



Sales & Marketing
Solutions

Turning Your Data Into Revenue

A Marketing Guide

White Paper

By Catherine Berrian

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Turning Your Data Into Revenue White Paper

Introduction

If your company falls into the trap of being data rich but information poor, you're working at a distinct disadvantage. Avoiding this trap and turning your data into revenue is simple. First, take a long, hard look at the foundation of your programs — your data. Then ask yourself these questions: **Where are you getting the data that drives your decisions? Is it complete? Is it correct?**

Next, explore how this data is being utilized. How is it analyzed and segmented to make decisions? Do you know how businesses are related to one another? And finally, the tactical side — how are the insights gained actually distributed to your sales force and marketing teams?

The good news is that there are comprehensive methods to help answer these questions and gain insight into your market and customer base. These methods support each area within the basic marketing cycle of acquire, service, retain, and grow:

Acquire: refine your prospect lists to find new customers like your best customers

Service: create a single view of your customer base so your customer touches are relevant to their needs

Retain: know your most profitable customers and maintain those relationships

Grow: expand your current customer spend as well as market share by getting the right information out to your sales force

Once you tackle these challenges, you can become more effective at the marketing and sales activities that drive the growth of your business:

- Getting higher response rates with your marketing campaigns
- Targeting companies that will generate higher returns
- Finding up-sell and cross-sell opportunities for your products/services
- Generating more effective customer contact and improved customer service
- Giving your sales reps better quality prospects leading to higher close rates and profits for your company

Achieving these goals translates into a higher ROI on your sales and marketing investments. And just think of how much more profitable your company would be.

D&B would like to be your guide for taking you from mining your customer data to finding the next great revenue opportunity. The key is reliable customer information in a closed-loop system. You need the ability to link all relevant information together for a single view of the customer, maintain the integrity of that information, and analyze and prioritize it so you can fill your pipeline with highly-targeted prospects.

You can reach this goal by following 4 steps:

- 1) Ensure your customer data is accurate, enhanced and linked throughout your systems
- 2) Understand your best customers behavior to extract value from your data to find new opportunities
- 3) Incorporate corporate family information into your customer database for a complete view in order to maximize customer penetration
- 4) Make data actionable and share knowledge throughout your organization

Step 1: Data Cleansing

Before you begin mining your customer data for gold, you need to ensure that your data is “minable”. According to The Gartner Group, by 2005, Fortune 1000 enterprises will lose more money in operational inefficiency due to data quality issues than they will spend on data warehouse and CRM initiatives. To avoid becoming a statistic, look for these main elements within your database.

Accuracy: Is your information correct? Are you capturing the same data on your customers within multiple systems?

Relevancy: Is the information captured housed in the right location?

Completeness: Do you have all of the necessary data elements?

You may be surprised by inaccuracy of the data within your databases. A Sales & Marketing Institute study found that 72% of businesspeople change one or more key

elements on their business card each year. Because business data decays at such a high rate, within a thirty minute period the following changes occurs:

- 120 business addresses will change
- 75 business telephone numbers will change or be disconnected
- 30 new businesses will open their doors
- 20 CEOs will leave their jobs
- 15 companies will change their names
- 10 businesses will close

This data churn can cause significant inaccuracies within your databases however they can be detected and corrected. Through matching your customer database against an updated, current source of business information, you can append the most recent information to your database. A process like this can occur in real time as the data is being entered or in a batch process overnight, weekly, monthly, or any other interval based on your needs and volume. This will provide you with an accurate source of data to mine for opportunities.

The next step would be standardizing your data entry processes. When multiple departments are entering data, their priorities may differ when capturing customer information. Sales may require a physical address while accounting needs a mailing address. Both are interested in reaching different contacts. Marketing is capturing data such as industry code for targeting. The solution is simple: have your own customer database analyzed to find duplication then flagged to determine which data is the best to merge into one record (see figure 1).



figure 1

Notice that a unique identifying number was added to the consolidated customer record. This number will allow you to easily match your customer records across multiple systems, update your records with current information, as well as append new data from outside sources. It is important that you develop a unique identifier for each of your customers and prospects. With information changing so rapidly, this number will make your processing easier and more efficient.

