



Finding the Right Prospects for Your Marketing Campaign

You are almost ready to execute your marketing campaign for your new service, which is targeted at a new market for your business. As a final step, you need a database of contacts who will be interested in your product. From the many contact databases available, how do you pick the right ones? Database selection can have a huge effect on the performance of your marketing campaign, and all databases are not created equal. Most important, you should select a database that matches your communication campaign. While this white paper is targeted primarily for email communications targeted to B-to-B prospects, you may find the information useful in developing your B-to-C communications to consumer contacts also.

Contact database selection is driven by how you develop and execute your marketing campaign. These questions will define the type of contact database you need to support your campaign.

Campaign Questions

- ***How many times will I communicate with these people in this campaign?*** For multiple communications, calculate the price of list rental vs. purchase based on the number of communications.
- ***Will I combine communication channels – email, direct mail, and telephone?*** For multiple communications, make sure that you get access to all three communication channels – snail mail, telephone and email, so you can execute contacts through every channel.
- ***Will I customize the communications statically, based on the company and contact selection criteria?*** For static customization of B-to-B communication to each contact, make sure you get access to all the company data needed for static customization – revenue, employees, contact title, rank (level), and function. For customization to B-to-C contacts, you need age, sex, and zip code.
- ***Will I customize the communications dynamically, based on each contact's individual response pattern?*** For dynamic customization – make sure you get access to all the data needed for dynamic customization – bounces, unsubs, opens, click-throughs.
- ***Do I want to measure the results and improve the responses through the entire communication process?*** Same as above. You can't measure it if you don't get the data.
- Finally, and most important: ***Do I want to build a long-term relationship with these people?*** If you don't care about a long-term relationship, then one-time rental fits your needs. To build long term relationships you need long-term communications plans and ownership of your contact data.

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Based on your answers to the questions above, three evaluation criteria can help you in selecting the contact database that will contribute considerably to your success:

- Focus
- Quality
- Price – Rent vs. Own

Focus – If you are targeting senior executives at high-growth, privately held businesses, then a database of public companies, no matter how complete, simply won't include many of these companies as they are likely too small and certainly not public. If you are targeting Directors of IT at public biotech companies, check that your database provider includes the information for you to make this precise selection.

Quality – We routinely evaluate quality in terms of what is provided. For an outbound email campaign, how many bounces did the list generate? How many emails are to free email providers, vs. business URLs? However, quality can include information that is not available. For an integrated communication campaign, does the database include direct telephone and local mailing address, as well as email? Is this additional information included in the price? Are measures of quality and performance (bounces, unsubscribes, opens) included in the price?

Price – While price is always an important consideration, it is the last consideration. If the database has the wrong focus or does not provide quality measures, then it is too expensive at any price. Once the database meets the initial criteria, then price considerations are appropriate. Rent or own? Rental is definitely cheaper for a one-time use where performance and integration are not factors. But for long-term communication plans with multiple connections by email, telephone, and direct mail, ownership has some significant benefits.

This overview presents some considerations for acquiring a contact database and addresses these three evaluation criteria in more detail.

Focus and Quality

To determine the focus of the database for your needs and to provide complete information for an effective campaign, the contact database must have a complete set of information for the company and the contact. Simultaneously, the requirement for complete information provides a strong indication of the quality of the underlying data.

Another good measure of quality for contact databases with email addresses is the number of bounces. Opt-in lists should have bounce rates approaching zero, as these people have already opted in to receiving emails. Since the list provider sends emails to this list frequently, the list should be scrubbed at list monthly. If the bounce rate for this list exceeds 5% this list may have a real quality problem. If the list provider does not provide a bounce list to you, then you have a transparency problem as well as a quality problem.

Other types of lists may have higher bounce rates. The frequency of job changes is increasing significantly. Currently, the average lifetime for senior executives (Director level and higher) is falling to three years, which means that 3% of executives change jobs every month! Given this frequency, no list provider can guarantee a low bounce rate, but respectable list providers should offer you a 100% percent credit for any bounces, provided you send the provider a list of the bounced emails so the provider can update the list. Any provider not offering you a credit for bounces is suspect.

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Company Information

The database must have complete data to select and contact target companies. Company data fields include:

- Company Name
- Complete Mailing Address
- Main Telephone
- Industry / Sub-industry
- Revenue Range
- Employee Range
- Company URL

All fields should be searchable and selectable.

