KEEP IT CLEAN:

ADDRESS STANDARDIZATION DATA MAINTENANCE FOR BUSINESS MARKETERS

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EXECUTIVE SUMMARY

The case for data hygiene is clear. But daily maintenance of business-to-business customer information is a never-ending chore. This paper lists some helpful steps you can take to keep your customer data clean, in the areas of address standardization and formatting, file cleaning and updating, company classification and buyer role identification, new customer data collection and verification (online and offline), and capture and maintenance of data supplied by field sales and business partners.

Business data is said to degrade at the rate of 3% to 6% per month. This means a third of your information on business buyers and prospects may be useless by the end of every year.

Consider these vivid examples from D&B about the volatility of U.S. business data:

- A new business opens every minute.
- A new business files for bankruptcy every 8 minutes.
- A business closes every 3 minutes.
- A CEO changes every minute.
- A company name change occurs every 2 minutes.

To help you think about the business impact of these changes, look at the annual rates of change for a variety of data elements, also from D&B:

- In a year, 20.7% of the business postal addresses on your file will have changed. So, if you are not keeping on top of it, nearly 21% of your business mail may be undeliverable. And it can get worse: If your customer is a new business, the rate of change is higher, at 27.3%.
- Phone numbers change at the rate of 18% overall, and 22.7 % among new businesses. No wonder your sales force is always complaining that your data is no good.
- Even the company name is unstable, changing at the rate of 12.4% among all companies and a whopping 36.4% among new businesses. How are you going to sustain a business relationship when you don't have the current company name?

But it's not only about data churn, it's also about the complexity of the business customer record itself. Leaving aside important database elements like purchase history and promotion history, let's just consider the contact information. In a typical B-to-B database, you need information about the company, the address elements like postal address, phone and fax, as well as the "firmographics," like industry and company size.

But many companies have multiple places of business, known as "sites," and marketers need to contact multiple people — buyers, influencers, product specifiers, purchasing agents, purchase decision makers — at each site. Furthermore, some companies are part of larger enterprises, and marketers need to keep track of those "family" connections, like parent company or sister company, because they influence buying behavior. Now you see why B-to-B database administrators tend to be a very patient lot.

This goes way beyond "four-line," which is the traditional mail-order view of a business address. In fact, the USPS recognizes up to 8 lines, including the mail stop, the contact name, lines for two types of titles, company name, department name, and the regular 2-line address.

So it's complicated, but it's also a joy, for those who find the complexity of B-to-B data a welcome challenge. Happily, there seem to be many such devotees to data hygiene out there in the world of business marketing.

We were fortunate enough to round up several groups of enthusiasts at two recent marketing conferences. The first was in Orlando (The DMA's Annual Catalog Conference, May 2005) and the second in Atlanta (The DMA's annual convention, now known as DMA05). Participants represented multi-channel marketers, database service companies, list brokers and other assorted functions. We asked these groups to share their experiences, tips, recommendations — and frustrations — in a workshop setting.

Workshop participants divided into break-out sessions, addressing the following thorny topics:

1. Address standardization and formatting
2. File cleaning and updating
3. Company classification and buyer role identification
4. New customer data collection and verification, online and offline
5. Capture and maintenance of data supplied by field sales and business partners

This white paper summarizes the ideas that were generated in the workshops, according to the topics presented above. We invite readers to contribute their own ideas and experiences, which we will gladly compile in future editions of this white paper.

A word of acknowledgment: We are grateful to these participants for their enthusiasm and their contribution to this work. In particular, we thank the indefatigable David Knutson, customer database manager at Uline, a shipping supplies company outside Chicago, who originated the idea for this project. We also thank Jerry Reisberg, managing director of Leaps & Bounds, and Cyndi Greenglass, president of Diamond Marketing Solutions, who made special contributions to the discussion of data captured from sales people and business partners.

HOW TO STANDARDIZE AND FORMAT BUSINESS ADDRESSES

- Refer to Publication 28 from the USPS for examples of recommended field selection and layout of business addresses. It is available for free download as a pdf, from http://pe.usps.gov/cpim/ftp/pubs/Pub28/pub28.pdf.
- Find the Input Editing Standards document that was developed when your system was first created. It's probably buried in a file somewhere in your office. Use these standards to train personnel who do key entry. Update the document as needed, and keep it current.
- If you could not find the original Input Editing Standards document, you must create one from scratch. This is not a trivial task, so you may want to get some professional help. And be sure you have a plan in place to put the document to use.
- Create a standard operating procedure for data-entry, and train your key entry personnel on it. Consider naming a small number of data standards specialists, who will maintain the standards on an ongoing basis, craft

updates as needed, and serve as go-to people for the rest of the data-entry personnel.

- Add an open-ended field for "delivery instructions" to keep any such instructions from getting into your name and address fields. But remember: Open-ended fields are not to be used for selection or for later marketing efforts. They are only useful if someone is going to actually read and act on the content.
- Include 3 types of address options for a customer: Ship to, Bill to, and Mail to.
- Good address standardization and consistent formatting helps reduce duplicate accounts, allowing both internal and external dupe identification programs to work more effectively.
- Keep an eye on your software as it ages. Consider updating your software as new required fields, like fax number and email address, enter the business information universe.
- Run your house file through the USPS DSF2 (Delivery Sequence File) protocol, which identifies whether an address is a consumer household or a business. Large database marketing companies like Donnelley Marketing, Harte-Hanks, Acxiom or Anchor Computer can help you with this. The process will allow you to sort out residential "3-line" addresses from real business addresses that are just missing a company name. It also identifies potentially undeliverable business addresses. But keep in mind that, if you are marketing to SOHO (small office/home office) targets, which are often based at residential addresses, this technique will be of limited value.

