

The Rise of the Prospect Pool

By **John Regan**, CEO, Ai Data Intelligence

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This rise in the use of prospect pools highlights a significant shift from a decade ago when they were almost unheard of. If we're honest this is down to one key factor, which is, until recently direct mail to cold prospects worked well enough to turn a decent profit with little effort required for targeting or data accuracy.

In the early nineties the primary source of collecting lifestyle data was through surveys, recipients of survey mailers were flattered to be asked for their opinion on the latest brand or product. They weren't making a correlation between offering their opinion and being included in a marketing database as they now do. At the same time, there were few concerns regarding marketing appropriateness and volume mailing was the name of the game. The end result was a lifestyle data utopia, the industry could cheaply collect data and they couldn't supply it fast enough.

It was the awareness of this channel success that led to the next shift in the data industry, as the benefits of lifestyle data became prevalent the big brands started to cash in on it. Many



high street banks saw it as a way of cutting costs and started to focus on direct mailing rather than direct contact, First Direct being a key example. Banks were

able to increase their profits by cutting their costs, branches were closed and "turned into trendy wine bars" and mailings increased.

In parallel to this, the popularity of lifestyle data had led to the introduction of a new kind of organisation - the list broker, who saw an opportunity to service multiple clients to drive down the price of data to an all time low. Even as responsiveness started to fall with data prices becoming increasingly commoditised there was little incentive to worry about issues like address quality. In fact, many argued that applying processes such as modelling incurred additional costs which offset the benefits of the commoditisation.

It was this feeding frenzy on lifestyle data that was a key factor in the direct marketing backlash. Consumers became less responsive and as untargeted mail increased, their tolerance declined, but this was exacerbated because as tolerance and responsiveness declined, data suppliers dropped their prices and so there was no corresponding drop in direct mail volumes.

In the early two thousands data prices reached rock bottom but low response rates to surveys meant that the cost of data collection was at an all time high. Many data providers had to walk away

from colossal deals as they feared that they would make a loss and big mailers had to pull back because response rates were declining.

It was at this point that the industry began to take notice and realised that something had to be done. This could be more than the beginning of the end, perhaps even the middle of the end of Direct Mail as a channel of any significance. But from the rubble a new type of solution is emerging and this solution is born of the new understanding that finally consumers and marketers interests are beginning to align. Consumers want appropriately targeted information and businesses recognise that fundamental to delivering this is accurate data.

Hence the growth of prospect pools. Prospect pools consolidate consumer information in one place, in their most simple form this enables duplicates to be efficiently detected and removed. They also provide large volumes in one place which means that targeting can be effectively deployed whilst still achieving economies of scale.

A few businesses such as Ai have developed second generation Prospect Pools. These use advanced techniques developed from bureau processes to cross reference variables and increase the accuracy of the information provided. This is combined with analytics to result in an optimum combination of accurate variables and advanced targeting.

Second generation prospect pools represent a great challenge to the established status quo. Data suppliers are increasingly facing up to the fact that

single source data supply may not be viable for some clients and that collaboration with the right intermediary is a benefit rather than a competitive threat. Data users are acknowledging that the data commoditisation driven by List Brokers was only a short term fix and that value rather than price is fundamental in data purchase and that traditional bureau's whilst they have expertise in data quality do not have the understanding required to purchase and analyse the data.

Ai believes that a new breed of data intermediary is required in order to deliver a successful prospect pool. It needs to be an organisation that is data independent and highly experienced in data processing, which is why we brought together a data bureau and a data services company in 2003 and why in 2007 we acquired analysis business b2e. Ai believe that the next step for prospect pools is to capitalise on the value of bureau data, such as credit scoring and identity fraud, being merged with lifestyle data to meet specific campaign objectives. It is these three areas of expertise which have enabled Ai to build Ai Prospector which with 18 factual data sources and 28.2 million individuals is the most comprehensive UK prospect pool. We believe passionately in the value of prospect pools and are excited about how they will impact the future of acquisition marketing, we hope that this supplement inspires you to consider utilising a prospect pool or talking to us about 'Ai Prospector' if you aren't currently seeing the benefits from your existing one.