Another data quality issue may arise if the data is entered in the incorrect field. You may review your data to find phone numbers in the address field or contact names within a city field. In addition the completeness of your data may fall short and not be actionable. For example, you may have records that do not contain the complete name of a company, are missing an area code, or offer just a first name of a contact.

It is hard to track an offer if your mail is returned due to an incomplete mail address. Telemarketing campaigns are difficult to run without complete phone numbers. And invoices do not get paid on time if they are sent to the wrong party or are delayed in routing.

Companies usually do not understand the real cost of poor data quality. To sum things up quite simply, The Data Warehousing Institute states that U.S. businesses suffer “losses, problems or costs” of more than \$600 billion a year due to poor-quality data.

These problems can be resolved by running logic tests against your information to ensure the right data is in the right field. Also, you will need to once again match your database against a business file that has the breadth and depth to accommodate your needs to complete missing information.

If you do not have the in-house capability to run this type of processing, there are third party vendors that can assist you.

This figure can give you a clear picture of what was just discussed in regards to “cleaning” a database record:

... U.S. businesses suffer “losses, problems or costs” of more than \$600 billion a year due to poor-quality data

Customer Record		Cleansed Record	
Gorman Printing	Completeness	Gorman Printing Co., Inc.	
492 Koller Street	Accuracy	546 Central Street	
P.O. Box 111		P.O. Box 111	
San Francisco		San Francisco	
CA		CA	
\$\$\$&*	Relevance	94111	
555.2645	Completeness	415-555.2645	
USA		USA	

figure 2

Not only is cleansed data essential for running effective profiling and analysis, but you should make sure you have all of the necessary data elements in one location. For more in-depth analysis, you can add third party data to the information you have been gathering on your customer base. There are vendors that can provide you with access to demographics data as well as specialty information. We will explore this in more detail within the next step.

Step 2: Analyze

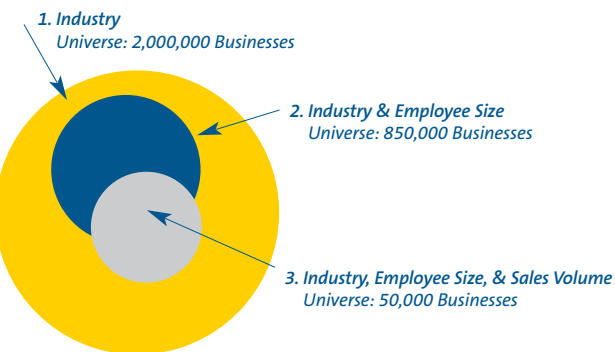
Now that your source information is cleansed and corrected, you are ready to begin analysis to determine where you should focus your marketing and sales efforts. Analyzing your customer and responder database will allow you to:

- Predict which firms are most likely to respond positively to a marketing campaign
- Develop strategies to retain your most profitable customers

1. Identify industries with strongest results

2. Identify best employee size within best industry

3. Identify strongest potential segment by sales volume

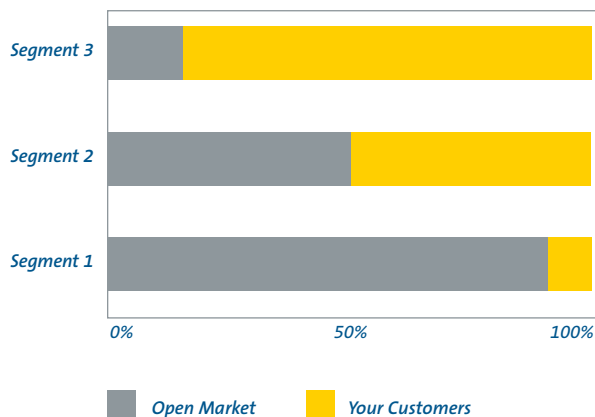


- Win back former accounts from your competitors
- Sell multiple products to under-penetrated accounts
- Upgrade customers to more advanced products

A good first step is to run a basic segmentation and penetration analysis of your customer database.

