

9 Data Capture and Hygiene

You're Only as Good as Your Database

When it comes to driving epic success with behavioral marketing, there's one element that's the best predictor of all: a focus on data. Although I believe in the Art of Marketing, data needs to be the fundamental basis of how we operate. That doesn't mean we deliver less-than-compelling content or ignore the human factors involved with great marketing. It does mean that we apply science first, then art—but more on that in a minute.

I've seen average marketers up their response rates by 50–100 percent by factoring for simple demographic elements such as age or gender or location. Demonstrating even the smallest bit of data-driven personalization can push response rates through the roof. From a behavioral perspective, some of my most progressive customers have an amazingly simple tactic: they resend a second version of every standalone email (same **exact** content, different subject line) to those who didn't open the first email two days after the initial send. Most often, this picks up another six to eight percent opens, and inevitably turns a conversion or two.

So let's dive deeply into the complex topic of data capture and hygiene. The most logical way to tackle the idea is from the top. I'll begin by describing how to think about the concept pre-implementation; then we'll talk through five key tactics that are the building blocks of great data

focus, and finish up with how to make sure great isn't the enemy of good in your marketing effort.

Science versus Art

Many times, the data discussion starts and ends with a classically trained businessperson who's ended up in a marketing role. Although it's an overgeneralization to say all marketers begin from a place of less data than more data, it's absolutely true that marketers are not commonly bred from IT and business analyst types (who generally think numbers first). This means that the average marketer who's newly in charge of a decent-sized budget, a couple of staff, and some vague pressure to deliver revenue probably is not likely to rebuild the entire effort around data—even though that's almost always the most profitable way forward.

In some cases, the marketer has a direct background in—or has been significantly influenced by—the pure creatives on their team. It's easy to test different colored buy buttons in email creative and pick a winner to drive 3.6 percent more conversions; but it's much harder to rethink who you're targeting and when. This is the crux of whether you're a data-driven marketer. For those who think data first, the initial question is one of segmentation (who's getting this message?) versus one of creative execution (what's the call to action in the message?).

So although the science and art of marketing can absolutely co-exist in harmony, there is a very clear order to how we queue these two up. Any marketer today can instantly become more effective and behavioral-driven by improving their thinking around audience selection. The beauty of applying science (segmentation) before art (message) is that you'll almost always reduce the size of your audience, but almost always increase the relevance and revenue driven from each campaign.

In fact, I have at least five customers that drive in excess of 40 percent of their email-based revenue from less than 5 percent of their

email volume. One scenario involved an ecommerce retailer who was having massive deliverability problems that caused them to hack off the least interactive 80 percent of their database (those who hadn't opened or clicked in the previous three months). And guess the outcome; yes, their revenue *increased*. How is this possible? Because the 80/20 rule is probably even too conservative in its theory that 80 percent of your revenue is driven by 20 percent of your customers.

For more market-side evidence, look at Amazon Prime members' spend versus non-Prime members. They've stated publicly that an average Prime member spends just over \$1,500 annually, which is more than double the amount of non-Prime members at \$693 annually. And don't forget the Prime members *pay* \$100 for the privilege of doubling their spending.

At the end of the day, marketers need to think in terms of being significant catalysts for change—not just order takers. We need to own this transformation on behalf of our companies. Many days, we'll be able to directly measure our results in terms of increased sales or rising lead scores; but we need to have the courage to undertake this journey for a much larger reason. The relationship between your company and your prospect or customer must be based on two core elements: relevance and trust. And, yes, relevance depends on the science of marketing, and trust is driven by the art of marketing.

Why You? Why Now?

If we can become more data driven, chances are we'll also become much, much more effective at our jobs. So if this is such a great idea, then why isn't every company doing it? The simple reasons are effort and inertia. It's basic human nature to continue doing what we did yesterday, particularly if we've just taken a new role or if we're unsure about how to proceed. And yes, change is hard; but it's always easier

when you're *leading* the change versus having to figure out how to adapt to it.

