, by making them both independent of controlling organizations and better able to engage with them. Work toward these goals is going on today, inside a new field called VRM, for vendor relationship management. VRM works on the demand side of the marketplace: for you, the customer, rather than for sellers and third parties on the supply side.

Since the Industrial Revolution, the only way a company could scale up in productivity and profit was by treating customers as populations rather than as individuals—and by treating employees as positions on an organization chart rather than as unique sources of talent and ideas. Anything that stood in the way of larger scale tended to be dismissed.

The Internet has challenged that system by giving individuals the same power. Any of us can now communicate with anybody else, anywhere in the world, at costs close to zero. We can set up our own websites. We can produce, publish, syndicate and do other influential things, with global reach. Each of us can be valuable as unique individuals and not only as members of groups.

But the Internet is young, and most development work has been done to improve the supply side of the marketplace. Individual customers have benefited, but improving their own native technical capacities has attracted relatively little interest from developers or investors.

As a result, big business continues to believe that a free market is one in which customers get to choose their captors. Choosing among AT&T, Sprint, T-Mobile and Verizon for your new smartphone is like choosing where you'd like to live under house arrest. It's why marketers still talk about customers as "targets" they can "acquire," "control," "manage" and "lock in," as if they were cattle. And it's why big business thinks that the best way to get personal with customers on the Internet is with "big data," gathered by placing tracking files in people's browsers and smartphone apps without their knowledge—so they can be stalked wherever they go, with their "experiences" on commercial websites "personalized" for them.

It is not yet clear to the perpetrators of this practice that it is actually insane. Think about it. Nobody from a store on Main Street would follow you around with a hand in your pocket and tell you "I'm only doing this so I can give you a better shopping experience." But that is exactly what happens online (as The Wall Street Journal has shown at length in its investigative series ["What They Know"](http://online.wsj.com/public/page/what-they-know-digital-privacy.html)).

This nuttiness also has infected retailing in the offline world. Take, for example, the pile of "loyalty cards" and key tags that stores require you to carry around so that you get a supposed "discount" while they collect data for personalizing your promotional experience in the store. Loyalty cards are the Main Street version of requiring you to log in and provide a password for every website that needs to know you.

The only way to stop this insanity is for customers to start showing up as human beings and not just as cattle to be herded. That is what VRM is for. In the not-too-distant future, you will be able, for example, to change your contact information with many vendors at once, rather than many times, over and over, at many different websites. You will declare your own policies, preferences and terms of engagement—and do it in ways that can be automated both for you and the companies you engage. You will no longer have to "accept" agreements that aren't worth reading because, as we all know, they cover the other party's butt but expose yours.

In addition to your personal tool kit, you'll have software that can knit together your apps with the services offered by companies, saving work for you and creating business for them—all in real time. On a business trip, for example, you can have your phone's apps for travel, budgeting, mapping, reminders and fitness all working together to compare offerings, make reservations, issue reminders and even fill out your expense report along the way.

Today nearly all the apps on your phone, and all the public-facing services of companies, are isolated in what techies call "silos." Their reach is confined only to what they do. Even services like Travelocity and Priceline are silos, just ones that combine the silos of hotel, airline and car rental companies. With new VRM tools, you will be able to work not only across many silos at once but to improve them by making connections and providing useful data they wouldn't get on their own. In the process, you show your value as an independent customer to the whole marketplace.

Once economic signaling starts to crank up on the demand side of the marketplace, the supply side will have to start regarding customers as complex and fully empowered actors. Consider what's already happening with an early species of VRM tools: browser add-ons for blocking ads and tracking the trackers. Usage of these is on the rise.

In May of this year, ClarityRay reported that the overall rate of ad blocking by users was 9.26% in the U.S. and Europe. The rate ranged from 6.11% for business and finance sites to 15.58% for news sites and 17.79% for tech sites. For some sites, ad blocking reached 50%. Ad blocking is highest in Europe, where Austria is tops with a 22.5% ad blocking rate. The U.S. is slightly below average at 8.72%. With 1% or less are Iran, Guyana, Kuwait, Myanmar and Qatar.

Ad blockers are also the most popular software extensions for leading browsers such as Chrome and Firefox, which at 17.81% has the top ad blocking rate. Microsoft's Internet Explorer was lowest, at 3.86%

Coincidentally, also in May, [Microsoft](http://quotes.wsj.com/MSFT?mod=DNH_S_cq&lc=int_mb_1001) announced that the "Do Not Track" (DNT) feature will be turned on by default in the next version of Internet Explorer. (Many browsers already have it, but it's off by default.) In addition to being a browser setting, "Do Not Track" is an initiative proposed by the Obama administration, similar to "Do Not Call" for unsolicited phone calls. The purpose is to encourage businesses to respect the wishes of users not to be tracked. Microsoft's move angered the digital marketing industry, which would prefer to see DNT left as an opt-in for users rather than an opt-out. But Microsoft knows which way the wind is blowing, and it's blowing in favor of customers.

The move toward individual empowerment is a long, gradual revolution. It began with the first personal computers, which caught on in the early 1980s. With PCs, people got the power to do what big business called "data processing"—but in many more ways than any company could ever do. The next stage in the revolution was networking. There were "local area networks" and "online services" available before the Internet, but none that made individuals free to network on their own. The Internet did that.

The third stage was smartphones. With smartphones, the individual has both computing and networking in a device as portable as a wallet—but not as personal. Smartphones do provide a lot of freedom, but they are still controlled by phone companies, and in some cases (notably Apple's) also by the manufacturer. This wasn't true of the PC, and it isn't true of the Internet.

This revolution in personal liberation and empowerment won't be complete until we are free to use our computing and networking powers with any device we like, outside the exclusive confines of "providers." This won't be easy. Big companies and old industries are notoriously bad at changing their ways and giving up control, even when obvious opportunities argue for embracing openness and change. There is also big money behind "big data" and supporting the belief that marketing machinery can know people better than people know themselves.

In the marketplace, fashions come and go, and giants fall, but freedom remains the guiding light. The largest and most durable opportunities are those that use the freedom we have or give us the freedom we want and need. Progress in empowering customers won't be smooth or even, but it will happen. Today, the supply side still reigns, but by the time of that dinner party in 2022, everyone will understand that free customers are more valuable than captive ones.

—Mr. Searls is the author of "The Intention Economy: When Customers Take Charge" (Harvard Business Review Press). He also runs ProjectVRM at the Berkman Center for Internet and Society at Harvard University.

http://online.wsj.com/news/articles/SB10000872396390444873204577535352521092154#printMode