Contact Information

The database must include complete data to select and connect with each contact via email, telephone, and direct mail. Contact data fields include:

- Company Name
- Contact Name (First and last names are separate fields)
- Title
- Functional Level (CXO, VP, Director, Manager, etc.)
- Department (Sales, Operations, Finance, etc.)
- Direct Telephone
- Email
- Local Mailing Address

Direct telephone and local mailing address are particularly important, as many employees do not work at the company headquarters. Telephone calls and mailings to the company headquarters almost never make it to the employee at a remote location. Of course all contact fields must be searchable and selectable.

Database Sources

Many companies and organizations provide contact databases, each using a different sourcing or collection method. For convenience we will group database sources into three general groups:

Opt-in – Users / members provide contact information (opt-in) in return for membership benefits. As a minimum these databases contain an email address. Some may contain job title, mailing address and company demographics. A few also contain a telephone number.

Public Source – Database provider collects contact information from public sources (SEC documents, membership lists, employee directories).

Internet Spiders – software robots harvest emails from web pages.

Each one has its own strengths, weaknesses, biases, and price points. You should understand each one to determine which ones fit your needs. Opt-in lists have some strong attributes. They are verified by the individual periodically. However, databases built from other public sources have some

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powerful benefits also. Databases can be built from public data such as reports to the SEC (required for public companies) or other government agency. They can be collected from employee directories, personnel rosters, or membership rolls for professional organizations. Each source specific strengths, weaknesses, and biases, so you must understand how the database is built in order to determine how its particular biases will affect your use of it. At a very minimum, the database you select must provide the information listed above. Lack of any of these criteria indicates a serious weakness in the construction process for that database.

Opt-In Databases

Organizations create opt-in databases from membership lists, subscription lists, or customer service lists. Professional organizations, such as the American Association of Retired People (AARP), Society of Actuaries and Accountants (SAA), and the American Library Association (ALA) have membership lists that fit specific criteria. They sometimes make these lists available for rental. If your target market fits one of these organizations, then consider approaching that organization to rent or buy their list.

Trade publishers also create opt-in lists of subscribers for their magazines. With thousands of trade publications in print, one or two probably fit your target market. General interest publishers (Time, Newsweek, Forbes, Wall Street Journal, etc.) also rent their subscription lists.

A growing segment of publishers fall into the category of online email publishers. You probably already receive emails from one or more of these providers, ranging from banks to insurance and real estate service providers. While many of these online publishers are reputable, a few cross the line into spam. So investigate your supplier closely.

Service providers represent another category for opt-in databases. Most of these are legitimate, such as banks, software service providers, ISP's, delivery services, etc. However, some service providers offer free service in exchange for the right to contact their customers. Here again, qualify your list provider closely.

Most opt-in databases are self-reported and not verified by the database manager. Therefore, the subscriber / member may intentionally provide inaccurate information in some areas. For instance, a contact may create a "non-business" email to receive newsletter-style communications. These emails may be at yahoo.com, gmail.com, msn.com or other free email providers. Even when the contact provides a business email, the contact may intentionally create a separate email prefix with the purpose to isolate these emails.

The same applies to telephone numbers and mailing addresses. Contacts often intentionally provide incorrect data to prevent contact through these channels. Titles can also be misreported. Contacts may choose to inflate their titles to achieve membership in a list, or reduce their titles to avoid being targeted for certain communications. As with emails, contacts may create a title specifically to identify and isolate mail communications sent to that title.

In summary, while opt-in lists are good, they clearly have their own weaknesses and biases in the data. These weaknesses may significantly affect the performance of your outbound communications, especially since you have no way to measure or adjust for the inherently biased data.

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Public source Databases

Databases can be collected from public sources, such as SEC reports, other government reports, employee directories, personnel rosters, or professional membership rolls. Companies such as Hoovers, Dun & Bradstreet, and InfoUSA are large competitors in this segment of data providers. While these databases are not “opt-in,” they have some powerful advantages for the user. First, they do not suffer from the weakness of “self-reported bias” as discussed above for opt-in databases. Second, they can be more current. Public companies report to the SEC at least quarterly. Most organizations update their employee directories monthly or even weekly, much more frequently than opt-in databases. Third, they typically have direct contact information for telephone and mailing address, rather than the corporate headquarters.

Since the contact information in these databases is not “opt-in,” you can expect some resistance in your initial connection with contacts found in these databases. The initial contact is a cold call. Outbound email campaigns to these contacts may see a bounce rate of 20% or even 30% for the first send. When using contact data from these sources, be prepared for initial rejection.

Contact Lists Harvested by Internet Spiders

Caveat emptor applies here. These databases typically have only an email address, harvested automatically by an internet spider. In plain language, don't use these databases, even if they appear to be free. They simply don't work and the penalty may be getting your organization on a spam watch list. ***Just say no!***

The best protection against this type of email list is to request all the additional data fields listed above. Spiders simply cannot collect information such as annual revenue or complete direct communication information for every contact. Often, spiders cannot even collect first and last name. If the database offered to you is incomplete or the provider won't provide samples of complete data records, run away!