Let's look at a few common reasons why *you* bringing this mentality to your marketing programs is the right thing to do:

- 1. Revenue cures all ills:** Although change of any kind can be hard to institute, the magic bullet that makes it all better is revenue. If I could give a single piece of career advice to any 25-year-old marketer today, it would be to drive more revenue based on the data you have at hand. You're going to have to prove yourself in your career, and now's the perfect time to start on a path few others will take because of the increased effort it requires.
- 2. No one expects you to:** One of the coolest things about bringing these concepts to your role is that no one **ever** expects marketers to add business value. Our colleagues often see us as a shared service to the company, but the reality is we have massive amounts of customer data at our disposal. Knowing each campaign's response rate or seeing how web visitors get hung up in specific ecommerce flows are key insights we can turn into solid recommendations back to our business partners. Relish in the fact you're underestimated—and prove everyone else wrong.
- 3. It begins with elements you control:** Don't think about trying to change the entire company's data approach right out of the gate. Find four to five ways you can make your world more data driven and show immediate lift. If you're an email marketing manager, use open data to segment users into active and nonactive users and then experiment with follow-up mailings to the most active openers. Once you prove lift in your world, then use that to gain permission to tackle bigger, company-wide efforts.
- 4. Because no one else has:** Unfortunately, it is too often the case that everyone is utterly content to do it like we always have. If you hear this phrase at your company, consider it your single biggest career

opportunity and get down to business. If you're new to a job where this dynamic exists, go directly to the top of the organization with a rational, informed plan to lift revenue by being more data focused. Once you get their approval, just begin executing. You'll likely have lots of flack to deal with along the journey, but as long as revenue is going up, you're golden.

- 5. Executives love sales:** It's worth saying out loud that this approach will absolutely get you promoted faster and more often. Increasing sales or spiking customer satisfaction is a sure way to bring kudos to you and your entire management chain—especially if you've pulled it off in a creative or resource-constrained way. It's up to you how you leverage these wins, but I know plenty of brilliant marketers who are content to make their boss, their boss's boss, and their colleagues in other departments the stars. I've always operated from a place of empowering my peers while clearly merchandising my effort to the smallest group of executives who guide my earning and promotion potential. This is an epic moment to be a team player, and if you're that personality type, you'll earn the undying trust of your peers—and they'll do amazing things for you down the road.

Data at the Speed of Business

For as long as I've been in tech (since the early '90s if you're keeping track), there's been a mantra to be more data driven. I remember in the late 1990s days of spending more than \$800,000 on a booth at the world's largest technology tradeshow (Fall COMDEX in Las Vegas) to bring in Team Rollerblade. Imagine a 40-foot-high half-pipe in the Sands Convention Center with music blasting and elite athletes flying 60 feet above the floor. Amazing to watch? Yes. Related at all to our software business that targeted designers and illustrators? Not really. Was it data driven enough to at least capture booth leads based on the pure excitement of the show? Definitely not.

Certainly we've all run programs and campaigns we couldn't prove worked well. And we don't always have the luxury of making every element trackable and quantifiable. But that doesn't mean we shouldn't try. Being data driven is a journey. We're not going to get it right all the time, but every small improvement moves us closer to our destination.

This is why I always caution marketers to tackle data issues at the speed of business and to pick your battles carefully. Can you take a new role in the company, and immediately force changes in data policy? Maybe if you're the new chief marketing officer, but probably not.

You also need to stage up these changes over time for the simple reason of organizational continuity. Even if you could wave a magic wand and transform everything, it'd still take months to train and reorient your colleagues around a more data-driven approach. In fact, many groups beyond marketing will likely be your biggest challenges. If you've not been through the full budgeting and spend approval processes with a true finance department, you might not have seen how slowly the wheels of progress can move—but let me assure you that rapid change is not their specialty.

So although you need to be steadfast in your progress, you can't simply ignore the challenges associated with significantly changing a company's way of business. Becoming more data driven is not a one-time, week-long choice. It's a years-long journey that will have its wins and losses along the way. Set a strong pace that's comfortable in the benefits it achieves even if some of the old guard aren't as comfortable with the machinations along the way.

Hygiene or Capture First?

The final think topic we'll address before diving into tactics is how to effectively index your effort for capture and/or hygiene. It's difficult to do both initially and simultaneously, so you'll be more successful if you pick one to focus on first.

This decision is best made by looking critically at your current data set. If you're a mature marketing company with a CRM system already installed and thousands of customers and prospects in the buying cycle, then hygiene is probably your best first move. The reality is you already have 8 to 10 key data points on much of your customer set, and the most important question is whether that data is improving your closing ratio or not. Many times, key groups like inside sales or marketing ignore these additional data points because they're unsure of the data's reliability.

In this case, maintain whatever current data collection strategies you have in place but turn your eye toward more layers of validation. This might take the form of scrubbing your data against external sources to confirm you have companies classified in the correct standard industrial classification (SIC) codes to ensure the correct inside sales group is calling on the correct accounts.