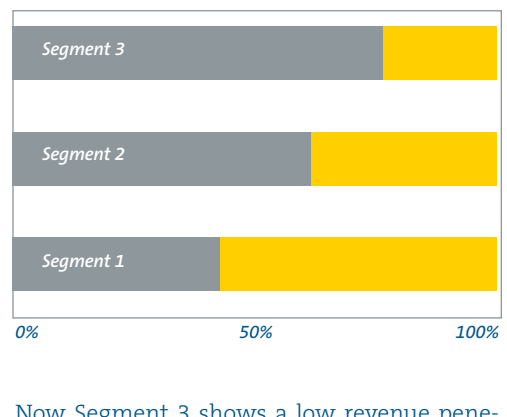
You may already know where your customers and prospects are located geographically, but segmentation analysis allows you to group your customers and prospects into segments of like attributes, such as industry code and size information. A segmentation analysis provides a good understanding of what types of companies are interested and/or buying your products. Taking segmentation deeper than just geography will provide a more targeted universe for you to market. See example:

Once you have segmented your market you are prepared to run a penetration analysis. A penetration analysis compares how many customer or prospect records you have within a segment against the total business universe. This type of analysis will make you aware of what markets are most developed or under-penetrated.



Within your most developed markets (Segment 3), you may want to not spend as much money or time since there is an obvious need for your product as well as little new opportunity. For the areas that are moderately penetrated (Segment 2), you should explore if competition is effecting this segment or other reasons why your market share is not higher. This is an area where you need to spend money to gain back competitive losses or expand current share in a segment that is receptive to your offer/product. In the less penetrated segments, (Segment 1) you should also explore if a competitor has the majority share. If they do not, this may be good to target. Find out why those companies purchased your product or responded to your offer. This may be an untapped market you can capture before the competition.

Adding proprietary internal information, like revenue, allows you to see what segments spend more. From this data you can estimate the revenue potential for each segment and compare that against actual revenue spend within your customer segments. Your penetration and targets may change:



Now Segment 3 shows a low revenue penetration even though you have a high market share in this segment. This may prove that businesses in this segment will not spend at a high level - you will get a high number of low ticket orders from this market. However, Segment 3 shows a market that may have a low market share, but these businesses are willing to spend more with your company - a great opportunity to generate revenue quickly. In this case, Segment 2 is still your most stable market.

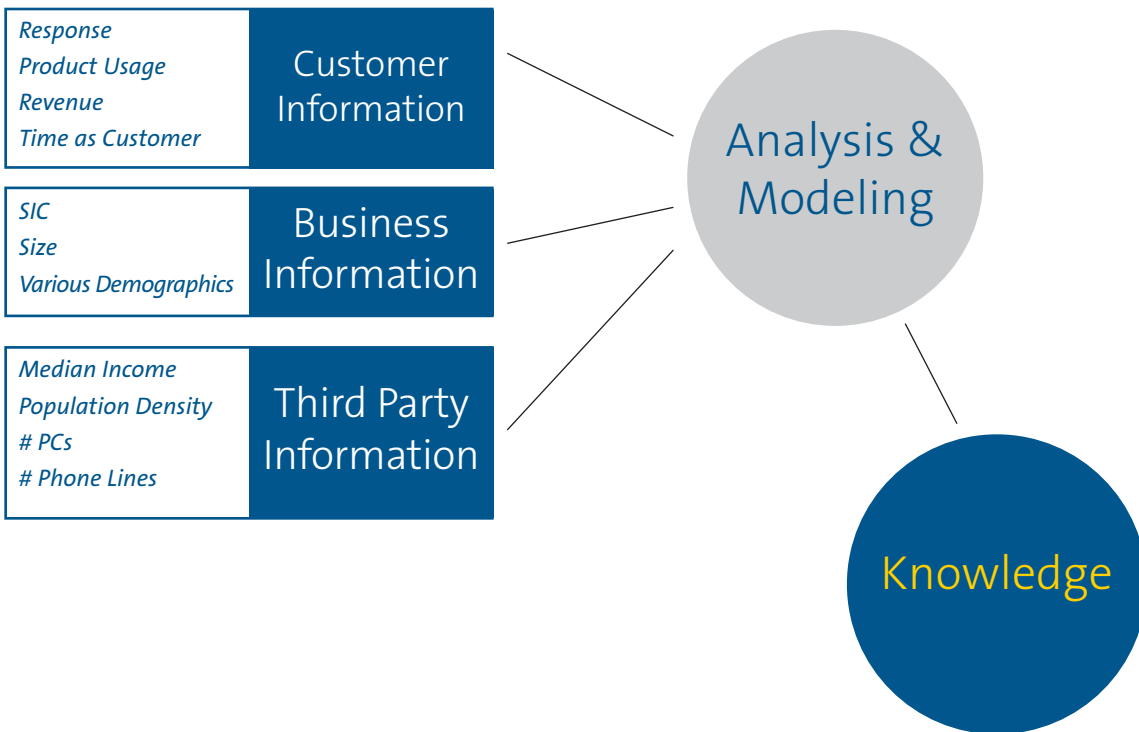
Take your analysis a step further and explore options available within custom modeling. This type of analysis will provide a deeper insight into your market since it will utilize more custom data applicable to your business or specific product (s).

