

# DIRECTORS' BRIEFING



The Chartered  
Institute of Marketing  
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## Marketing with your database

● Databases make information management easy and relatively inexpensive. Mailshots, telemarketing and customer service activities can be more purposeful when you have instant access to details of all your customers and prospects and all your contacts with them. This briefing focuses on using the database as a marketing tool.

It covers:

- ◆ Using your database as the main tool for achieving your marketing objectives.
- ◆ Selecting what information to collect.
- ◆ Designing your database to make it flexible and thoroughly useful.

### 1 Your main marketing tool

- A** A database can bring together all the marketing **information** in the business.
- ◆ Sources might include enquiries, customer recommendations, your sales, service and guarantee records, bought-in mailing lists, and results from your customer surveys.
- B** It helps you **focus** and schedule your efforts.
- ◆ You can identify the most profitable segments of your market.
  - ◆ You can concentrate resources on customers and prospects whose profiles are similar to your most profitable customers.
  - ◆ You can schedule activities to contact customers regularly and at the right times.
- C** It supports **mailshots** and telemarketing.
- D** It can help you **analyse** your results and recognise what is working (see 6).

### 2 Your marketing objectives

Unless you are clear about your marketing objectives and how you plan to achieve them, you are not ready to set up a database.

#### A Target hot prospects.

- ◆ Find the customers you want by picking the most promising segments.
- ◆ Decide what you are looking for. Work out what characteristics the individual customers and prospects within this segment have in common. (See **Research for your marketing**, MA 12.) You can then identify customers' needs and develop offers to meet them.

#### B Communicate at the right times.

#### FURTHER HELP

There are other Directors' Briefing titles that can help you. These briefings are referred to in the text by name and by the code given to each briefing. For example, the marketing briefings have the codes MA 1, MA 2, etc.

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- ◆ Schedule and track activities to ensure the right frequency and type of contact for each group of customers and prospects.

### C Monitor progress.

- ◆ Generate reports to show conversion rates by market segment and by activity.
- ◆ Identify unrecognised opportunities by comparing one group with another.

See **Planning your marketing**, MA 5, and **Direct mail**, MA 3.

## 3 A system for marketing

Unless mail order is a major part of your future plans, you will not usually need to buy in a specialist marketing database system.

**A** Most businesses can make good use of a cheap, PC-based **contact management** database or a **general purpose** database, like MS Access, to improve their marketing.

- ◆ In a relational database, like Access, you only hold each piece of information once. There are no fixed relationships between one piece of data and another. Carefully framed questions, using 'ifs' and 'and/ors', allow you to get at the answers you need.

**B Ease of use** is the key factor.

### *The data you need*

*You do not need to know everything about your business-to-business customers to market your goods or services to them.*

*Decide what information is likely to justify the costs of collection and updating before setting up your database. Do not collect what you are not going to use. You might need fields for:*

- ◆ *Company name, address and postcode.*
- ◆ *Industry type (SIC code).*
- ◆ *Number of employees at this site (ask).*
- ◆ *Name, title and function.*
- ◆ *Interested in receiving relevant mailings, fax or email.*
- ◆ *Influencer, specifier or purchaser.*
- ◆ *Phone, mobile, fax and email details.*
- ◆ *Ever responded/bought before.*
- ◆ *Buying history – what, when, where, why.*
- ◆ *Size and date of last purchase.*
- ◆ *Credit history.*
- ◆ *Source of data.*
- ◆ *Your account manager/sales channel.*

- ◆ A database that is not easy to use and responsive will not be used to the full. It must be quick and easy to put in new data and to update existing records.

- ◆ Choose a flexible database that will support mailshots (including email), generate reports as needed, allow you to modify selections from a list and connect with your word processing software.

- ◆ As an analytical tool, your database must allow you to select and look at information in many different ways (see 6).

**C** How you can use your database depends on the **specification** of your system.

- ◆ Before buying, decide whether you need to import and export data to and from applications like your website, order processing or automated credit card handling.

- ◆ Other issues include total database size, scale and frequency of updates, likely user numbers and any special requirements. For example, databases to support front-desk or telesales teams must give answers fast. This may call for specialised systems.

**D** Consider the processes that are likely to be used to **input** and **extract** data.

- ◆ Typing in information is straightforward for small volumes, but creates problems if there are thousands of leads to capture. Bringing in temporary help may be the only practical way to deal with inputting a large amount of new data, especially if it is not in a standardised form.