It might also take the form of marketing-driven activities such as producing whitepapers on key customer topics, and then asking for specific additional data points from known users in the database. Confirming that you know exactly who the buyers and influencers are within your top 20 key accounts is a powerful place to work from. Regardless of how you get there tactically, your goal should be to make the data so bulletproof and insightful that the organization couldn't imagine not having it on hand to power smarter customer interactions.

If you're a new startup just building your prospect list or a company that drives most of your leads through paid media and other outbound strategies, then your weakness is much more likely to be depth of knowledge on your customer. I work with many marketers who only know the AdWords click source or referring URL for every prospect that lands on their site. They might actually have to engineer an entire sales process without ever even knowing their customers' email addresses.

If this sounds like your business, your job is to increase your depth of knowledge. The whitepaper registration tactic mentioned earlier

works just as well here, so I always suggest this process start with a fully fleshed-out content strategy. We'll expand on content later in the book, but suffice to say you've got to build a solid exchange value that informs your prospect beyond your solutions and gets you deeper insight into your prospects' buying process.

One of the most important steps in driving deeper understanding of brand new prospects is to implement visitor tracking on your website. Any solid marketing automation platform like Silverpop has this capability immediately available, and it can assign unique identifiers to both known and anonymous users across your marketing spectrum. Once you've tagged the identity, you can begin associating multiple behaviors with that specific contact—ranging from follow-on site visits to registration events to email opens.

Using your site to begin tracking anonymous users and developing specific marketing programs to drive registration provide the foundation for building a much deeper knowledge set on your prospects. This is compelling for many reasons, but don't underestimate the power of understanding the lead source of a profitable customer. Knowing that your \$6 cost per thousand (CPM) LinkedIn paid media effort is driving customers worth eight times as much annual revenue as your \$3 CPM AdWords campaigns is the type of knowledge that will transform how you deploy your acquisition budgets.

It's also critical to think through how you expand your customer-level data through additional capture and appending. At Silverpop, we offer a feature called progressive forms that allows our clients to add up to hundreds of customer data points they'd like to capture from a specific prospect. Each time customers download a whitepaper or talk to a support rep, they're prompted to answer the next two to three questions in the queue; and it's completely personalized to the individual based on the sum total of what you know about them. After 60 to 90 days of this program running, marketers have a much deeper picture of a contact and have achieved that insight without throwing out a

15-field form that a buyer is sure to abandon (or fill with junk data) before completion.

From an external data sense, there are literally thousands of options and many ways to accomplish deeper insights. Some approaches will require your IT colleagues to add API (application program interface) calls to specific services that match your data up with external sources from credit reporting bureaus or other big data sources. If that's beyond your grasp, software-as-a-service options like InsideView allow a user to upload a spreadsheet of contacts to the system that returns an enhanced view driven by editorial, crowd-sourced, social, and webcrawled data. In fact, consulting firm Sirius Decisions summarizes the thinking this way: "Strong data organizations realize a 66 percent revenue advantage over those in the average category."

Five Key Tactics

Now that we've set our thinking straight on becoming more data driven, let's look at five foundational tactics for doing so. Again, there are hundreds of ways to arrive at the same level of improvement, and most of them are greatly dependent on your current status. Therefore, there's not one single path to enlightenment, metaphorically speaking. You can only make sure that you're covering the core functions, and place yourself on a long, steady journey of improvement.

Following are the big five items you need a definite plan to address. You don't have to be brilliant at each one before beginning deployment, but you do need a basic framework of a plan, and you need to be prepared to iterate quickly while in execution mode.

Master Database

First, a centralized master database is a prerequisite to being truly data driven. You can't analyze what you can't capture and store. That's not to

say you have to go spend \$5–7M on a giant on-premises database solution that’s going to take epic amounts of IT involvement and spend. If you’re starting from the absolute ground-up, don’t consider anything other than this decade’s class of very strong SaaS options.

Choosing which vendor works best with your company’s specific situation is an art by itself. You can determine much of it by asking two key questions: “How big is our list?” and “How far outside of marketing do we need to work?” For most scenarios, the more marketing specific your database is, the more successful you’ll be. It simply comes down to who sets the priorities, and you, of course, want that person to be *you*.

If you’re held hostage by bigger forces—IT resources, 18-month enhancement cycles, and so forth—progress will be painfully slow, and you’ll be forced to march to someone else’s drum. The best possible scenario is to get your own marketing-only system and figure out how to integrate key data points from across your organization. And again, I’d almost exclusively recommend a cloud-based SaaS system that fits your company size and budget so you can benefit from a steady stream of new features (without having to endure in-house upgrade cycles) and reliable uptimes. Don’t be fooled for one second by the lower entry costs associated with huge on-premises systems. Implementation, enhancements, and maintenance will ensure you spend more time and money than if you picked a new SaaS platform every three years.