Key steps to beginning custom predictive analysis:

- 1. Define the objective in terms of measurable outcome.** What specific information are you looking to predict: Response to a campaign, renewal of a lease agreement, purchase of high margin product combination, etc.
- 2. Identify appropriate data source for analyses.** You must include information from systems throughout your company and ensure that the information you are analyzing can be found in sufficient quantity to test and roll

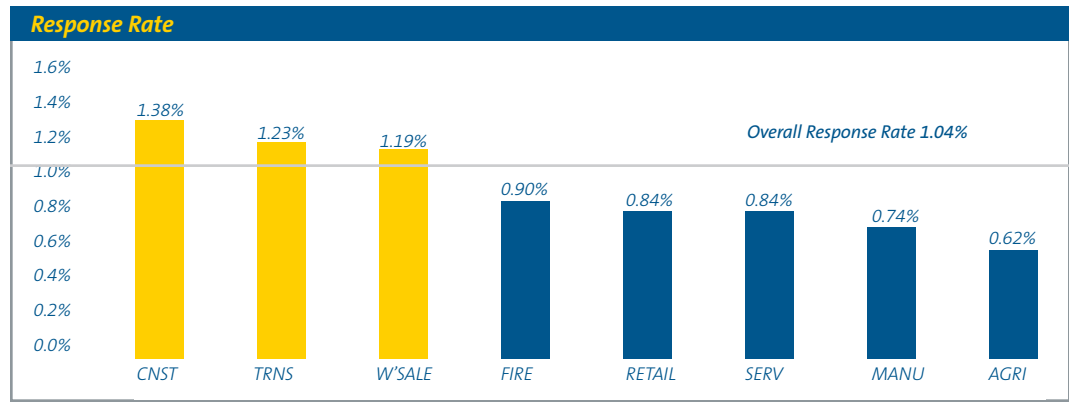
out your model. In addition, the information you are analyzing must be consistent with your roll out plan. For example, it is not beneficial to use data from a telemarketing campaign if you plan on running a direct mail campaign based on the results.

Below is an example of the type of data you can utilize and how it comes together to bring you the knowledge you need to make better decisions:

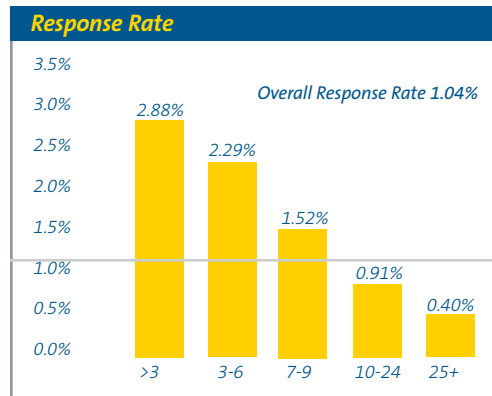


Let's take a look at the development of a response model. A new Major Bank Business Card Division's market share was threatened by increased competition from established organizations. Since their customer database was limited, they decided to tap into their responder database to uncover information to market smarter and more effectively. In this instance, it was important to capture

