Achieving and Maintaining Quality in B2B Customer Data

As business decisions are increasingly based on analysis of in-house data, inaccuracies can have far-reaching consequences.

Achieving and Maintaining Quality in B2B Customer Data

As business decisions are increasingly based on analysis of in-house data, inaccuracies can have far-reaching consequences

The developing functionality of data

Data has grown from being a list of customer contacts to information that forms the basis for key business decisions: investment, target markets, product development, premises and staffing.

Yet research shows that between 15% and 40%[1] of the records in the average company's in-house database are inaccurate. That means that business decisions are wrong by that amount too – potentially catastrophic, particularly in a recession.

Data quality isn't just about having a correct address, it's about business intelligence: knowing whether the company still exists, whether it's activity trading and if not, why not? It's about appending vital information that can help in making decisions and identifying key contacts to open the door to new business.

One company recently sent out a sales catalogue to 50,000 potential customers on their database. Every mailshot cost 2 and the database was 20% inaccurate so 20,000 was wasted on this mailing alone.

The reasons for inaccurate company data fall primarily into five groups:

- Insufficient investment in database management and updating.
- Arbitrary uploading of information from other inaccurate sources.

---

[1] Based on research with more than 450 actual client projects carried out by PAR.

- Inadequate IT controls, allowing the inputting of duplicate files.
- Insufficient ongoing monitoring leading to out-of-date information.

The impact of inaccurate data – cost, cost, cost!

- Business decision-making – if key business decisions are based on company data then those decisions will be as wrong as the data is! This can affect decisions on: product development, marketing messages, geographical locations of (say) offices, focus of sales force, future investments, etc.
- Wastage – if there is significant duplication / inaccuracy in the database then time is being spent on targeting non-responsive individuals and expensive marketing material will not arrive at all, or will be consigned to the trash.
- Credibility – existing customers are unimpressed to receive inaccurate material from a company they're already doing business with. Similarly, potential customers may be discouraged if they receive information aimed at executives who have left or that has been sent to wrong company addresses.
- Green / Corporate Social Responsibility impact – sending out unwanted and / or duplicate communications impacts on a company's CSR and green credentials, both in terms of the wastage it generates and the negative effect on recipients.

Thomas Carvalho, Market Segmentation Manager, Toyota Material Handling Europe:

"A sales person's job is to sell, not to register precise company data, so it's helpful to work with someone who is a specialist in this kind of thing".

Helene Dahlgren, PAR SE:

"A company in Sweden realised it takes a sales person 15 minutes to find out the right things about the customer. This can be done by an automatic updating system at less than a tenth of the cost".

Understanding the problem – Data Audit

The only way to determine the accuracy or otherwise of an in-house customer database is to match it against an accurate database covering the same geographical area / industry codes.

Data can then be audited against a master database data match matrix, e.g: company name, address, zip / postal code / city, telephone number, official company number. Match algorithms can be used to cover: synonyms, abbreviations, 'string distance', word relevancy, phonetics, 'experience'.

Table 1 shows an example of the results that might come from a typical company data audit. It can be seen from this that the postal address, for example, is only present in 79% of the records held.

Input data

Information in customer file	No.	Share
Company name	2 601	100%
Postal address	2 050	79%
Zip code	2 581	99%
Visit address	0	0%
Zip code visit address	0	0%
Phone No.	2 576	99%
Official Company No.	1 717	66%
PAR-ID	0	0%
Total no. of records in file	**2 602**	**100%**

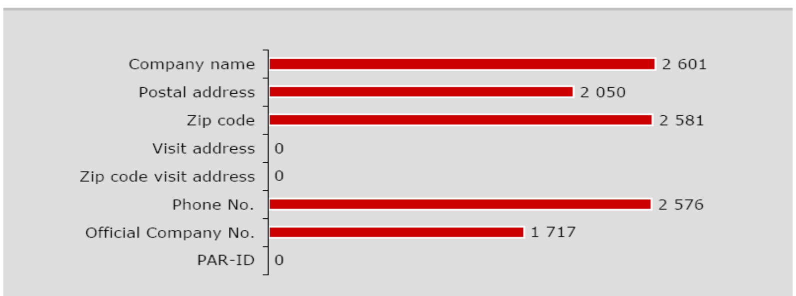


Table 1: Data Audit result (Table supplied by PAR).

