# 5 Steps to Higher Marketing Data Quality

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*You've seen the gag on a hundred TV shows. The luckless hero proudly parks his new car in the driveway, gets out, and slams the door – only to watch in horror as the machine slowly falls to pieces. The audience explodes with laughter. Cut to commercial.*

Of course, the same scene wouldn't be so funny in real life, and it wouldn't be at all amusing if you were the victim. But something similar happens every time a marketer sits down to generate the first campaign with a new marketing system, only to discover that it's populated with data as useless as a disassembled automobile. You can be certain that no one laughs.

How does this happen? Like the star of our TV show, marketers are often so excited by their shiny new marketing automation system that they forget to look under the hood. They just assume it will work, when they really shouldn't turn the ignition until they've built a deployment plan, checked their data, assessed their work processes, designed new programs, developed new content, established metrics, invested in training, and aligned with other departments. It's no wonder they quickly crash.

## What's the Problem?

Today's marketers know they face unprecedented challenges in adjusting to new media and buying processes. But when you ask them to identify the specific barriers to marketing success, they most often cite technology, resources, and business process. Data quality rarely registers at all, and never as a top issue. Even marketing automation vendors and agencies focus their warnings on the need for planning, process alignment, content development, and staff training. At best, data quality is one entry on a long list of concerns.

In a way, they're right: all those factors must be addressed to succeed. But it's easy to lose sight of data until late in the process.

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That can be a fatal error. A new system may never recover if it fails in its first projects. Smart marketers minimize this risk by starting with small, carefully limited tasks that require small amounts of new content, simple program designs, changes to just a few processes, and training in a limited range of new tasks.

But it's harder to narrow the initial data quality requirements in a similar fashion. Most data in a new system will be imported through bulk processes that require all-or-nothing cleansing, standardization, and mapping into the correct locations. These processes can be improved over time but must be largely correct from the start. If they are not, skeptical initial users will immediately spot the errors and refuse to adopt the system. They may never come back for a second look. So marketers have to get data quality right the first time.

## Why Is It Hard?

But why is the data so bad in first place?  After all, most will be loaded from existing sales and customer management systems that are functioning successfully.  If the data is good enough for those purposes, shouldn't it be good enough for marketing too?

No, it shouldn't.  Data that's perfectly suited for its original purpose may not be appropriate for something else.  For example, the contacts in your billing system are probably not the people who select new products.  In fact, if you're selling to large companies, your billing system is probably organized around accounting units that have little to do with the actual users, let alone the members of a cross-functional purchasing team.  At the other extreme, your sales automation system is probably packed with notes that make sense to the sales rep who entered them, but can't be read by an automated system for segmentation or analysis.  Your sales system also contains increasing amounts of data entered directly by customers, who have little interest or reason to help you achieve your goals.

Because a sales system is so often the foundation for a new marketing database, let's take a closer look at some common issues with sales data:

- *Duplicate records*: the same contact may be listed in different records and owned by different salespeople.  This can happen because the salespeople are selling different products to the same contact or because the contact's authority spans several sales territories.  Those separate records make perfect sense in the sales system.  But unless the duplicates are identified and combined before loading into the marketing system, the same contact may receive multiple and possibly conflicting messages.

- *Obsolete records*: salespeople have no need to update or delete records for contacts they no longer do business with, because they know to ignore them.  But a marketing system doesn't have that same personal knowledge, so it will treat all records as valid unless told otherwise.  This results in messages that not only waste money, but make the company look sloppy or foolish to the people who actually receive them.

- *Non-standard formats:* there's no real reason for salespeople to worry about using standard forms for titles, company names, and addresses.  They just need the information to be correct and comprehensible.  But a marketing system may not realize the "VP Mktg" and "Marketing Vice President" are really the same title, or "IBM" and "Int'l Bus Mach" are really the same company, or "Bob" and "Robert" are really the same person.  This can cause missed duplicates during message processing and incorrect aggregation during segmentation and analysis.

- *Inappropriate data:* salespeople often put data where it doesn't belong, such as comments in an address field.  Again, this makes sense in their view, since it can be convenient way to make the information easily visible.  But if those comments are copied into a marketing system and printed on an address label or inserted on into an email, there could be a problem.

These problems are not limited to sales data.  Accounting files and lead databases face similar issues.  Sales data actually has the potential to be cleaner because salespeople are constantly gathering new information, even if they don't always record it.  Data in other systems may never be touched after it's first entered.  Sales data is also generally reviewed by someone who can make sure it's correct, while data from acquired lists or entered no a Web form may not receive any external review.  Web data is especially problematic, since visitors purposely provide false or incomplete information. The problem will only get worse as more data enters marketing systems without first passing through a salesperson.