- ◆ It may be possible to scan in data that comes to you in printed form.
- ◆ Batch processing of input data in electronic formats is an important part of specialised marketing databases. Data imported in batches is automatically assigned to the right fields.
- ◆ Forms on your website can be used to collect addresses, including email addresses. Be sure you also allow people to take their names off your database and unsubscribe from your emails.

**E Cost** is unlikely to be the major factor in your choice of database.

- ◆ Initial software costs will be insignificant compared with the ongoing costs of data input, updating and maintenance.

## 4 Designing the database

Forget the computers and work out what you

"Always capture the postcode. Mailshots targeted by postcode bring good results and pre-sorting large mailings can save you 13 per cent or more on postage costs."

*Eric Peacock,  
Business Link  
Hertfordshire*

"A database is only as good as your marketing ideas. Keep the creative juices flowing."

*Professor Angus  
Jenkinson,  
Stepping Stones  
Consultancy*

"Run your eye over the names and addresses in your list. Even a list of many thousand names can be checked quite quickly, so you don't find yourself mailing Mr OBE or Mr Brown (deceased)."

*Ian Warren,  
Cumbria Learning  
and Skills Council*

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need from your database. Once you know what is wanted, let the IT experts devise ways to do it.

**A Accuracy** comes naturally, if the system helps the user.

- ◆ Give operators short-cut options to click on, so that they do not have to type everything out in full each time.
- ◆ Leave room for multiple records. For example, a contact may have two phone numbers and more than one address.
- ◆ Include fields for commentary notes in your database. Otherwise operators will jot comments down in other empty fields, potentially causing serious problems.

In most PC-based contact management systems, this is all done for you.

**B** Make the database as **flexible** as possible.

- ◆ You need to be able to generate a pick list of data, then add and delete entries or groups of records to get the exact list you wish to use for your mailshot (or report).
- ◆ You must be able to run mailmerge operations, combining the database with your word processing software, to send lists of people letters you have written.
- ◆ You should be able to run off one label for a single envelope, or 2,000 labels for a mailshot, without any complications.

## Marketing to consumers

*Marketing to consumers usually means talking to large numbers of prospects, with little opportunity to find out about them.*

**A** In consumer marketing, what is on your database may be all the information you can ever get about a customer. Targeting and offers will revolve around **identifying prospects** who are like your existing customers. As a minimum, try to collect:

- ◆ Name and initials.
- ◆ Address (with postcode), phone, fax, email details.
- ◆ Gender, date of birth.
- ◆ Buyer, responder or competition entrant?
- ◆ Price paid and payment method.
- ◆ Source of name (a recommender may be the key to better marketing).

**B** Some **data** means more than it seems to.

- ◆ Paying by charge card, rather than credit card, may indicate a high-income home.
- ◆ Prospects who give several initials are typically older and wealthier, as are those whose houses have names.

**C** Each customer's **promotion history** needs to be readily accessible, to ensure you do not send the same communication twice.

**D** Use **categories**, codes and key data fields to organise the data as a whole (see 5).

- ◆ These allow you to filter in, and filter out, the records you need for analysis or for targeting a marketing campaign.

For example, a 'date of first enquiry' field shows how long you have had a relationship with a customer or prospect.

- ◆ Make use of validated fields, where only one of a range of codes can be entered.

For example, your 'gender' field would accept 'm', 'f' or 'na' (information not available), but would bar any other entry.

**E** Use unambiguous **descriptions** for data.

- ◆ Check that the meaning of a tick or a mark in a field is clearly defined. For example, you need to know whether your 'customer' flag includes lapsed customers.

**F** Use **dates** to generate time-sensitive data, such as a person's age.

A good database requires you to capture as little data as possible to fulfil your objectives. Check at each stage that what is being delivered meets your agreed specification and needs.

## 5 Categories and identifiers

By cleverly coding information, you can retrieve data on any selected group of contacts.

For example, you might want to mail your top customers, or all customers south of London.

**A** Break the data in each segment down into **categories** and sub-categories, and give each one a code.

- ◆ The first level of categories might divide your contacts into customers, prospects, influencers and others.
- ◆ Customers might then be sub-categorised according to size and frequency of orders.
- ◆ Prospects might be sub-categorised more subjectively, as hot, warm, and cold, or as having large, medium or small potential.