This audit indicates 'gaps' in information that might be due to poor inputting discipline.

The next step is to 'link' existing customer records to an accurate database to identify to what extent the two databases 'share' data.

The example summary below (Table 2) illustrates that the company's database contained 213 unidentified records when benchmarked against accurate data, representing 8 per cent of its entire database.

Result

Identification of worksites

Summary		No.	Share
Identified and linked records		2 389	92%
of which	*by computer*	*2 389*	92%
	manually	*0*	0%
Unidentified records		213	8%
of which probable private persons		*2*	0%
No of matched records after editing		2 602	100%

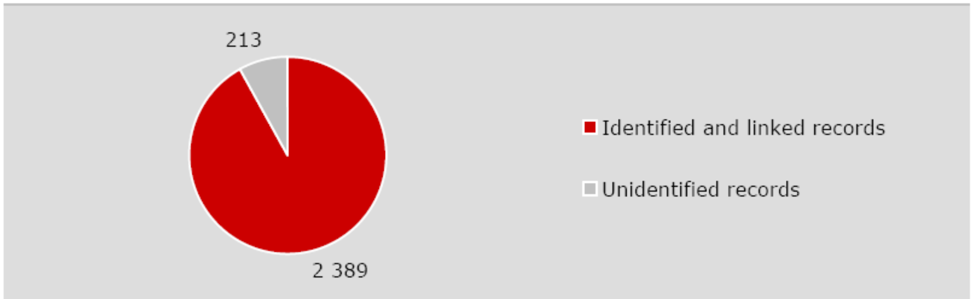


Table 2: Computer-linked identification of worksites (Table supplied by PAR).

Using this method it is possible to identify duplicates where several customer numbers have been allocated to companies that actually exist within the same worksite. In other words, there are several Customer Numbers within the client database that link to the same ID in the master database. This shows the number of duplicates that the company needs to eliminate from its database – in this case representing 4% of all its data.

Duplicates	No.	Share
Number of records with PAR ID occurring more than once	81	
Number of occurrences	170	
Number of duplicates to eliminate	89	4%

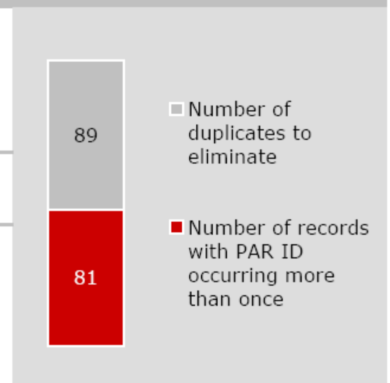


Table 3: Identifying duplicate records. (Table supplied by PAR).

Enhancement and Updating

So far, this process has simply identified what is wrong with the data in terms of incomplete or duplicate records.

The next step towards customer data accuracy is to identify how much the in-house database can be enhanced – by appending new information – and updated to increase the completeness of each record.

Table 4 below shows how the in-house database compares, when matched against the master database. This indicates the degree of enhancement and updates available to improve the quality of the in-house database.