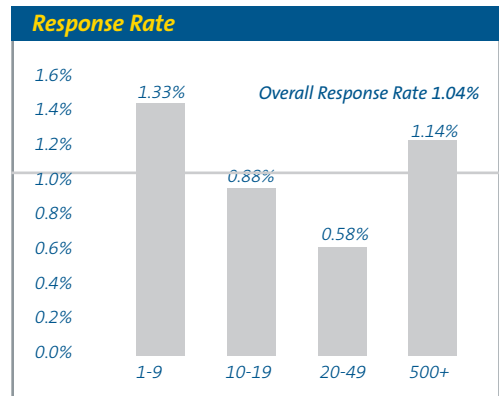
response data in a central location to run this type of analysis. The data was enhanced with information from their internal systems (campaign codes, response dates, etc.) and third party sources (industry, size, year started). Below is an example of the type of information gleaned from the response model:



Industry



Years in Business



Number of Employees

According to this analysis, the best responders to this offer and product were within the Construction, Transportation, and Wholesale industries, newer companies (less than 7 years old) and either very large (over 500+ employees) or very small (under 10 employees). Armed with this information, the Card Division further defined the audience for their next marketing campaign. The target audience was smaller so they saved money and launched a more elaborate campaign. As a result, response rates were higher since they focused on the identified opportunity.

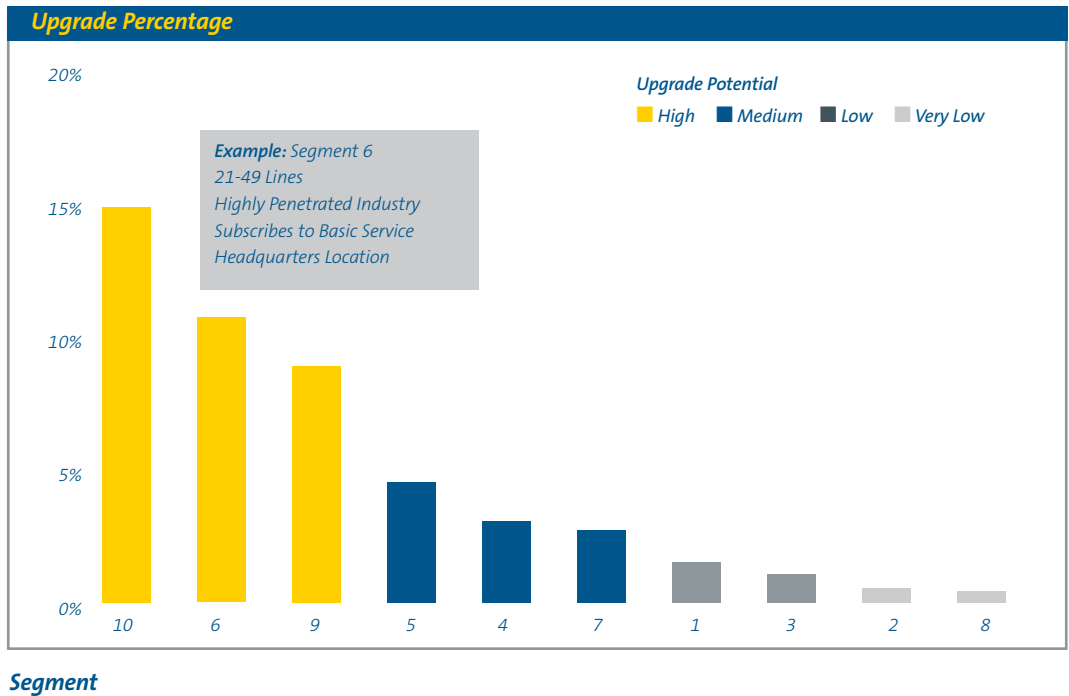
In another example, a telecom company's objective was to encourage customers to upgrade to its new voice and data products. They wanted to identify company segments that are early adopters to new technology versus the companies that wait until the new technology is tried and tested. Based on this

information, they could identify which customers were most likely to upgrade to new advanced products first then prioritize these candidates based on the likelihood to upgrade.

The source data was a more detailed than the response model discussed earlier. The user went to their customer database and pulled data on customers such as:

- *Number of Lines*
- *Penetration Rate by Industry*
- *Type of Subscriber Service*
- *Location Type*

This, along with demographic and historical data, allowed them to find segments that were the most likely to upgrade first:



Using information from their Custom Segmentation Model, they successfully implemented the product upgrade strategy and improved overall profitability by:

- upgrading customers to higher value product, which increased revenue
- focusing resources on likely upgrade candidates, which reduced costs
- helping customers who are interested in new technology take advantage of new capabilities, thereby improving customer service

Data Analysis such as segmentation, penetration, and custom models will help you understand your customers and prospects better leading to improved marketing and sales planning. This, in turn, leads to higher response rates and increases in closed deals. However, you can also use a combination of two, or more, analytical solutions to further define new market opportunities.

