

Using Your Marketing Database Effectively

By BNET Editorial

published on BNET.com 3/03/2008

The information in a marketing database can be used to achieve significant business benefits by supporting and improving performance across the whole spectrum of sales and marketing techniques. Collecting and using data on your customers and your markets helps you gain a better understanding of the market so you can utilize sales and marketing techniques in a more precise, cost-effective way. Data gathered from one marketing campaign can be used to support a variety of other activities.

What You Need to Know

What type of database do I need?

Your database should provide information for planning and controlling sales and marketing activities. Data can come from a variety of internal and external sources and can be constantly updated, expanded, and refined to provide a precise, up-to-date view of markets and individual customers. Software tools are available to analyze the data and provide information in a way that improves decision-making and response to business opportunities.

What to Do

Make More of Your Data

The data from just one marketing campaign can provide a valuable resource for other marketing projects. As an example, the responses to an advertising campaign can provide:

- a prospect list for the telemarketing team to qualify leads;
- quality leads for sales force contact;
- mailing lists for regular customer contact;
- a list for developing targeted sales promotion offers;
- a basis for evaluating the effectiveness of different advertising media;
- prospect information for tracking subsequent purchases;
- a basis for evaluating the effectiveness of conversion strategies.

Ask the Right Questions

The information in your database provides you with a detailed picture of the market and allows you to answer questions such as:

- Who are our most important customers?
- How many are there?
- What characteristics do they have?
- What other prospects have similar characteristics?
- Are we generating the maximum amount of business from each customer?
- Are we maximizing the business opportunities from each customer contact?
- Do we really know what our customers want?
- What factors and marketing activities affect their buying behavior?
- Can we identify every product our customers might use?
- Do we know every transaction they might want to make?
- Is information available to everyone who might need it?
- Is our organization giving the right information to the marketplace?
- What would happen if we varied our marketing spend or used different marketing channels?

Get a Better Understanding of Customers

Most companies have a base of regular customers, but few know why those customers keep coming back. Quality, price, delivery, convenience; these are some of the factors that could explain why a customer continues to buy from your company but, unless you understand the factors behind your success, you cannot plan a customer retention strategy for the future. The discipline of building and using a database helps you concentrate on these important issues. By bringing this information together in a single database, you can get a comprehensive view of individual customers and customer groups and assess the effect of different marketing activities on their purchasing behavior. This is the kind of customer and market profile you can develop using database techniques:

- Which market sectors do customers and prospects fit into?
- How many are in each sector?
- What products do they buy?
- What other products could be offered to these sectors?
- Which sectors offer the best growth opportunities?
- Which are the most valuable sectors?

- Who are the key customers in each sector?
- How profitable are the key customers?
- What is the cost of each customer?

Improve the Management of Customer Service

Understanding your customers is the first step to developing positive, long-term relationships with them. The customer information you hold in your database can be used in several important ways:

- to improve customer handling by making information available to staff responsible for sales, enquiries, helplines, order processing, complaints, service, or other customer-facing activities;
- to improve understanding of the customer's purchasing life cycle;
- to identify opportunities to offer customers a variety of other products or services tailored to their individual needs.

Understand the Market

Your company may already carry out market research, which may be carried out regularly, or on an ad hoc basis. By integrating market research findings with the other information on your database, you can build a more sophisticated view of the marketplace as a basis for future segmentation strategies. These are some of the key questions you can address through the database:

- What are the key market sectors for different products in our portfolio?
- Which are the growth sectors and which are static or declining?
- What share of the market do we and our competitors hold?
- Which sectors are the most profitable?
- Which sectors are "crowded" and which have not been exploited?
- What are the characteristics of our main market sectors?
- Do any other sectors share similar characteristics?

This information can help you to decide where to allocate your sales and marketing resources to achieve the most effective return. It can also help you to identify new market sectors that offer attractive opportunities.

Focus Your Product Development

The database can provide information about trends and changes in the market and that, in turn, will enable you to plan your own product developments in line with those needs. Understanding the market's changing needs helps you to deal with issues such as:

- What direction should new product development take?
- What is the likely timetable for new product development?
- What are our customers' new product plans and how can we contribute to those?
- Can we help our customers develop new products that they would not otherwise be capable of?

Understand Competitors

Do you know as much about your competitors as you would like to? Can you assess the likely impact of a competitor's advertising campaign? Is anyone responsible for assessing competitive activity? Competitor assessment is easily overlooked and any information may simply be held by individuals. Competitive information can be valuable on planning future strategies and responding quickly to threats. The database can be used as a focal point for gathering information on competitive activity and making it available to key people. These are some of the issues you can review through the database:

- key competitors by sector and individual customer
- competitors' market share and trends
- competitive pricing levels
- competitive promotional activity and expenditure
- details of customers lost to competitors
- details of gains from competitors
- attitudes to customers
- press coverage of competitors

Provide Better Sales Force Information

If direct sales operations are important to your company, database techniques can help to improve sales force performance through the provision of comprehensive sales support information and stronger control. The database can provide the sales force with a wide range of information that builds a complete picture of customers and the way they respond to sales and marketing initiatives. The database can be used to provide the following information:

- customer profile and contact information
- customer purchasing history
- any known problems
- individual sales or direct marketing initiatives and the response
- wider communications programs or promotional activity within the customer's sector
- competitive activity on the account
- profitability of the account

Manage Your Sales Operations

The database can also be used to improve sales force control by providing reports and information on team and individual performance, sales costs and the effectiveness of sales support programs. This information can be used as a basis for allocating sales resources, training, territory planning, and developing other forms of support such as telesales. The database can be used to provide the following management information:

- the performance of different sales representatives
- the overall performance of the sales team
- the comparative performance of different sales channels such as field sales, telesales, distributors or agents
- the impact of marketing campaigns on sales performance
- cost of sales
- the effectiveness of different call patterns

Manage Marketing Campaigns

Many companies manage their marketing campaigns with simple measures such as the number of inquiries generated through an advertising campaign or the response rate to a direct mailing. While these measures continue to be valuable, they do not provide a broad picture of the impact of the campaign on the customer or the performance of other sales and marketing activities. By using database techniques, you can improve campaign evaluation as a basis for future planning. The database can be used to provide the following types of information:

- the number of leads and sales resulting from campaigns
- the overall cost of sales by sector and individual customer
- the contribution of a campaign

- the cost of a response, lead, or sale by different types of campaign
- the effect of different messages or promotional offers on campaign effectiveness
- market penetration in relation to different levels of spend or different types of campaign
- the effectiveness of different media
- the relative performance of different elements within an integrated campaign

What to Avoid

You Rely on Data Alone

Information from the database does not improve all aspects of marketing by itself. It underpins the sales and marketing skills you have and supports the campaigns you run. However, it is no substitute for employing good sales and marketing people and running well planned campaigns. Nor will it produce improvements if the data is poor.

Where to Learn More

Book:

Hughes, Arthur M., Strategic Database Marketing: The Masterplan for Starting and Managing a Profitable, Customer-Based Marketing Program, 3rd ed. New York: McGraw-Hill, 2005.

Web Site:

Database Marketing Institute: www.dbmarketing.com/index.html