**B** Use **'identifier' codes** to flag specific facts that will help you in your marketing.

- ◆ These can be unique to you and can carry precisely the information that matters to your business.

For example, MS4.02 might mean a mailshot sent in April 2002 and AD17.5.02 might mean that the lead

" Database marketing is all about learning and feedback. No-one ever gets everything right first time, so you've just got to keep working at it."

Neil Fretwell,  
Analytic 1

" One thing your database must give you is a way to store the history of your communication with a particular customer or prospect. It must be simple and easy to use, or people won't keep it up to date."

Ian Necus,  
Well Beyond IT

" Who do you want in charge of your data? Someone responsible and careful. Who do you need to think about exploiting it? Someone bold and imaginative."

Professor Angus  
Jenkinson,  
Stepping Stones  
Consultancy

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was from an advertisement on 17.5.02.

- ◆ Unless it has been set up to do so, your system won't turn 'm' into 'male' automatically. Keep a 'data dictionary' that logs exactly what each code means.

## 6 Useful analysis

Track your outgoing communications and identify what is working, and what is not, by generating regular reports.

- A** See which **segments** of the market are the most promising. For example, by combining industry type with order size.
- ◆ Generate reports by area, by postcodes, by sales channel and by advertising medium. Look for patterns that correspond with your sales successes.
- B** Analyse the **profile** of your best customers and see what they have in common.
- ◆ Once you know this, you can target prospects with similar characteristics. For example, you can group companies by industry (with SIC codes) or size (turnover, employees or even size of premises).
  - ◆ You can group individual business contacts by job description and by whether they are decision makers, influencers or end users.
- C** Monitor which **campaigns** are working, by tracking where leads and sales come from.
- ◆ Leads may come indirectly, via key influencers who recommend but do not purchase. For example, accountants may recommend accounting software.
  - ◆ For these influencers, you want space in the database for details of their interests and the date they were last thanked.
- D** If you use your database as a sales database, monitor which **sales people** are winning new customers – or losing accounts.
- E** Use the database to collate the results of **customer research** you carry out.
- ◆ For example, consider asking all newly lapsed customers why they are not buying.

## 7 Keep a clean database

Investing effort to improve the quality of your data is essential if your marketing campaigns and analysis are to be effective.

- A** Removing **duplicates** is vital, whether it is done automatically or by manual checking.
- ◆ Customers are irritated by duplicate

mailshots – and you waste money.

- ◆ Undelivered mail that comes back to your return address saves you money next time.

**B** **Update** your data often. An unmaintained list is generally unusable after two years.

- ◆ Set clear rules about when and how information is updated – and who does it.
- ◆ Get feedback. Encourage recipients to correct errors in their name and address details or to say no to any further contact.

**C** Devise systems to check data for **errors**.

- ◆ Spot checking by eye is surprisingly effective, to pick up the glaring mistakes that can slip through, especially when data is accidentally put in the wrong fields.
- ◆ Use software that automatically generates an address from a postcode and checks the spelling against Royal Mail's postcode address files, singly or in batches (details from Royal Mail, 08457 740 740). This is now cheap enough to be used by taxi companies and other small firms.
- ◆ The Business Database (01753 583311), from Yellow Pages, can provide good commercial data. It can also check your data is accurate and add more detail.
- ◆ Give each customer a URN (unique reference number), which goes on the letter and the envelope. It ensures every update is matched to the right record. Every database can use URNs. Sort orders by URNs, rather than names, and you can be sure that nothing has been duplicated.

**D** Give employees **credit**, and make them accountable, for the data they have entered.

- ◆ Consider tagging information, so you can see who entered how many records each month and reward good performance.

## 8 Data security

**A** You will need a routine of regular **data back-ups** to keep your records safe.

- ◆ Always keep at least one current copy of your database away from your site and make a daily back-up on to a tape.

**B** You must register with the **Information Commissioner** if you hold personal details of customers or prospects.

- ◆ Contact the Office of the Information Commissioner (01625 545 745 or [www.informationcommissioner.gov.uk](http://www.informationcommissioner.gov.uk)).

See **Your firm and the Data Protection Act, LA 14**.

### EXPERT CONTRIBUTORS

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### FURTHER READING

**Direct and Database Marketing**, Graeme McCorkell (£19.95, Kogan Page).

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