First, Response Models identify prospects most likely to respond to a marketing campaign. Then by combining the Response Model with a Revenue Penetration analysis, you can identify not only those prospects who have a low potential acquisition cost, but who would be most likely to spend more on your product or service — that is, prospects with a high spend potential.

Combining these insights with a Customer Retention Model enables you to identify those most likely to remain customers and contribute the most revenue over time. Bring all these attributes together and you have just found your perfect prospect.

The analysis discussed here can be accomplished in house with specialized analytics applications, or in partnership with outside vendors who specialize in data analysis.

In the next section, we will explore a typically untapped area of your market: your customer's corporate family.

Step 3: Corporate Linkage, the missing link to a 360° degree view of your customer base

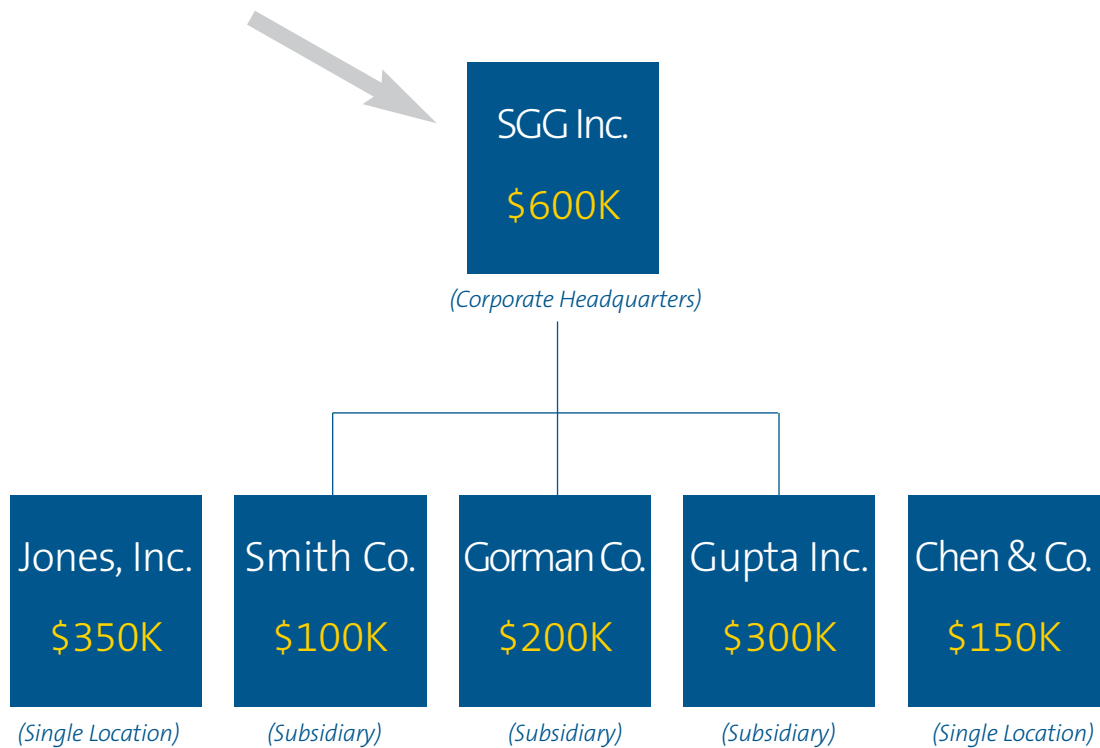
Companies typically identify their best customers based on the assumption that they are each separate and unrelated. Based on the below illustration, you would believe Jones Inc. is the largest customer based on the

amount they spend. But is this enough information to come to that conclusion? You need to get a 360 degree view of all your customers to truly uncover who are the largest and the best.