Communication Plan

Email communication is powerful and inexpensive. But it is only one communication channel. To move a prospect through your sales pipeline, you need multiple communication channels. You need to send a hard copy offer and follow-up with a personal telephone call. How do you integrate direct mail and outbound telephone calls with email communication? Without complete information in the contact database, you cannot run a direct mail follow-up to an email contact, and you certainly cannot do a telephone follow-up call to non-responders to determine if they got the email, and why they chose not to respond. Without complete information, you cannot execute an integrated communication plan.

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Price

Renting a list is cheaper, right? As with most of these questions, the answer is, “*It depends.*” If you believe you can achieve your marketing objective in a single connection with a prospect, then one-time rental may be appropriate. However, most companies want to build a long-term relationship with their prospects and most outbound advertising is more effective with repeated contact. For a one-time usage, renting a list may be cost-effective, but most advertising campaigns have multiple repetitions, often 6-10 times over a year, so the appropriate financial comparison is purchase vs. multiple rental. The table below illustrates this comparison for a database of 10,000 contacts. This table assumes that the campaign includes a series of five outbound emails. In this example, the purchase price is \$2.00 per contact and the corresponding rental price is \$0.20 per contact per email. Your price may vary considerably from the prices used in this example.

Cost Comparison Summary After Five Rounds of Email Messages		
Parameter	Rental	Ownership
Total Cost for Emails	\$20,000	\$20,000
Total # of Responses	750	750
Cost Per Response	\$26.67	\$26.67
Total # Emails Owned	750	10,000
Cost Per Email Owned	\$26.67	\$2.00
Future Cost per Email Round	\$400	\$0.00

As the table shows, the total cost for emails is \$20,000, either renting the list five times or buying it once. The tremendous leverage is that the cost of the email list for each subsequent email is ***\$0 for list ownership vs. \$400 for rental.***

Control and Measurement

A major limitation of renting a list is the lack of transparency in the process. How many emails were sent? How many bounced? How many recipients opted to unsubscribe? How many recipients opened the email, and when? Few list owners provide this information and there is no way to verify any information provided.

Just as important, how did the list owner send the email? How was the sender's information cloaked, if at all? If the list owner's name was in the title, sender label, or in the text, you have actually created an additional hurdle for your message. The recipient must have a good impression of the sender, before ever even getting to your message. For example if you rented a list from Ziff-Davis and the sender label is “Ziff-Davis Newsletter,” the recipient may delete the message immediately without ever reading your message. Your communication never even got up to bat with the recipient.

Finally, let's explore customized communication, based on contact information and the individual's response pattern. You start by segmenting your contacts based on company and contact

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demographics? Directors of Research at large pharmaceutical companies get a different message than CFO's at venture-funded, biotech companies. But now, let's build separate communications tracks for each contact, based on which emails the contact opened, and which white papers the contact read or downloaded. Which contacts get a direct telephone call? Which ones get an offer to attend the upcoming event at a reduced cost? This level of customization goes far beyond the simple demographic customization based on company/contact data. This level of control is only available if you own the database and have the tools to track the recipient's response at an individual level.

Own or Rent?

The decision to purchase or rent a contact database is depends upon three basic factors: communication plan, control and measurement, and cost. The table below summarizes the rent vs. buy considerations for each of these factors.

Selection Factor	Rental	Ownership
Communication Plan	Limited communication. Cannot integrate mail, telephone, and email contact. Each communication	Full capability to implement and coordinate multiple communications, through all channels.
Control and Measurement	Limited control. Almost no measurement. Process is "black box."	Complete control. Can create multiple communication paths based upon response. Complete measurement capability. Can measure all aspects of communication and response.
Cost	Cheaper for one-time use.	Cheaper for multiple usage.

As you can see in the table, ownership has many strong benefits in comparison to rental. In fact, the only situation where rental has an advantage is in the situation of a one-time communication with no follow-up and no integration with a larger plan for comprehensive communication.

Conclusion

Develop your needs for a contact database on the basis of your objectives, as defined by the needs of your outbound campaign (see the six questions at the top of this white paper). Choose your contact database based on these three criteria:

- Focus
- Quality
- Price

Your list provider should provide a complete list, with full transparency for list performance and 100% credit for bounces. With these issues in mind, you have all the tools for targeting your campaign to an interested audience. ***Best wishes in delivering what your prospects want to buy!***