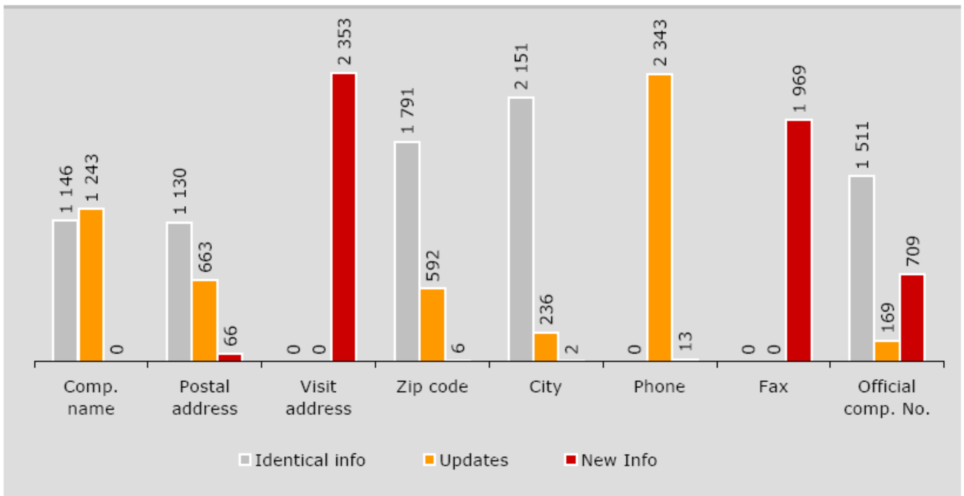


Table 4: Enhancement and Updates available. (Table supplied by PAR).

'Not Active' and Direct Marketing Blocked Companies

Some of the most difficult records to weed out of a database are those where the company is no longer active or is blocked for direct marketing. These customer records should not be used for marketing so it's necessary to identify and compare against a master database that has been specifically developed for the identification of customer files.

In the example below, 17% of the company's database contained inactive companies that will not generate any sales leads because they have ceased trading, become bankrupt, gone out of business or merged.

Number of identified records	2 389	100%
Active	1 987	83%
Not Active	402	17%

Table 5: Inactive Companies. (Table supplied by PAR).

Identification of individuals

Maintaining a database of individual contacts is more difficult than a simple company database, due to the high movement of individuals within the marketplace.

The table below indicates that, compared with the Company match which showed a 92% share, the individual match is only 33%. In other words, two-thirds of the individual contact details held on the company's in-house database were incorrect or duplicated.

Identified Contacts		4 660	33%
of which	*inactive contacts*	*7 169*	51%
	duplicates	*84*	1%
Unidentified records		9 472	67%

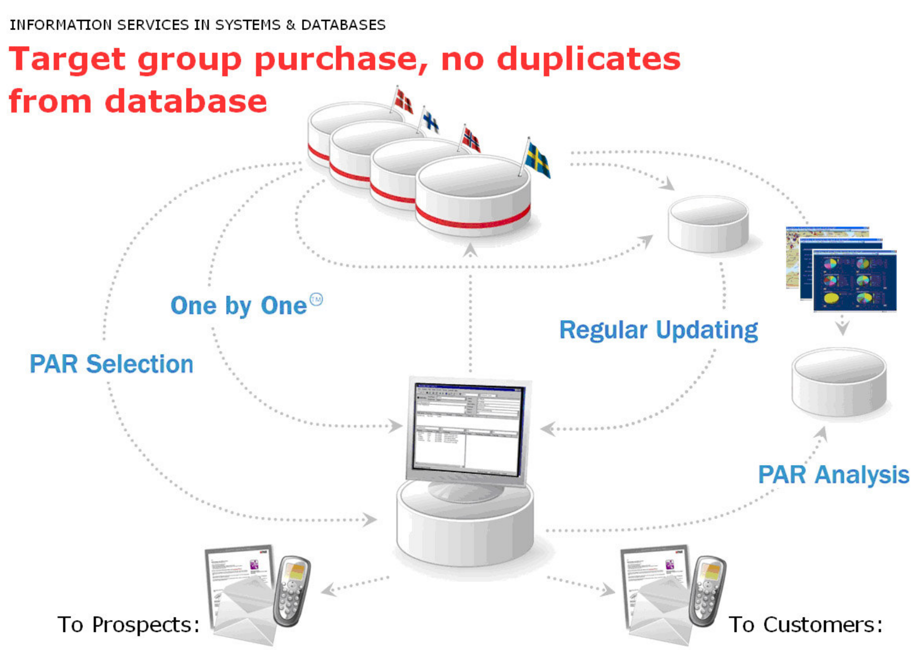
Table 6: Identification of individual contacts. (Table supplied by PAR).

Moving forward to Accuracy in Customer Data

Swedish-based data specialist PAR has introduced a new class of products designed to help organisations take control of data quality in their customer databases.

These comprise:

- Data audit (explained above).
- Data match and cleansing – 85-95% by automatic data cleansing followed by 5-10% identified by manual data cleansing.
- Enhancement, appending and updating.
- Monitoring and regular updates.
- New record 'one-by-one' matching.
- Selecting 'more of the same' to increase an existing database.