FILE CLEANING AND UPDATING TECHNIQUES

- Use data analytics to create exception reporting. Then have your less-busy call center shifts review the exceptions and clean them up, either using common sense or through outbound contact to verify. If you are facing a large volume of exceptions, segment by customer value and deal with the most valuable first.
- Make sure your order takers are compensated correctly. If they are commissioned on new orders key entered, you are likely to end up with a lot of duplicate records.
- Pay for postal returns (endorsements) and update your files with the returns. This should be done at least once a year, and ideally 2-4 times a year.
- Learn the pros and cons of the different endorsement options and how they operate within both Standard and First Class Mail:
  - — Address Change Service (ACS)
  - — Address Service Requested
  - — Return Service Requested
  - — Change Service Requested
  - — Forwarding Service Requested
- USPS.com has a wealth of good information and tips on addressing options.
  - — www.usps.com/businessmail101/addressing/specialAddress.htm
  - — www.usps.com/directmail/undeliverablemail.htm
  - — www.usps.com/business/address verification/welcome.htm
- Add NCOA as a new address and mail both old and new addresses. But after mailing the old address once, you may want to suppress additional mail to the old.
- Send a sample of your data to hygiene vendors, to find out which one does the best job on your file.
- For SIC or NAICS append: Send a sample of your data to append vendors that includes some companies whose SIC or NAICS codes you already know, so you can assess the vendors' accuracy.

- Use overtime or off hours (2nd/3rd shift) to review suspect records identified by the outside vendor.

- Try asking your customers to provide additional data about themselves. Plan the process carefully. Many customers find it an inconvenient to either fill out a form or be asked questions over the telephone. A good mail piece designed to capture the attention of the customer and a small incentive can help.

COMPANY CLASSIFICATION AND IDENTIFYING BUYER ROLES

- Don't bother asking customers their SIC or NAICS. They don't know it. Other options:
  - — Provide a menu of industry-level classification options, such as Manufacturing, Distribution, Retail, etc.
  - — Set up data appending with D&B, Donnelley Marketing or MarketModels

- Number of employees can be just as important as SIC, and is often easier to obtain directly from customers, especially if you provide check off boxes and ranges.

- Buyer role is very subjective. The best way to gather it is to use drop-down menus. Include an open-ended field so they can write in if their role does not appear. Keep in mind that open-ended fields will not allow the data within to be used for selection, but they can be used to spot high-frequency titles, which you can then add to the functional drop-down menu.

- Use separate fields for actual title and functional title. While this approach is ideal, most companies have just one field allotted.

- Invite Internet customers to self-classify whether they are business, consumer, government or education, so your name and address screens can be tailored to make sense.

CAPTURING AND MAINTAINING CUSTOMER DATA SUPPLIED BY FIELD SALES AND BUSINESS PARTNERS

- Create automatic look-up tables that include a listing of the existing companies that occur within your files. This way, instead of creating new company records, sales peoples or business partners can first choose from pull-down menu items listing names of companies you are already doing business with.

- Also create standardized lists for such fields as function, level and SIC code in your database values. This encourages your teams to choose from a pre-defined list and improves consistency, quality and accuracy.

- Develop logic-based programs. For example, you can automatically populate the city and state fields based on ZIP code, or you can generate an error message if an area code doesn't match an address.

- Sometimes the toughest problem with data from sales people is getting their cooperation in the first place. Sales people should be selling, not diverting their attention to administrative functions. So you need to devise a data capture method that does not interfere with their work. Ideal is an automated feed from their contact management system. If you can provide value by updating their data, they are more likely to cooperate with you.

- The biggest issue in data that comes from third parties is that of duplicate records. Small differences in the company name, address or phone number can cause them to look like new and unique records, resulting in wasted duplicate outbound contacts — not to mention embarrassment and customer frustration.
  One solution for duplicate records is technology that matches the duplicate entity and retains the unique elements in a master record. This can save you from mistaken purging of a valid but apparently duplicate record.

- Tie together companies that have a business relationship, similar to house-holding in the consumer world. This “family linkage” will reduce the incidence of duplicates, allow more efficient selling, and help identify business opportunity in your accounts.
- Reward good behavior. Good data and data hygiene can mean money to your company. So why not share the wealth?
  - Determine how much data quality costs your company
  - Determine what your company can save thanks to good data
  - Share the savings with your sales team as motivation for help in keeping data clean
- Do not permit illogical key entries. For example, a phone number field should not accept characters, and a title field should not accept all number.
- If you are talking about actual order entry, it’s well nigh impossible to get your sales people and business partners to learn and follow your data entry standards. Instead, pass the orders to trained customer service reps for key entry.
- If you do decide to have sales people or business partners enter orders, use interactive editing tools to flag obvious errors or duplicate records. Or put in place a post-entry screening process to review orders before they are shipped and billed.

If you’ve gotten this far in your reading, we declare you more than qualified to participate in this ongoing effort. If you have ideas and experiences to add, please let us hear from you.

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"Keep it Clean: Address Standardization Data Maintenance for Business Marketers"
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"Outsourcing Your Marketing Database: A 'Request for Information' is the First Step"
(March 2006)

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