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Time to get tough

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David ReedAuthor NameHeard about the advertiser who got thrown out of the DMA for falling to screen prospect mailings against the Mailing Preference Service file? You won't have, because it has never happened - no-one has ever been sanctioned in this way.

The DMA's Code of Practice requires all members to use MPS. On the evidence above, it could be argued that this policy is a success. With organisations committing to the best level of data quality when using customer information, it might seem as if prospect files were getting the same treatment.

Appearances can be deceptive. When Experian Intact surveyed direct mail campaigns for their use of suppression files, it found that only 52 per cent were doing so. Although this was three years ago, the proportion is unlikely to have shifted much.

So the absence of any advertiser being punished by the DMA may only be a reflection of the low level of membership among client companies. Organisations most likely to do cold mailings without using MPS are also the least likely to join a reputable trade body that imposes minimum standards.

What explanation is there for the failure of direct mail users to respect the wishes of some consumers not to be mailed? It is not as if MPS is a large file, nor is it expensive - an annual licence costs £720. So why does cold mailing get treated with such a lack of respect?

Alan Thorpe, commercial and operations director, G2 Data Dynamics, argues: "It is worth saying that, in our experience, the vast majority of organisations do act responsibly with all data, regardless of source, accurately matching externally-sourced files against both existing customer data and suppressions."

He does accept that lesser standards can be adopted, especially where budgets are tight, and where the attitude towards the risk of consumer complaints varies. "For example, I recently received a cold mailing from a leading supplier of services to the over 50s - sent to a person who lived at my address over seven years ago and was a Mrs not a Mr," he says.

On querying this with the company, Thorpe was told that the data had been bought in and that the personalisation on the letter was irrelevant, even though the letter said, "we believe in treating each customer as an individual". The marketing director would not respond to queries and there was no suggestion that a data processing error had occurred.

"The organisation in question can clearly afford to apply better data standards. The assumption must be that for them, given the relatively low response rates expected from cold marketing, the costs associated with better data standards outweigh the risks of brand damage," says Thorpe.

Cynicism rules in this environment and it is highly corrosive. If the cost of processing against MPS is too high when the response rate from a mailing is likely to be low, advertisers will not bother. It is this business case which has driven changes in the way customer data is treated.

"There are often differences in data quality between prospect and customer data, because two different departments at an organisation are often involved in handling the respective datasets," points out Dale Pilling, general manager at Blueberry Wave. "The cold prospect data tends to be sourced and used by the acquisition department, whereas customer data is primarily used by retention and client service departments."

Compliance requirements for customer data are higher than for prospect data, so more effort goes into screening. Contact with customers is also more regular, so it is easier to keep records up-to-date. Prospect data tends to be acquired and used on an ad-hoc basis.

Pilling identifies a process gap that leads to problems: "With customer data, it's very clear where the responsibility lies for ensuring that the data is accurate. With cold data, is it the responsibility of the list owner or broker, or is it the responsibility of the user?"

Information provided by data owners about the quality of their files can also be deceptive. Lists are often quoted as having a recency of 0 - 12 months. But as Pilling points out, with house movers and deceaseds, a database can be 10 per cent out of date by the end of a year.

Compiled databases are often put through regular data cleansing routines. This is only effective if the data has been validated and enhanced. Single source data may not receive the same degree of attention, however.

Among data users, from clients and agencies to database bureaux, the finger of suspicion for poor quality data is regularly pointed at data owners.

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"The biggest issue when it comes to buying data is the vested interest on the part of data owners and list brokers to maximise the volume of data they sell. For them it's a simple equation - the more data they sell, the more money they make," says Andrew Campbell, managing director at Rocket Science.

Since it is only at the point when a file is mailed that the DMA requirement for MPS screening comes into play, data suppliers can argue that there is no need for them to screen data. However, MPS could soon be a statutory requirement, carrying a maximum two year jail term for constant abuse.

Campbell thinks the situation is getting worse. "The price of data is dropping across the industry, which means that direct marketers who are looking for data for prospecting purposes are often less bothered if the data is not as accurate as it should be," he says.

Response rates may be low, but if the price of data is low enough, a campaign can still meet its ROI targets. Any brand or reputation damage is likely to remain submerged.

Falling prices for data are also creating a vicious circle. Says Campbell/ "A further worry is that this lowering of costs has a negative effect on data being kept up to date. Data owners can't afford, for the prices they are selling the data, to adequately invest this money back into their database to keep it clean."

As well as price, standard terms and conditions for data sales do not create much pressure for improvement. Typically, up to 6 per cent goneaways are permissible before any rebate is triggered. Whether the user screens against MPS is also entirely a matter for them.

For some advertisers, however, there is no question about whether to screen and clean data. Tilt mails its AsRecommended directory to millions every year. With high production costs, it might be tempting for the company to use any means it can to save money.

But managing director Ben Allan says: "I would never consider cutting costs by neglecting the investment into data quality. Tilt uses every goneaway and deceased suppression file available in addition to MPS."

With data charged on a per-match basis, this can get expensive. But Allan says he would never consider adopting a lower data quality standard. "It really grates me when people debate over bereavement files. Why would you ever mail the deceased unnecessarily and risk upsetting people?" he asks.

If MPS has in the past lacked statutory backing, deceased data has been on an even worse footing. Until recently, the official register of deaths was off-limits for screening purposes. It may now be available, but there is no law that says direct mailers must screen against it.

For Allan, if cold mailings are being sent to goneaways, deceaseds or those on the MPS, then data owners must shoulder the blame. "A backward approach used by data owners is Nett Names, whereby a data owner charges for the percentage of names not used due to them being knocked out in the dedupe," he says. "Any supplier that attempts to sell in this way gets thrown out of our mailing supplier lists as I refuse to pay for data I do not use."

Those who argue that standards are rising point to the risk of brand damage as the main driver. Shareholders have become concerned about the potential impact on their investment if a company runs into a consumer backlash.

This has helped to drive up standards of customer data. But prospecting still stands outside this shift. Ask those same shareholders whether the company should reduce the number of new customers it acquires and they are likely to say no. Yet that ought to be a consequence of improved data quality.

Nick Howse, managing director of Howse Jackson Marketing, says moral arguments have so far failed to have any impact in the one sector where they should be most persuasive - charity. "The fact that only 12 per cent of charity mailings are screened against suppression files is scandalous (PM, February). This equates to 396 million mailings a year from one sector."

Forget the pressure to be environmentally-friendly, these fundraisers have more hardcore pressures. Yet the data industry is not making it easy for them. "Currently, the average one-off suppression fee of 20p per record is too high and acts as incentive not to suppress. If a charity is mailing 1 million prospects, how can they defend spending tens of thousands on suppressing when that might pay for a homeless shelter for a year?" asks Howse.

Few other mailers face similar considerations. For them, it is just about the money. For that reason, Campbell argues that it is time for the industry to get tough: "There should be penalties for those who break stringent data quality regulations that are properly enforced by an industry or independent regulatory organisation along the lines of the polluter pays principle." ?