How Marketers Should Solve Their Data Quality Problems

According to John M Coe, the success of direct marketing is extremely dependent on data quality. He states that between 50 and 75 per cent of a campaign's success rests on the integrity of the data in the contact database. The implication is clear: without good quality data, marketers are fighting a losing battle, and return on investment (ROI) will suffer as a result.

In this paper, we will discuss the risks of decaying data and the challenge marketers face when data does not support their objectives. It's important to identify data quality issues before they become chronic, and the business must work as a unit to support the marketing department as it strives to retain customers and recruit new business.

Introduction

In business, it's generally accepted that it's far cheaper to retain a good customer than recruit a new customer. The cost estimate for new customer acquisition varies, but according to a report from the Chartered Institute of Marketing, a new customer is ten times more expensive. (Some sources in their paper cite the cost as being *three times* that.)

Businesses retain customers by striking up relationships, maintaining high standards of service, creating loyalty schemes and understanding what customers want. Efficient two- way communication is key. The marketing department must have access to accurate contact details, supported be demographic data that's up-to-date, and this data needs to be held in
a database or CRM system in accordance with data protection legislation.

Marketers simply cannot engage with customers effectively without good quality data. In addition, the marketing department cannot be expected to manage data quality on its own. In many organisations, customer data is used by many different functions; in fact, multiple touch points are a fundamental component of the single customer view.

In this paper, we will look at the challenges marketers face in an age of decaying data, and how the marketing team – and the business – can resolve these data quality challenges.

The Problem: Decaying Data

Customer contact details decay rapidly in a database. In 2001, Target Marketing magazine surveyed 1,025 businesses about changes in their contact databases over a 12-month period. It found that a change occurred in almost 71 per cent of those records. Clearly this is a hindrance to communication.

making data fit for business

DQ Global, Merlin House, 4 Meteor Way, Lee-on-the-Solent, Hampshire, PO13 9FU
UK +44 (0)23 9298 8303 USA +1 (312) 253 7873
www.dqglobal.com

In 2013, NetProspex found that the average business contact database is 25 per cent inaccurate. It says a decay rate of 2 per cent per month is not unusual. If data is decaying this quickly, a large number of existing customers are not receiving marketing messages; they cannot be retained, and they will be lost.

In business, this also affects the marketer's budget. All of those out of date records result in waste; wasted resource, wasted effort, wasted money, wasted paper. Without clean data, business simply cannot target their marketing message at the right people, so there is waste here too. It follows that, as the database grows, it will decay more quickly, since there are more customers changing their information, more touch points with customers, more staff interactions and more potential for mistakes.

Dirty data has implications for the brand and its message. At the beginning of this paper, we talked about saving money by retaining customers. If your data about those customers decays, you cannot expect them to be happy about it. If they move home, or start to receive duplicate catalogues, or notice that their maiden name is still on the label, the customer will start to lose the connection to the brand. ROI suffers. Trust begins to evaporate.

The best, most compelling piece of direct mail cannot achieve satisfactory conversion rates if it has been sent to the wrong person, or a person who is irritated by its mere existence.

According to Demand Metric, a marketing research company, 55 per cent of its survey respondents had taken no formal action to improve data quality.

making **data** fit for business

DQ Global, Merlin House, 4 Meteor Way, Lee-on-the-Solent, Hampshire, PO13 9FU
UK +44 (0)23 9298 8303 USA +1 (312) 253 7873
www.dqglobal.com

Data Quality: the Marketer's Solutions

So far, have identified three distinct problems for marketers.

- Data decays quickly without attention, and it cannot be trusted to maintain its integrity long term.

Therefore:

- Poor quality data results in poor ROI during marketing campaigns, and:
- Poor quality data results in irritation, inconvenience, and fewer retained customers.

The only possible solution is a concerted, long-term data quality drive that tackles the root cause of data decay, therefore providing marketers with trustworthy contact information that assists them rather than making life more difficult.

So how is this achieved? Naturally, we cannot stop customers from moving house, getting married or changing their names, and we cannot expect families of the deceased to notify every agency that the person ever dealt with. It is therefore down to the whole business (not just the marketers) to implement a three step attack on data decay.

1. The business must examine how data is captured. It must look at its processes, staff training, software and other variables to prevent data quality problems when the record is initially created. One example is to automatically scan the database for duplicates. Using sophisticated algorithms and phonetic matching, employees can be alerted of possible duplicates and/or invalid data at the point of entry.

2. The business must proactively scan through its customer records and check them for mistakes and changes. Data quality software is used to automatically scan the database, identify problems and resolve them. Flaws can be presented to a human administrator for verification to ensure there are no mistakes, and the data quality software can use third party information – such as postcode checkers – to ensure the data is correct. It is also possible to scan the database against records of people who have 'gone away' – moved to a different address.

3. There must be an ongoing data quality initiative that protects the database from decay from day to day, or week to week. In other words, data quality should be considered a continual work in progress, and the business' resource allocation should reflect this.

DQ Global

DQ Global has developed a range of data quality products for businesses. It has supported many large brands in realising data quality goals, including 3M, Toshiba and Harvey Nichols.

DQ Global, Merlin House, 4 Meteor Way, Lee-on-the-Solent, Hampshire, PO13 9FU
UK +44 (0)23 9298 8303 USA +1 (312) 253 7873
www.dqglobal.com