

The background features several abstract elements: a large, thick blue ribbon that curves across the page; a thin orange line that loops and curves; a light blue wireframe building structure on the left side; and a small cluster of grey hexagons in the bottom right corner.

Selecting B2B Data

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Selecting B2B Data

Data — The oxygen of Business to Business marketing

Introduction

If you want your business to business direct marketing to be a breath of fresh air, you need oxygen...and that's what data is, the oxygen of B2B direct marketing. Too many beautifully crafted campaigns fail because the data is poor. Bad quality data reflects negatively on the content of your mailings and can alienate your best prospects. Business people need a good reason to open your mailing and one of the commonest reasons for rejection without opening is incorrect addressing.

The Direct Mail Information Service has researched the problems business people perceive with poorly addressed mail; 20% of the sample wanted to see better personalisation and 13% would be happier if their correct name was used!

All this means that buying the right external data for your campaigns is an essential factor affecting success. So why do so many mailers delegate this activity to the least experienced marketing executive? Your best business brains should be deployed when selecting target data. And it should not be a decision made purely on price. In data, as in so many things, you get what you pay for.

The Direct Mail Information Service has also researched the number of errors in business mail pieces. In 1997 only 27% of mailings were thought to be badly addressed; by 2000 the figure was a staggering 67%.

Of the 1.2 billion pieces of business direct mail sent in 2001, approximately 40% used external lists. The market has grown consistently for the last 10 years and has doubled in size in that period, so there are plenty of data providers to choose from.

There has been a significant expansion in the number of compiled business lists over the past few years. However, the volume of names available on B2B response lists has reduced. email lists are still highly sought after and command prices 2-3 times that of direct mail lists.

Data is available from a variety of suppliers. Some (list brokers, managers and agencies) are intermediaries for the list owners themselves. A list broker should give you "best advice" on what data to use. Brokers keep up to date information on all lists in the market (over 3,000 at the last count). However, they are unlikely to deal in small quantities, or have intimate knowledge of a specialist market in terms of market structures and issues. In any case, many list owners apply a minimum order of between 3,000 and 5,000 names. If you want a small quantity of names to test there are data merchant sites on the web which do not apply a minimum.



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Targeting your mailings

If you are new to using external data for direct mail or email campaigns you will need to decide, in advance, who you want to target. Do this in the context of your product or service and do not forget the overall business demographics of the UK. Its no good looking for 50,000 companies with a turnover of more than £10 million, there simply aren't that many in the UK.

Remember to look at your in-house data first. Of course, you want to target customers who look like your most profitable accounts but do you really know enough about your clients? Some data providers can offer a service which adds key demographics to your data which will help you to target "cold" mailings using external data. You may be surprised to know that you have clusters of customers by company size, type and location. This profile can be used to give you information on your penetration levels; the data providers will also be able to tell you what opportunities there are in similar or related areas.

Whilst it is tempting to select only individuals with job titles which precisely match your products you should be aware of the decision trees which exist in many larger organisations. If the offer requires high capital outlay, the Finance Manager is likely to be an influencer as well as the line manager, and it will be the MD who signs the cheque. All of these individuals could be relevant targets for your mailings.

How to buy good data

The proof of any data source (your own or external) is the level of response and conversion it drives. Mailers want return on investment. However, ask any data provider what the likely response rate will be, and you will not get a precise answer. It is hugely difficult to predict response rates, so much depends on the attractiveness of the offer and the competitive landscape. Large, mature mailers often work on response rates below a single percent. DMIS gives the average response rate at somewhere between 5 and 10% for B2B but this is an average which masks huge variation.

Here are some helpful hints you should bear in mind when buying data: -

Hint: Don't buy the same list twice

Lists are now sold through a variety of channels - via the Web, direct from the list owner and via list brokers, managers or agencies. If using more than one channel, make sure that you do not inadvertently buy the same list twice.

Check who the originator of the list is and how it is compiled. Also check if the list is available as part of another merged database as you may buy the same data twice should you use a merged database as a source too.



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Hint: Remember all charges when calculating a cost per thousand

Some data is sold without additional selection charges. However, many list owners state a low base price and high selection charges, which can make the cost per thousand names significantly higher. Common selection charges are for type or size of company, additional contact information such as a phone or fax number. All these can mount up so make sure you are comparing like with like before committing to purchase.

Hint: Don't measure success on gross response rates

It is very tempting to return to a list which gives excellent up-front response before the "back end" yield can be calculated. Gross response rates can be misleading if free offers or incentives are involved. Allow time for analysis before committing to roll-out.

