

# Getting the balance right

David Reed

Every journey begins with a single step. For the direct marketing industry, the journey is up a very daunting slope – to get 55 per cent of all direct mail recycled by 2009. That is the target set out in the voluntary producers waste agreement put in place by the DMA (UK) and Defra five years ago.

Much of the work that needs to be done to reach that goal will be on the output side. That means avoiding materials and production techniques that prevent paper from being re-used. It also means educating local authorities, since some still do not allow direct mail into their green waste streams.

To help make this achievable, attention needs to fall on the input side. Using data techniques to keep down overall direct mail volumes, eliminate duplicates and goneaways, the bulk going into recycling can be constrained, making that journey just a little bit easier.

Address management may not be an obvious step to take, especially as the emphasis is on suppression and screening. Yet data quality at the outset of any campaign has an impact on the consequences further down the chain.

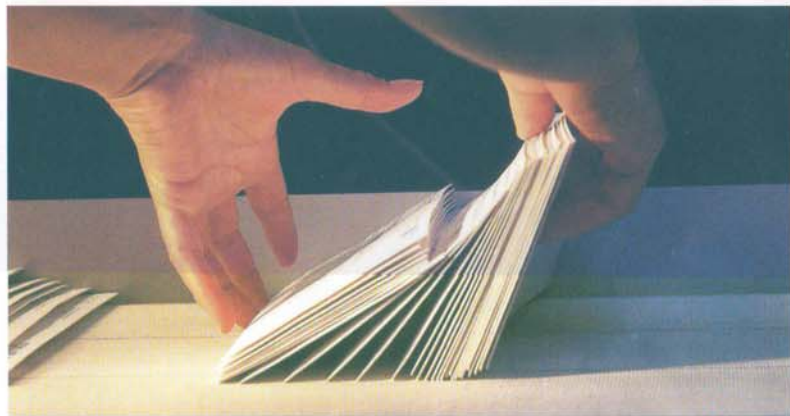
"Suppression is key, but is not the cure," says Richard Lees, chairman of The Database Group. "It has an impact, but nowhere near the impact of getting the targeting right."

He points out that a typical suppression routine may flag up 8 per cent of the total file as being suspect. If accepted as goneaways or deceaseds, that clearly reduces unnecessary waste. But a better comparison is with the industry norm of 98 per cent of records that do not generate a response. Eliminate as many of those without losing positive responses and you have made a big step. But getting direct mail users to recognise the connection between clean data and good targeting is not easy.

"The first response model was produced about 20 years ago, yet many companies still don't use it," notes Lees. Adoption of cutting edge targeting techniques varies greatly.

If the impact of targeting on output volumes is little recognised, the role of data quality on targeting is even less well understood. Lees believes the blame for this lies with pre-packaged segmentation systems that provide a sim-

With a target to get 55 per cent of direct mail recycled by 2009, the industry is looking at ways to reduce the amount of mail sent, therefore slashing waste



ple profile for every postcode, making advertisers feel they are being intelligent.

"Geodemographics have been put forward as the panacea for intelligent marketing. They are one of the factors we use, but you need more modelling and other data," he says.

Clients who have relied on geodemographics may have become disillusioned because they have not been getting the expected uplift. Feeling like they have tried and failed at targeting, they do not adopt more sophisticated data management and modelling techniques.

That will only make it harder for the direct marketing industry to hit that target. "In terms of environmental impact, bulk mailing is ten times greater than not suppressing data," warns Lees.

One of the issues that comes up around the benefits of suppression data is what confidence level clients should have in the match rates achieved. This is where address management comes to the fore as a key player in the process.

On one side, data quality in customer and prospect files will affect the ability to match to goneaway and deceased records. Yet the experience of many organisations who do have high data quality standards is that they still get considerable hit rates during suppression.

It seems reasonable to wonder if the owners of suppression files are therefore operating to the same address management standards as

clients. Jon Cano-Lopez, director of strategic development at Ai, has his doubts: "My personal view is that there is still a lot of cloak and dagger stuff around suppression files."

Getting to grips with the sources of suppression data is no easy matter. Many suppliers will simply not reveal how they have built their files. "Data owners argue it is their intellectual property and they do have reason. But when you are trying to argue the need for suppression, the first thing you need to understand is where those records have come from, especially when you see a high match rate," says Cano-Lopez.

