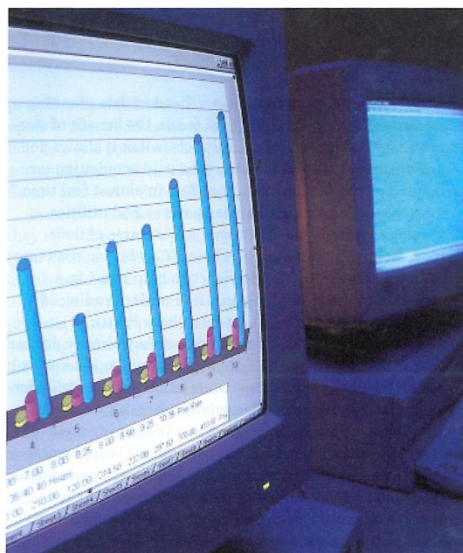


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# Improving your prospects

There are differing opinions on the merits of combining existing customer data with prospect pools. Surely those who have purchased a product are a world away from those who have not? Also there may be issues with data privacy differences between the two groups of names. However, as David Benady discovers, this has not deterred many marketers



Helping brand owners locate and target potential customers is one of database marketing's most powerful attractions. In recent years, direct marketers have brought their information about prospects into pools to enhance their understanding of those to whom they might sell their wares. The pools are databases where profiles of prospects are built up based on their interests, behaviour and personal data.

As part of the trend to creating an increasingly holistic and nuanced view of prospects, companies are augmenting the prospect pools by merging in data from existing customers. By combining information about those who have already

bought goods or services with data about those who might, marketers hope to sharpen their understanding of future customers and find out how to get the best responses from them. As Alan Thorpe at G2 says: "It is becoming much more widespread. It is almost mad to go any other way."

However, not everybody agrees that combining customer data with prospect pools will necessarily help win new sales. After all, those who have actually bought a product are a world away from those who haven't. "It is like trying to compare apples and oranges," says one critic.

Supporters of combining customer data with prospect pools insist merging their data is preferable to keeping the



# eulogy!



**Anna Foster: 'Combining customer and prospect data into a single view can help large, fragmented organisations finally gain a true understanding of their prospect and customer universe'**

two groups separate. As Anna Foster, head of data planning at Response One, says: "In practical terms, the benefit of storing customer data with that of prospects is that it allows you to continue tweaking and refining your cold acquisition targeting plan on the basis of customer data in almost real time."

For instance, many big financial services and utilities companies may find that a customer for one area of their business is a prospect for another area. "Combining customer and prospect data into a single view can help large, fragmented organisations finally gain a true understanding of their prospect and customer universe," says Foster.

While many direct agencies claim that they already do this for their clients, there are still plenty of examples where customers are receiving marketing communications intended for prospects. Matt Jones, customer relationship marketing strategy director at Touch DDB believes that combining prospect and customer information should be standard best practice, and that both sets of information need to be put together on a single database. "You have to be able to disentangle the prospect from the existing customer, but you don't have to have them on different systems to do that," he says.

However, some believe that combining data on prospects with separate data about customers is far from easy and won't necessarily deliver better targeted mailings. Martin Dawson, client services director at data agency Abacus, says that in the world of catalogue marketing where his agency specialises, the benefits of combining of the two are questionable. The approach is relatively new in catalogue retailing, only appearing as an issue over the past two or three years.

The best way to sell more products via mail order is to look at the buying behaviour of customers and target those who have spent most. "That is the best way to decide who to mail," says Dawson. By definition, prospects have not spent money with the company before so it is hard to make any judgements about their propensity to purchase. Dawson cal-

culates that selecting mail targets using, for instance, demographics will be a third less effective than mailing out to those with a buying history.

"What causes difficulty in merging prospect with customer databases is that the level of information on a customer is considerably deeper than that of any prospect. Direct mailers have the advantage of utilising the behaviour of active customers in data manipulation and selection, whereas cold prospects do not have this," he says.

Gary Brooks, director of database and operational marketing at Alterian, sympathises with Dawson's point of view. "I understand what Abacus are saying, that you can't take customer insights and overlay those on prospects. But you can apply some sort of learning," he says.

He thinks merging customers with prospects is most likely to appeal to companies that do not have a strong presence on the high street, and who find it difficult to relate to potential customers. Alterian works with credit card companies in the United States on their acquisition strategies. Another client is Princess Cruises, which is part of Carnival Corporation, the third biggest cruise company in the world. It uses the Alterian Integrated Marketing Platform alongside its Siebel customer relationship management system to target some 30 million prospects. It has records of some 460 million transactions. "Princess want to take the learning from customer based programmes which are going out to people from previous cruises and apply that to prospect activity," he says.

Some see the issue as centring on the ability of organisations to combine all the data they hold to get a single view of customers. Certainly, the use of prospect pools seems to be taking off in a number of areas. Part of the reason is that it can help make more efficient use of the data which companies buy. Simon Lawrence, chief executive of Information Arts, says that companies have gained a sophisticated understanding of customer relationship management and marketing and have invested a lot in systems and programmes, to help create those single customer views. They understand there is a customer life cycle that can be mapped out so they know when to contact people. "But with prospect marketing, this goes out of the window," he says. "They buy data and put it through a call centre, use it and focus on those people who respond and chuck everything else away," he adds.

Still, it should be remembered that using customer and prospect data is not all plain sailing. For instance, some of the prospect information may have been supplied with strict conditions on its use and merging it in with customer data can make it hard to disentangle how it is being used. On the other hand, merging data means that different areas of the organisation will work more closely, so this can have the positive effect of creating greater cohesion within the company.

On the whole, it seems that the need to create a single view of customers and prospects over-rides other considerations. So the technique practiced by some of the biggest financial services brands is now spreading to other areas.