Hint: Check the regency of the data you are buying

Because of the rate of business change (up to 40% of data can "decay" in a single year) you need to know how the list owner updates their information. Keeping a large database up to date is expensive and some list owners allow names to remain current for up to two years. Remember to ask for the most recent names when making your selections.

Hint: Be prepared to widen the net

If the counts you are receiving are smaller than you had in mind, be prepared to loosen your selection criteria. By reducing company size parameters or adding related SIC codes, you will add prospects. The same is true of job titles and responsibilities; using responsibility/function based selections will improve numbers without depressing response.

Hint: Negotiate usage in advance

If you think that you may want to use the data more than once, or to follow up a mailing with a telephone call or email, it is prudent to negotiate the additional usage in advance as multiple use prices are often cheaper than re-use rates. The data will contain seeds or dummy addresses so that the list owner can track usage.

Hint: Look for the quality guarantees

No list owner can guarantee response rates but it is worth checking their accreditation. Membership of the [Direct Marketing Association](#) means that list owners have to abide by strict rules when selling data. Few lists have formal audits of the data but owners should be able to give you an indication of the volume of gone-aways you should expect. Buy back/credit policies for gone-aways should also be ascertained. (See below for Business Suppression File information).



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Keeping it clean

The research shows how sensitive business people are to poor address quality and there is no denying the rate of business change which is pretty constant; if the economy is booming, businesses expand fast and bring on extra decision makers whereas, in a downturn, the contacts you have may be made obsolete by "downsizing" or, worse still, business collapse.

Making sure that external data suppliers are keeping up with these changes is important, but many companies fail to apply the same levels of cleanliness to their in-house resources.

Recognising the huge cost of mailings to out-of date contacts, a consortium-led service launched in the UK in 2002 called BSF – standing for the Business Suppression File. Two Business Suppression Files now exist. They offer suppression services that allow gone-aways to be screened out of mailings before they are sent.

It is possible to screen out gone-aways by type – so for example a user can choose whether to delete resigned and retired directors, verified postal mailing returns, and notified postal returns.

This flexibility is important, as some businesses that rely upon postal mailings, such as catalogue companies, may wish to mail several times before they consider a postal return to be of not further value to them for their mailings.

Estimates suggest that over £100m is wasted annually in mailing companies and business contacts which are simply not current.

The content of these Business Suppression Files is derived from recognised, audited sources of business to business data. The sources include Companies House information on business closures and director resignations and gone-aways identified by a range of the UK's top business mailers. Users of the Business Suppression File state that savings of 20% can be made on print, completion and postage when the file is used. The basic cost for a matched suppression is usually less than the cost of the mailing pack and postage so there is a strong economic argument for using the services - besides avoiding the negative impact of addressing individuals who have left their companies.



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The future of the Business Data Market

As soon as you dip your toe into the data pond, you will realise that it is a very competitive market. Suppliers of external data for mailings are constantly innovating to ensure that response rates are maintained. If you are lucky enough to rent names which are new to the market, your response is bound to be higher. However, with the proliferation of suppliers has created a buyers' market where price negotiation is now the norm. As in any procurement, volume and spend will attract the highest discounts. This may be in a straight reduction of the price per thousand or in other areas; free selections or favourable "net name" deals where you pay a reduced cost for names which already appear on your house lists or other rented files.

Whilst competition is good for any market (especially for the buyers!), the cost of acquiring and maintaining quality data is escalating. Cheap deals may lead to cost cutting and, poor campaign results, and eventually business failure.

It is always good direct marketing practice to test smaller quantities before committing to "roll out" into a large volume from an external data pool. Testing competing sources is also a good idea and data suppliers must be measured not only on cleanliness of data but also on service and knowledge.

Privacy and permission are buzz words in the business data arena as much as they are for consumer marketing. Permission based data collection models are migrating from B2C into B2B producing smaller but supposedly more responsive pools of data, particularly in email data supply.

As these developments change the shape of the data market, there will be winners and losers and mailers will need to increase the sophistication of their buying to match the profiling which has been commonplace in consumer marketing for some time.

Getting the basics right- good targeting, address quality and accurate personalisation – is clearly still important. Recognising data decay and working to reduce gone-aways is also essential. But choosing the right data suppliers, and not buying solely on price, is probably the key element in ensuring that your response rates stay above the industry average and give you the return on investment you need.

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