

Getting the basics right

David Reed

Last year, the Institute of Direct Marketing celebrated its 20th anniversary. Since 1986, it has been training graduates, first-job marketers, and experienced direct marketers looking for new skills. Hundreds – if not thousands – of them, every year.

Throughout that time, the most popular course on its books has been *Absolute Essentials of Direct Marketing*. Relunched this year to incorporate digital elements, it is an indicator of just how many people want to learn about direct marketing. Or looked at another way, perhaps it shows just how little people working in direct marketing really know.

While it is true you can learn marketing by doing it, rather than studying it, most marketers these days tend to have degrees in business studies or marketing MBAs. Even so, one key skills set tends to elude even the most dedicated – how to buy lists and data.

“As an IDM tutor, most of the people I see are not data-savvy,” says Iain Lovatt, managing director of Blue Sheep, chairman of the IDM Data Council and tutor of the *Data for Marketing* course. This has been rationalised by Lovatt to introduce students to the key issues around data, including legislation, sources of data and the role of analysis, before taking them through key facets in detail.

“People used to have a mixed view of what the course was going to cover and didn’t understand the natural progression. I don’t believe that people are naturally good at data – they need to be trained,” says Lovatt.

The students on the course are a surprisingly “mixed bag”, he reports. At one end are the generalist marketers who have inherited data as part of their wider brief. At the other are SAS-trained analysts. “They know data is a good thing, but don’t understand all the issues,” he says.

What concerns Lovatt about people on the course is that, “most know nothing – if they were new recruits to marketing, that wouldn’t surprise me. But there are marketing managers and even directors who know nothing.”

Taking the course is a good indicator that at least they recognise this lack of knowledge. But for the companies which employ others like

Ignoring the basic principles on which your chosen discipline was founded can lead to a drop in standards. The same is true in the direct marketing industry – especially when it comes to list buying



them who have not taken such courses, there could be repercussions from this skills gap.

Demand for the basics seems at odds with other trends in the market. Downsizing of marketing departments has often involved a sweep out of specialists, like list buyers, while consolidation in the list and data sector has reduced the number of positions available.

“It is bizarre that it still makes front page news within the industry press when a client or agency takes on a supplier-side candidate,” says Ian Thomas, director of Jobsworth Recruitment. “In fact, we have numerous list and data experts longing to move client-side and advise on best use of data – but no jobs for them to go to.”

This mismatch between supply and demand is at least partly explained by a recently-evolved snobbishness towards data specialists. Suppliers themselves have probably helped to drive this trend through the law of unintended consequences. “For the past five years, the suppliers of lists have commoditised the product to such an extent that there is now too much choice and no experts to advise buyers on best solutions,” argues Thomas.

Online list buying and pre-merged prospect pools are probably the two biggest causes of this commodification. With the world of data apparently at the direct marketer’s fingertips, why employ an intermediary to make selections? Equally, buying a prospect pool from a

big-name supplier gives confidence, even if it is not necessarily the best solution.

It takes a combination of skills and experience to be able to ask the right questions about a data source and ensure it aligns with the client’s brief. Many commercial prospect pools are intended to remove the need for those skills and pre-empt such questions.

Barry Leeson-Earle, data director at Tri-Direct, is not convinced they are always appropriate. “The prospect pool is a means to an end. Any traditional list broker should be able to find the same audience via lists. Prospect pools are more about variables, but the list is the vehicle,” he argues.

His company’s approach is to look closely at the source, depth and selectability of any data set. The reason why prospect pools have become so popular is that they assemble a suite of variables, whereas a standard list may have only limited selections available.

“You still need list buying skills because prospect pools are not for everybody, partly because of cost considerations,” says Leeson-Earle. When working in the pure list market, skills are especially critical if a list owner has little additional information about the names and addresses they have to offer. This is especially true of email lists which may have no targeting parameters at all.

“There are probably a handful of people who can do it really well,” argues Leeson-Earle. ▶

That number appears to be in decline, not least because the skills involved are less valued than ever. Clients in particular may not realise just what is involved and why a list broker is such a valuable partner.

This is the result of the deskilling of client marketing departments – without a specialist in data on the client side, how can a specialist supplier have their abilities understood? Equally, much of this work is invisible to clients because it is handled via an agency which just presents the end result, not the process and work involved.

Some in the list and data industry are quite blunt about this. “Clients are not very knowledgeable – but they don’t have to be,” says one. Another data owner reports receiving calls like the one asking for the names of agency networks employing over 500 people and not understanding why this was likely to be a very short list. No brief was forthcoming because the client’s view was that, “you’re the expert”.

Where data owners and list brokers have put a lot of work into their proposition – including those pre-merged prospect pools – this can be an obstacle. “It does take a lot of time and investment from our side,” says Jason Batten, director of Ai, which markets a prospect pool based on 17 high-volume sources.

Creating that involves a lot of time and effort, including strategic decisions about which variables to include or throw away. “For example, with date of birth, we may get four sources agreeing, but a new data owner who



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has something different. We can infer that their data collection is not as robust as the others,” says Batten.

To cover the cost of this process, large-scale data pools of this sort are not sold to low volume users. “If a client needs 50,000 to 100,000 names per year, we are not looking to work with them. It is the top end data user we need to make it sustainable,” he says. These deals are usually struck for a three-year period.

The other end of the spectrum is the ad-hoc data user who goes to market each time for a one-off list rental. This is bread-and-butter work for brokers, even though it takes as much skill to buy 100,000 names as 1 million.

Just as technology is making lists more accessible via Web-based buying, it is also having an impact on skills. Annette Holmes, managing director of Prospect Swetenhams, believes in-house CRM systems are bringing about a fundamental shift.

But this trend is not without risk. “Profiling your own customer data can be dangerous. If you have a skew in the data and then use that profile to choose similar prospects, it can go horribly wrong and be worse than not using any targeting at all,” says Holmes.

Her other concern is the relentless pressure on cost-cutting. “Clients need to understand that if they only choose on cost per thousand, they will suffer from poor data quality, because the cost of good quality is high. Instead, they should be looking at return on investment and cost per acquisition,” she argues.

But not everybody is pessimistic about the effect of these trends on skills within the industry. Anna Foster, head of data planning at Response One, says: “Buying strategies have changed but, rather than fuelling a decline in direct marketers’ knowledge and skills, knowledge bases have been expanded.”

List brokers know that third party lists continue to outperform modelled data, which is often used to populate prospect pools. And they are happy to share that knowledge with any client willing enough to ask.

“We pride ourselves on our ability to make niche data work as hard as it always has, but we have also embraced the evolution of new solutions and the expanded skills-set this has brought to us,” says Foster.

Lisa Neville, operations director at EDM Media, agrees with this view, but has concerns about the way the market is going. “The worry is there’s almost a basic reliance for large cheap datasets and cheap online data. This won’t help clients in clever targeting – relying on major datasets means you miss out on ability to out-wit competitors,” she says.

If there is one thing that saves the unskilled from being found out it is the velocity of the recruitment market. Marketing managers are in place for such short periods of time that their mistakes rarely find them out. That means low quality list selection may get perpetuated as a new replacement with no skills takes over. So don’t expect the IDM to shut up shop, job done, any time soon.