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Marketing data also faces a volume challenge. Many companies have ten times more names in their marketing system than in sales automation.  Manual review of all new marketing entries may be unacceptably expensive or simply not possible during peak activity periods.

Whatever the reasons, the problem is real: one study found that just one-third of marketing data is at least 75% accurate, compared with nearly two-thirds of customer data[2].


## Why Does It Matter?

Dirty data has its consequences – and they are not pretty.  It's obvious that errors can prevent messages from being delivered and undermine the credibility of messages that get through.  But errors also lead to inaccurate segmentation and reporting, either because one record has bad data or because related records are not combined.

Failure to merge related records can be especially harmful because the company may see several small opportunities where there's really one big one.  This applies at many levels: recognizing that several leads are from the same company; recognizing that several behaviors relate to the same individual; and recognizing that several purchases were made by the same firm.

But the largest cost of poor data may be its impact on sales attitudes.  Salespeople won't follow up on leads they don't trust.  Indeed, "not enough information" is by far the most common reason for salespeople to reject a lead: in one survey, it was cited 55% of the time, nearly four times more than any other issue.[3]   When sales discards a lead, the money spent acquiring is totally wasted – anything from $30 to $150 and sometimes much higher.  Still worse, most of those discarded leads will eventually buy from someone else: so each represents lost revenue worth much more than wasted acquisition cost.  And poor quality leads confirm sales people's worst suspicions that marketing doesn't understand their needs – making it still harder to gain cooperation on aligning efforts between the departments.

The quality problem is compounded as leads spend more time being nurtured by marketing before they're turned over to sales.  Information deteriorates at a rate of 25% to 35% per year[1].  At some point, unmaintained leads become so dirty that it's more efficient to throw them away and obtain new ones  Once again, the acquisition cost is wasted and potential revenues are lost.

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## What Should You Do?

It's easy to agree that data quality matters.  The real question is how you can make it better.  Whether you're planning a new marketing system or improving an old one, you need a systematic approach.  It's important to recognize that this involves a combination of technology, external resources, process, and measurement.

### Step 1: Build a Baseline

Start by understanding the current state of your data and the impact it has on your business.  This will give you a reference point for improvements and help to convince everyone in the organization of the value those improvements provide.

- *Research the data in your system.*  Select a random sample of existing marketing data and test its accuracy through manual inspection, email and telephone verification, and reviews by people familiar with the information.  Better still, hire an outside service to do this for you.  The outside specialist can compare your data to known correct information, prepare a profile, and identify gaps and opportunities.

    o Define a set of key data elements and collect quality statistics including: percent populated (any data, right or wrong), percent accurate (information is correct), and percent formatted correctly (information is in a proper standard format).

    o Identify duplicate records at the individual and company levels.

    o Look for patterns based on the sources of data: where do most of the errors come from?

    o Document existing update and data quality processes and list any obvious opportunities for improvement.

    o Pay particular attention to email deliverability, which is probably the single most important element in marketing data today.

- *Identify opportunities to add value.*  Work with marketing, sales, finance and other groups to estimate the impact of quality problems and the potential gains from quality improvements.  Value may come from:

    o Reduced promotion costs from eliminating duplicate and undeliverable messages.

    o Improved promotion results from more accurate segmentation.

    o Reduced sales costs from less time wasted on poor quality leads and less time spent gathering or correcting data.

    o Increased revenues from more leads accepted by sales and converted to closed deals. (Or, you can calculate the marketing savings from acquiring a smaller number of leads while maintaining the same revenue level.)

**Step 2: Organize for Action**

Armed with an understanding of the current situation and potential value from improvements, you can begin to organize your efforts.

- *Build a governance structure.* Data quality is an on-going process. You'll want a team that includes marketing, sales, and other departments that provide source data (customer service, order processing) and use your results (finance, planning). Your information technology staff will also be involved. The governance team will be responsible for setting goals, marshaling resources within their department, and measuring results. You may also want an executive sponsor to provide high-level support and a "data steward" to take responsibility. You may be able to tie marketing quality into an existing corporate data quality program.

- *Define goals and set priorities.* Use the baseline research to identify the most promising areas for improvement. Define key measures, potential improvements in those measures, and the cost and value from making those improvements. Set initial goals based on the balance of cost vs. benefit. Initial projects should be relatively simple, low risk, and easily measured. Be prepared to adjust your plans based on experience.

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**Step 3: Make Improvements**

You'll probably pick several initial projects. Possibilities include:

- *Data capture.* Look for ways to reduce data errors during the entry process. Likely candidates include drop-down lists to enforce standard values for departments and titles; predefined numeric ranges such as company size and project budget; automated company name and address verification and standardization; and standardized formats for email addresses and telephone numbers. These can be built into self-service forms and data entry screens used by sales, customer service, and other company staff.

