



# The Value of Getting Data Right:

A direct marketer's perspective on good data,  
and how it's relevant to you

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# Introduction

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- Innovapost partners with Canada Post to develop technology based solutions that create business value for Canada Post and its customers.
- In 2006 Canada Post created a Line of Business committed to Direct Marketing focused on helping customers increase the value they generate when they use the mail for marketing.
- Innovapost has been a supporter of and partner to Canada Post's Direct Marketing Business, and in this role has developed a strong understanding of the issues impacting marketers interested in using mail to retain and grow their customer base.
- Good data and effective data processing capabilities are key elements needed to maximize the value of mail, and the cost of not getting the data and data processing right is often overlooked.

# Agenda

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- Innovapost Highlights
- Chief Marketing Officer (CMO) Challenges
- Mock Case Study
  - Background/Context
  - Unaddressed vs. Addressed Admail
  - Mailing List Data Processes
  - Addressed Admail Results
- Data and Creative
- How it's relevant to you
- Takeaways

# Innovapost Highlights

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- A member of the Canada Post Group of Companies.
- Provides consulting and technology services to the Canada Post Group of Companies and their customers.
- Helps its clients realize greater and more immediate value on their IT investments.
- Offices in Ottawa, Mississauga and Toronto, approximately 750 employees.
- Website: [www.innovapost.com](http://www.innovapost.com)

# Chief Marketing Officer (CMO) Challenges

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- One challenge facing CMOs is the increased need to demonstrate effective returns on their marketing investments.
- A key factor that can unnecessarily reduce the Return on Marketing Investment (ROMI) is poor data quality, which leads to wasted efforts and investment.
  - A 2004 study by the Data Warehouse Institute determined that poor quality customer address data costs American businesses a staggering \$611 billion per year.
- As a result, CMO's and other marketing professionals need to examine the quality of data and data processing capabilities they are using.

# Mock Case Study

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## Context / Background

- XYZ Corporation is looking to acquire new customers
- As part of an integrated marketing campaign, XYZ Corp will be sending out 1 million pieces of marketing mail.
- XYZ Corp already knows their ideal customer profile and is looking to reach prospects that match this profile.

# Unaddressed & Addressed Admail

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## Determining Mix

- XYZ Corp needs to determine the proper mix of Unaddressed Admail (UA) and Addressed Admail (AA).
- Geo-demographic targeting tools help identify neighbourhoods and postal codes with people that match their ideal customer profile.
- However, UA is only available at the postal walk level.
- In some cases, the whole walk matches the profile they are looking for.
- More often, there will be waste because many of the postal codes in the walk do not match the profile.
- In addition, response rates on UA pieces are typically less than AA pieces.

# Unaddressed & Addressed Admail

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## Determining Mix

- XYZ has determined their right mix: 200k delivered via UA and 800k via AA.
- UA will only utilize walks that fit the customer profile and that do not have any existing customers.
- The remaining 800k are going to be delivered via AA.
- To do so, XYZ will need to acquire (rent) and/or generate a mailing lists.
  - It important to rent lists that meet the profile you are targeting.
  - At times you might not be able to get specific lists and you will need to turn to generic ones.

# Mailing List Data Processes

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- At high level there are a number of data processes that need to be run on these acquired lists:
  - Merge/Purge – Multiple rented lists are merged into one master list, and duplicate addresses are identified and removed.
  - Format Address – Addresses are reviewed and adjusted to ensure the addresses have the correct mailing format
  - Address Accuracy – Identify and correct incomplete or incorrect address information, ensure the correct postal codes are applied, etc.
  - Suppression of Existing Customers – Names/Addresses of existing customers are pulled for the mailing list
  - Suppress CMA Do Not Mail list – Names/Addresses on the CMAs Do Not Mail list are removed
  - Change of Address – Names/Addresses where change of addresses can be identified are removed or corrected.

# Addressed Admail Results

**Number of pieces: 800,000**

**Per piece cost: \$1.50**

**Total cost of Mailing: \$1,200,000**

Waste %	1%	5%	10%	15%	20%
Waste Pieces	8,000	40,000	80,000	120,000	160,000
Pieces that made it through to intended recipient	792,000	760,000	720,000	680,000	640,000
Net response rate	2%	2%	2%	2%	2%
Result / number customers acquired	15,840	15,200	14,400	13,600	12,800
Average cost to acquire customer	\$76	\$79	\$83	\$88	\$94

- “Net Response” represents the response rate associated with those pieces that made it to intended recipient. “Actual” includes response rate based on full 800k pieces.
- “Waste” represents the number of mail pieces or records on the file that will not reach their intended recipient because of poor data and/or poor data processing capabilities.

# Offer and Creative – Also impacted by data

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- In addition to the quality of the data (the list) used, the quality of the “offer” and the “creative” also impact the overall response rate that will be achieved on a mailing campaign.
- Insights from good data, such as geo-demographics or lifestyle data can help a direct mailer tailor their offer and their creative to their audience.
- A more tailored and relevant offer, along with a more appropriate creative can improve response rates.

# Creative – Example Results

- Using geo-demographic data to tailor the creative can achieve a better response rate.

<b>Addressed Admail with 1% waste</b>	Without Appropriate Creative	With Appropriate Creative
Cost	800k x \$1.50 = \$1.2m	800k x \$1.50 = \$1.2m
<b>Net response rate</b>	<b>2.0%</b>	<b>2.4%</b>
Result / number customers acquired	16,000	19,200
Average cost to acquire customer	\$75	\$63

<b>Unaddressed Admail with 1% waste</b>	Without Appropriate Creative	With Appropriate Creative
Cost	200k x \$1.50 = \$300,000	200k x \$1.50 = \$300,000
<b>Net response rate</b>	<b>.05%</b>	<b>.06%</b>
Result / number customers acquired	990	1188
Average cost to acquire customer	\$303	\$253

# How is this relevant to you...

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- This mock case study illustrates the impact poor data and poor data processing can have on a marketer using direct mail to acquire customers.
- In our mock case study the “outputs” of the data and data processing were:
  - a marketing mailing list,
  - input on shaping the marketing offer, and
  - input for tailoring the right creative for the mail piece.
- Even if this scenario is not directly applicable to you (your “outputs” may be different), getting them wrong will still have a negative impact on your overall result as it did on our fictitious XYZ Corp.

# Takeaways

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- Regardless of the type of organization, business problem or output, the impact of poor data and data processing is real, often significant, not always well understood, and not usually measured.
- Taking the time to model how data quality can impact financial outcomes can help determine whether an investment in better data and better processing capabilities can avoid waste and create value.
- Ask your teams if they are applying proven methods and tools to reduce the amount of “waste” that ends up in the data outputs they are creating.
- Ask your teams if they are effectively measuring the amount of waste being created, and if they have modelled the financial impact of this waste.