Last, remember your database only needs to be as centralized as you can get it. If it’s only marketing data but you sell via a direct sales force, then chart a course to integrate with the CRM system they have chosen. And if that’s already decided, then ensuring your marketing database plays well with the CRM should be a key buying factor. Don’t be satisfied with simple talking points from vendors on the integrations; make sure you see live demos of data flowing between the systems. Ask deeper questions around conflict resolution of conflicting data and how often the systems sync. On the other hand, I see some very shrewd

marketers who license an SaaS tool and are able to migrate that into the key system of record for the company to build on.

Customer ID Scheme

Second, but also directly related to the master database, is the necessity to have a single ID view of the customer. The system of record that assigns and tracks that unique value—usually in the form of a 32-bit alphanumeric string—is what will begin the process of identifying your customers on a truly individual basis. Many days, your marketing automation platform is the right system of record, but on other days it could include your billing system if customer number is the unique ID. Alternatively, if you're a CRM-based shop, then that ID is likely the best choice assuming it bi-directionally integrates with your marketing automation system. This allows 360-degree reporting of customer interactions, and enables your organization to build solid path-to-close models that management can plan and staff around. This degree of insight into the buying process—and the quantification of marketing's role—is a reason to love this approach.

The other critical channel to consider is your website, which could tip the argument in favor of your marketing automation system as the primary platform in charge of identifying users. This is crucial because the normal buying cycle now heavily involves learning and communication via the web. Yet we know virtually nothing about these users even as they form their most long-lasting impressions of our products and company.

If you take this approach, you must ensure that your customer ID plan includes both anonymous and registered users. Most will be anonymous to start, and ignoring that huge segment won't work over time. As a best practice, your platform should drop cookies on anonymous visitors and retain their site behavior for at least 5 to 10 days while they're in research mode.

If, during the course of their visits, you deliver content or an offer that triggers a sign-up, you'll want all that anonymous site data drawn forward into their record. For example, knowing that your most technical whitepaper often leads to initial opt-in should give you a clear sense that educating your customer is Job One. This gives you a great sense of key site paths, and can strongly contribute to the customer journey mapping efforts we discussed in Chapter 7. It also helps you understand which offers and/or content creates the most compelling value proposition. Take this knowledge and sharpen your marketing tools to drive this golden moment even earlier in the cycle.

Basic Segmentation Rules

Once you think in terms of more data, you very quickly understand it requires that you understand segmentation and targeting at a deeper level—the third tactic needed. When you sent the same content to everyone, there was never a question of what advanced criteria you'd consider to cut the list down; you just blasted away to anyone who had an email address. This expanded data will now allow you to segment down to smaller audiences and deliver even more relevant and timely content.

As an example, think about how travel companies tier their loyal customers into high-level groups. In the Hilton Honors world, those levels are Blue, Silver, Gold, and Diamond. That top-level segmentation allows them to think broadly about benefits for each customer group—and to roll out specific products designed specifically for each segment. For instance, in-room Wi-Fi is free for Gold and Diamond members, so they can always refer to that benefit as part of any message to those segments.

I specifically call these 'basic segmentation rules' for a very important reason—they will absolutely change as your skills grow and your programs improve. You really only need to be familiar with the

thinking and rough implementation of five to seven segments across your customer base. If you haven't considered segments at all, take a top-line crack at them before going much further in your data journey. If you're further along—say with a relatively deep set of persona models—you've got a great base.

Most often, your personas will be very personality and customer driven but might not have key individual metrics like lifetime spending. This is where your top-level segments will be overlaid with these newly developing customer views. So instead of marketing your clothing line directly to just your fashion-aware mom persona (female, 22 to 45, at least one child, etc.), you can now begin to overlay customer lifetime value (CLV) into the equation.

For example, if you've just launched your most expensive winter coat in the history of your clothing line, you could begin by marketing it only to customers who have spent at least \$800 across at least two purchases in the last 12 months. Overlaying behavior-driven segments with your personas is a recipe for nice sales lifts in almost any ecommerce setting.

So think about your current segmentation rules, and then look for newly developing segments based on your new data points. Slicing the audience differently can be an enlightening moment for marketing—and stacking them together can really drive revenue.