- *User registration.* Allow visitors to create accounts and log in when they return to the site. This is typically in return for access to valuable information. Accounts make it easier to avoid duplicate records and give visitors an opportunity to update their own information if it changes.

- *Progressive profiling.* Ask first-time registrants for just basic information, and then ask additional questions as they return over time. This will improve initial response rates and probably yield better quality data, since people likely give more honest answers after several interactions. Willingness to provide the information is itself a useful piece of data for lead scoring.

- *External data.* Use external services to validate and standardize data supplied by visitors and company systems, and to enhance it without gathering additional data directly. This provides a check on the accuracy of direct-gathered data, reduces

the number of questions you must ask, and may provide more information than you can get from direct sources alone.

- *Better lists.* Take a close look at outside lists you currently use. Make sure that they have been standardized and won't subtract from your baseline quality. Run some tests against alternative sources, something you should do on a regular basis.

- *Import processing.* Add automated data cleansing, enhancement, and deduplication to your import processes. This helps keep bad data out of the system. Include a manual review process for ambiguous cases, such as records that are similar but not obvious duplicates. Expect to use external reference data as part of these processes, since many businesses have multiple addresses or trade names that cannot be linked by comparing them directly.

- *Source priority.* Carefully review your update rules to determine which data sources should be trusted when there's a conflict. It's not enough to always accept the newest entry, since some sources may contain outdated information. Most companies give the highest priority to information from sales systems, but this isn't always the whole solution. You wouldn't want a blank from a sales record to overwrite existing data from another source.

- *Periodic refresh.* Establish a regular process to update information as it ages. This may involve comparing it with external sources or contacting the person directly. Rules should take into consideration the age of the record, time since last interaction, the original source, value of the opportunity, and similar factors. The goal is to keep in touch with leads you've already acquired, rather than paying to acquire them again or losing them altogether.

**Step 4: Measure Results**

Every improvement project should have a set of measurements to evaluate its results. Measures fall into several categories:

- *Effort measures.* These are project inputs such as cost, number of records reviewed, or data objects standardized. They are most important for tracking project progress.

- *Result measures.* These show the actual outputs, such as changes in the accuracy or completeness rates of specified data elements. They are usually measured directly by analyzing the data or by conducting quality tests. They sometimes measure attitudes or behaviors such as willingness to trust data in the system.

- *Value measures.* These show the business impact of the project, such as revenue from marketing leads or cost savings from less manual processing. These can be hard to capture accurately but are the most important for justifying on-going data quality efforts.

Each project should have one or more measure from each group.  Reports should always compare actual to expected results to see whether the project has met its goals.

**Step 5: Repeat**

Each project will increase the company's understanding of its existing data and identify additional opportunities for improvement.  The governance team will gather this information and use it to develop new projects.

The team should also continue to monitor general data quality measures on an on-going basis.  This will ensure that previous progress is maintained and alert the company to new problems if they arise.  Ultimately, data quality needs to be managed like any other business outcome, as a continuing process not a one-step project.

## Conclusion

The grand challenges facing marketing and sales professionals are well known: greater reliance by buyers on Web research; later interaction between prospects and salespeople; more need for marketing-run lead nurture programs; higher expectations that companies will coordinate buyer treatments across channels.  The resulting need for marketing and sales to integrate their technologies and business processes are equally recognized.

Tighter integration means the impact of any data error is magnified as it cascades through the connected systems.  Yet data quality often receives little attention until a problem becomes painfully obvious.   Marketing and sales departments need to correct this oversight planning their data quality efforts in advance and deploying them systematically.  The result will be continuing improvements whose benefits are also amplified as they ripple through integrated systems, leaving ever-greater efficiency and higher revenues in their wake.

Notes:

1.  Jigsaw, 2009
2.  CSO Insights, 2010
3.  Sales Lead Management Association, 2008

## About Raab Associates Inc.

Raab Associates Inc. helps marketers make the most of today's marketing technologies. Each engagement starts with a thorough assessment of your company's business situation. We then work with you to identify the solutions best suited to your unique combination of needs and resources. We continue to work with our clients through deployment to ensure that each project meets its objectives and lays the foundation for future growth.

David M. Raab has more than 30 years of experience as a marketer, consultant, author and analyst. He has consulted with major firms in financial services, health care, telecommunications, publishing, consumer goods, technology and other industries. Mr. Raab has written hundreds of articles on marketing issues and addressed audiences in North America, Europe, Asia and Australia. He is author of the *Raab Guide to Demand Generation Systems* (www.raabguide.com) and *The Marketing Performance Measurement Toolkit,* available at www.racombooks.com.

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