While nobody argues against the need for data owners to make a profit, suppression may hold the key to the future of the whole direct marketing industry. If data owners appear to be profiteering by failing to meet address management norms, their short-term gain could be at the long-term cost of everybody. Cano-Lopez argues that a publicly-agreed benchmark for data quality would remove a lot of this uncertainty. In the meantime, many clients remain sceptical about suppression.

"People never complain about not getting mailed. So if a suppression file over-suppresses, data owners make more money and nobody complains," he says. At the same time, business performance might be impaired for the client because too many reasonable ►

prospects have been taken out.

One way to avoid these doubts about suppression could be the not-for-profit suppression database OBiT, which is run by the Stop Dead Consortium. Launched last year, it has named members who mail over 100 million people each year and contribute their deceased files.

Emma Reid, director of the Stop Dead Consortium, says that progress has been slower than might have been expected. "It has taken the last two years to get the product off the ground, but we now have 3.7 million names and addresses," she points out.

"Early adopters got the idea that it would be a good thing to clean their data. We work on the basis that it is the ethical thing to do," says Reid. Addressing the environmental impact of direct mail is also on the corporate agenda, with brands looking to clean up their act

Reid believes the consortium is now in a sweet spot. "Our file offers a double whammy. Members stop mailing dead people by using other's data to clean them off and they offer their own deceased data into the pool, thereby helping other people to do the same," she says.

Against the backdrop of Government discussions about making direct mail opt-in, demonstrating ethical credentials is becoming ever more critical. Even if an organisation chooses not to sign up to providing data, it can still improve its own waste production through address management techniques.

If the base data is not accurate, everything that follows will operate at a lower level of per-



**Roy Barker**

*Those culprits are the clients and agencies who persist in the dual sins of poor targeting and creative – producing stuff that is either irrelevant or unreadable*

formance, from simple targeting through to sophisticated response modelling. It is a chain of consequence that all leads back to data quality on the input side.

Yet not everybody believes this is the right way for the direct marketing industry to address its environmental responsibilities. "Looking to address management to sort out poor direct mail is like putting a sticking plaster on a shrapnel wound. It might make you feel like you're doing something, but it does nothing for the victim," says Roy Barker, data strategy director at Carlson Marketing.

He acknowledges that poor targeting does contribute to consumer perceptions of direct mail as wasteful, but he argues there are bigger culprits to be tackled. "Those culprits are the clients and agencies who persist in the dual sins of poor targeting and creative – producing stuff that is either irrelevant or unreadable.

"Despite years of development this still goes on, from either the 'mail-them-all' dinosaurs or the newer agencies who have little of the discipline of direct marketing," he says.

Equally, there are practitioners who hold the opposite view and see the impact of data quality and data cleansing as much higher than is often claimed. "Poor address management is damaging the industry's attempt to reduce its environmental footprint. Mailing uncleaned data can mean sending as much as 15 per cent of your direct marketing campaign to people who have died, gone away, are already existing customers or are duplicates," says Ben Daly,

head of direct solutions at Response One.

Resistance is still commonplace to applying suppression. Daly says concerns about cost and schedules often come into play. It is true that running a mailing file against suppression data can add days to a schedule.

On a 300,000 mailing, it may cost £8,000 to remove the goneaways and deceaseds, while also delaying the mailout by a week. "While it might be tempting to save the £8,000 and mail a week earlier, essentially there are 45,000 packs – costing you £13,000 in extra list rental, print and production costs – for which you will get little or no response," he points out.

Money spent against money saved is at the heart of how the industry addresses its environmental impact. There is a long-standing model of how to operate which is permissive in the worst sense – allowing poor data quality and address management standards, ignoring suppression, cutting costs where possible.

Critically, this model has only been possible because there were no apparent consequences for companies, aside from not getting a response. Now those consequences are becoming very evident – consumer protests and a backlash against the industry.

This will get more intense if local authorities switch to pay-by-weight refuse disposal. A consumer who finds they are paying to dispose of mailings sent to previous occupants or deceased relatives will be very unhappy. The usual step taken in this situation is not to sign up for the MPS, it is to complain to an MP. ●