Program Automation Capability

Once you've mastered segmentation thinking, the next logical question is: "How am I supposed to deal with all these little subgroups when I could barely keep up with my main list?" The answer is simply that your marketing will become more automated (tactic four), and, if done effectively, it will become much more relevant as well.

Let's use a common example you have likely seen in your inbox if you're an online shopper. The cart abandon email has risen in

importance over the last two years to become a standard tactic for ecommerce marketers, and it's a perfect example of a behavior-driven, automated program.

It works like this: a known user is browsing the site and places a specific SKU(s) in their cart but fails to complete the purchase process. This behavior is very strongly correlated to buying, but we can't be sure why the buyer did not convert. Maybe it was a change of mind when they saw the shipping charges; maybe the cat unplugged the computer. There's no way to truly know, so we set up an automated program to reach back out via email.

Some common best practices include sending the message ASAP after the abandon event (within the hour is ideal), and then following the message with at least one more. An ideal program would have an initial email almost immediately with a gentle reminder to buy; the second message a day later would outline specific reasons why it's the right shop to buy from; and a final message three days later might feature a discount offer to try and incentivize the conversion.

But clearly we can't manage this individually for every customer who abandons a cart. We execute this campaign via the automation functionality, and all we have to do is set up the front-end rules to determine who receives the messages—for instance, you might suppress someone from receiving more than one in a 45-day period even if they meet all the other criteria—and then deliver the template containing a mix of standard content and specific item and offer information. We truly don't care if a hundred or a million people go through the process each day; it's 100 percent automated. Those who spend time crafting the best content normally see at least a 20 percent conversion rate, and I've seen that number spike as high as 45 percent when it includes a very compelling offer.

The same thinking can work for almost any other phase in the buying cycle. Any time a desired group takes a specific action, you can reach out in a fully automated, highly scalable way to directly support

the buying process. The automation function is what brings the segmentation work to life and drives home the revenue opportunity.

Dedicated Staff

You will notice how many times I refer to smart people making important decisions during my descriptions of all the preceding topics. This is the crux of great data-driven marketing. Not only do you need a plan to capture and clean your data; you also need dedicated people resources to really run this effort well. This is the fifth and final key tactic.

I know that getting a new headcount is probably one of the most difficult challenges marketers have, but it's critical to have someone specifically tasked with migrating your approach from mass marketing to data driven. I'm not saying that it can't be you, the mass marketer, at first, but someone who thinks like a database analyst can sure be of *huge* help in the process. Understanding everything from migrating data in automated ways to understanding when a behavior is statistically relevant is a skill you may not have yet developed.

The good news is that the new hire doesn't always have to come from the outside. I know many marketers who cultivate great internal relationships with the specific intent of grooming up someone from IT to come join marketing later this year. It's a smart strategy for a couple of reasons. Firstly, it gets the skill set directly integrated with your team, *plus* you're getting someone who understands the organizational-specific aspects of how to get things done quickly.

In fact, the last time I worked internally as a marketing director, I had two to three key personnel in IT that I went far out of my way to help. I even hired an email marketing manager with a specifically technical background, and sent her off to technical college to finish her degree on the company's dime. Having that level of technical ability close to my marketing thinking was such a powerful combination that

I brought her along with me as I moved out into the digital agency space as well.

So regardless of where you find someone (or even if you're the data geek), it only matters that there's someone dedicated to thinking through the data aspects of great marketing. Most often this means segmentation, data collection, and integrations but just as commonly can cross into program strategies. Find someone who straddles the worlds of IT and marketing, and you'll have a serious ace in the hole.

Conclusion

Although moving to a more data-driven marketing approach isn't easy, its benefits are clear. By segmenting our audiences into smaller and smaller buckets, we earn the opportunity to deliver smarter and smarter messages. And those smart messages convert at two or three or four times our normal one-to-many messages. Yes, it means more work, but there's a sizeable prize in the form of more revenue.

You can deliver on this data approach even if you control only the smallest slice of marketing data. Do the absolute best with the data you have, and find a solution that allows you to factor in more data over time as your organization sees the benefit. Maybe you'll only start with a simple welcome program that breeds loyal customers, but eventually your revenue success will convince your organization to integrate ecommerce purchase data into your system; then you'll see exactly what success looks like.

As I often say to our customers, **don't let great be the enemy of good**. Pick a starting point based on your current systems and skills, and chart a course for the next three to four quarters. Don't worry about making each iteration perfect. Any degree of data-driven insights you can plug into the process will help you drive better content and better results, so get started this week!