Creating a Monitoring Database

Monitoring is a key process in the ongoing accuracy of a database, or it will quickly go out of date again, particularly in the current volatile economic climate.

To achieve this, a monitoring database can be set up which links a unique ID on the master database to a unique ID on the company's in-house database. This is easy to maintain because an automated process can be set up, taking away the need for manual reminders or activity. There's simply no need to run manual matches and updates; the monitoring service takes care of this and ensures the database is always fresh and up-to-date, leaving the user to concentrate on getting new business.

Updates can be scheduled on a regular basis: daily, weekly or monthly. As these updates take place, a 'Change Log' reports all changes at field level. Within the record, a flag marks a changed field. Because PAR only updates changed fields rather than the entire database, the update process is quick and accurate – and automatic.

This approach is simplicity itself for CRM System Managers because loading scripts are set up, predefined file layouts and updates are scheduled. Monitoring and updates can be linked direct to the company's CRM using PAR's Certified CRM plug-ins, enabling the entire process to be run through the existing CRM – no duplication of inputting or costs.

One-by-one updates

This allows files – for example new customers identified by sales or marketing teams – to be uploaded and monitored one-by-one. No duplicates can be imported, which removes the cause of much data inaccuracy, and as records are uploaded One-by-one they can automatically be identified and updated.

Increasing the universe of potential customers

At the start of this White Paper, we talked about the importance of customer data in making business decisions. The more accurate and comprehensive that data, the more effective is the decision-making process, customer communications and marketing activity. Complete information enables marketing information to hit the right target time after time, as well as reducing wastage by sending only to extant and active companies.

To achieve this, PAR has developed its 'Analysis Online' analytical tool to enable companies to identify their most successful customers and find 'more of the same' within the business universe. Customer profiling can identify the best target groups and these can be selected for marketing campaigns using 'PAR Selection'.

PAR Selection links to the company's monitoring database which enables it to exclude existing customers from the search. Specific selection variables can be added. Selections can be saved, stored and administered.

Linking database management into a company's existing CRM System

By using PAR's 'One-by-One' plug in, companies can verify and enhance their customer data, and prospect for new customers, through their existing CRM system.

The plug-in enables users of supported CRM systems* to input search information they have, say from a telephone conversation, and immediately enhance it with all other data from PAR's master database. The application opens a search window with a hot list of basic information so users can select the correct company and populate the CRM with all relevant fields.

Research shows that automatic updating and enhancement can be carried out at less than a tenth of the cost of a sales person asking the questions – and the final results are far more accurate and complete.

*For supported CRM systems, see Appendix 1.

Maria Lennman, CEO of Cybernetics: "In most big organisations, the company's value is in its knowledge and intelligence, particularly information on its customers. It's vital to have a solution that adds value and information to the company and doesn't let employees keep it to themselves".

"The companies that will be successful in this economic climate are the ones that are deciding to invest in their CRM because they need to be aggressive in the market."

Appendix 1 – PAR accredited CRM systems

SuperOffice.

SuperOffice 6
SuperOffice CRM 5
SuperOffice Caesar CRM

Lundalogik

Kontakt
Lime

Microsoft

Microsoft Dynamics CRM
Microsoft Dynamics NAV

LAWSON

Movex SMS

S2

S2

Redpill.

VENDATOR
UTBILDNING KONSULTER SYSTEM

Artist 5 CRM

FORTNOX

Fortnox

upsales

Upsales

POSITIONETT

Appendix 2 – About PAR

PAR - DEVELOPERS OF DIRECT MARKETING INFORMATION

PAR was established in 1956 and is one of the leading providers of European Business Information.

PAR is a database owner and an expert at collecting and handling large volumes of information, such as postal addresses, telephone numbers and market information. Depending on our client needs, we deliver the pieces of the information puzzle that are useful to you – postal addresses, information handling services or long-term CRM solutions.

PAR's pan-European database EuroContactPool covers:

- 22 million companies
- 16 million named executives
- 16 countries.

More info on www.par.se