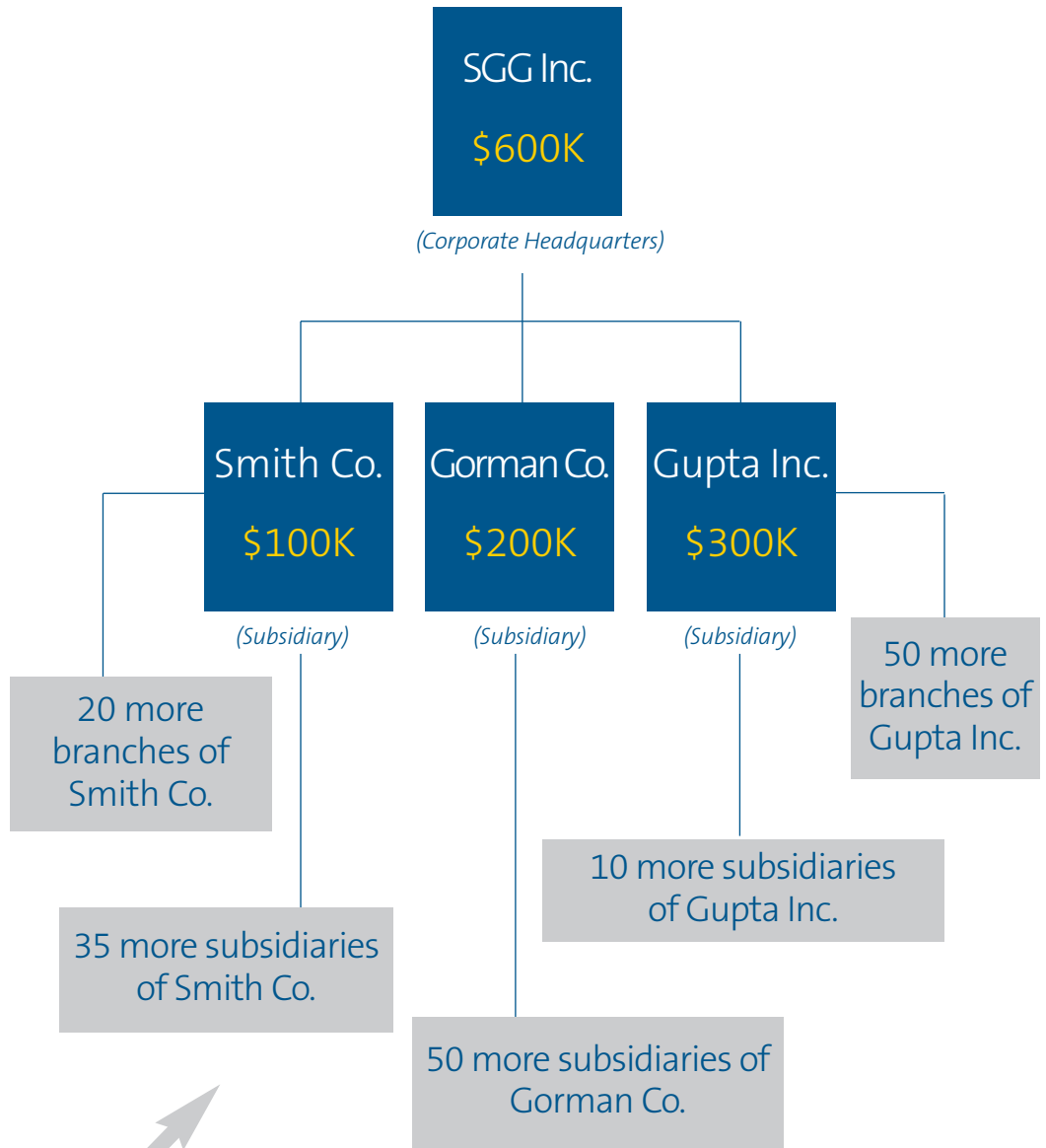
According to IDC, a market research firm, the ability to create a 360° degree view of customers is the second most difficult technical challenge facing businesses. However, corporate linkage gets you to this goal quicker. An often-overlooked component of the 360° degree customer view, corporate linkage can

tie together various locations of the same corporation. Linkage reveals previously unseen relationships so you know who really are your best customers. Now if you look at the diagram of linked businesses below, you will see that SGG is actually the largest customer:



Now that we know about the relationships of our current customers, are there any other locations we should be doing business with? Corporate linkage also reveals the customer's entire corporate family, exposing significant

new growth opportunities. This represents low hanging fruit for sales and marketing efforts since existing relationships can be leveraged to increase sales:



New Growth Opportunities

Just think of how many of these types of relationships are within your own customer base. If you review the statistics, in the United States alone there are:

- **More than 423,000 families with 2.6 million members**
- **Of these, 365,000 are smaller corporate families with 2-5 locations**

So it is likely that some of your customers have families that you can begin penetrating. This can be a large opportunity for you to maximize revenue from your customer base.

There are relatively few vendors who offer corporate linkage services. You will need to compare each offering based on size of the linked database as well as the breadth of knowledge you can get on each business.

Step 4: Make information actionable

We have just reviewed various methods for you to uncover new and current information about your customers and prospects. You have found ways to target new markets and business opportunities. But what good is all this information if you can not get it into the hands of people that can act on it? People that can convert this new information into revenue — like sales and direct marketers.

Making information actionable is often overlooked within many organizations. Sharing consistent information throughout your organization is what turns your data into revenue. You need to develop a closed loop system that will feed information to various parties and allow them to give you feedback based on activities. This feedback can then be used to further develop your studies as well as keep your data up to date.

For example, sales representatives need to receive the most qualified leads based on your analysis. This is the best way to maximize sales productivity since you are feeding their pipeline with highly targeted prospects. Also, this ensures that marketing and sales will be

working towards the same goals within the same markets.

The system needs to be simple to use and preferably Internet-based so updating is fast and easy. The interface should enable the user to select only the leads they want. However, it may need to be segmented so the sales reps do not have access to each other's leads. They should be able to view leads within their own territory, whether based on geography, product, channel, etc.

Here is a sample screen shot of an information distribution system an alarm manufacturer might develop. Notice the simple check box selections. The vocabulary used is familiar to these sales reps. It allows the reps to select customers or prospects as well as what type of system they currently own. Or the system type can be used to select prospects who are most likely to purchase those systems based on custom modeling discussed earlier in this paper.

The screenshot shows a web form titled "Customer Or Prospect" with a "Search" button in the top right corner. The form is divided into three main sections:

- Customer Or Prospect:** Contains three radio button options: "Customer", "Prospect", and "Both". The "Both" option is selected.
- System Type:** Contains seven checkbox options: "Burglar", "Fire", "Burglar & Fire", "Cctv", "Access Control", "Other System Type", "All System Types", and "No System Type".
- Location Type:** Contains three checkbox options: "Single Location", "Headquarter", and "Branch".

These selections can also include information such as industry, size, contact names, or whatever is the most important information your reps need to close a deal.

Lets not forget the actionable aspect... the selected data must be able to be downloaded into a sale force automation application or an Excel spreadsheet so the rep can begin planning and executing sales activities.

Direct marketers can use a similar version when they are creating a list for a campaign.

This type of application can be developed in-house or there are various vendors that can assist you in developing a tailored solution to fit your sales and marketing needs. Just keep this in mind when you are developing this system: the easier it is to use, the more likely your sales force will use it.

Conclusion:

We all understand the importance of collecting customer information. In fact, many companies have vast amounts of customer and prospect data stored in various locations throughout their organization. The question is, are you getting the most from this information, namely increased revenue?

If you take the time to ensure this data is cleansed and updated, you are on your way to better analysis and planning. Once you gain an improved understanding of your customers, you will be developing more strategic prospect lists to send out marketing campaigns as well as feed your sales pipeline. In addition, this new knowledge can assist with more effective customer service leading to a higher customer retention rate and more up-sell and cross-sell opportunities. By using these methods, you will have the ability to turn your data into revenue.

About the author

Catherine Berrian joined D&B in 2001 as marketing manager for Sales and Marketing Solutions products. Ms. Berrian has over 16 years of marketing and sales management experience, including management positions at Database America, Sanyo Business Systems, Sharp Electronics and GetPAID Software. She was responsible for programs that generated revenue in excess of \$50 million dollars as well as developed successful new market segments for products and services. Ms. Berrian has also provided marketing services for several companies, including Denny's and Carrera Eyewear. She attended Rutgers University, majoring in Physics and Mathematics.

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