

Sometimes you have to be reminded of the sheer scale of the direct marketing industry. The 4.6 billion items of direct mail that winged their way to doorsteps in the UK last year was up 319 million on the year before, while the 23 billion sent across Europe was four per cent higher than in 1999. To list brokers this has meant just one thing – a upsurge in demand for data.

Or has it? Although list brokers have traditionally fed the direct marketer's hunger for data, they aren't the only option anymore. Clients are now turning to a mixture of brokers, data-pooling companies, lifestyle data suppliers and are experimenting with using viral campaigns, promotions and incentives to get the data they need. Companies such as Philips (see case study, page 52) are adopting a do-it-yourself approach to list building which risks cutting list brokers out of the loop.

And why not? Data pooling, for example, has been a popular choice in the mail order, charity and financial services sectors for some time as a way of bringing new names into the market and getting large volumes of relevant data cost-effectively. So does the increased use of data pooling and other alternatives spell trouble for the list broking industry?

#### Name shortage

Eventually, these names will do the cycle and appear before them, as Rosemary Smith, managing director of The Prospect Shop, explains: "The problem for the broker is that there's a shortage of good names coming onto the market. The pooling of data brings names into the mix that wouldn't have been there before and, in time, mailers to these will get responses and the names will go onto lists."

But are the brokers advised to wait? According to Mark Arnold, head of data broking at Zed Media, alternatives like data pooling do make good sense, but brokers must still play an advisory role and educate clients about the risk.

"Just because data is pooled, it can still suffer from data fatigue," he says. "A pool still needs to keep bringing new data in and limit the number of times participants can use the records to avoid this."

# DIY DATA

**With alternative methods of data-gathering becoming increasingly popular, the list brokers are having to widen their horizons** *By Melanie May*

For many, it's just this expertise and service that list brokers can continue to exploit. And, in the tricky quest for data, this is imperative. Tracey Weinrib, managing director of media planner and buyer AWA Media, believes list brokers are still best placed to offer this.

"There are so many lists on the market and they're changing so much that it's difficult to keep on top of them unless you have someone dedicated in-house," she says. "When a list broker can do this for you, why bother?"

There are, however, firms such as Abacus that specifically provide data-

pooling services, and these can offer equally high levels of expertise and experience. Abacus is a co-op for the mail-order B2C market, and, according to managing director Chris Morris, represents almost 50 per cent of cold circulation activity in this sector (see box, page 52).

This leaves the rest for the list broking industry, but the two aren't necessarily exclusive of each other. It's not unusual for a list broker to come to Abacus with a list they can't broke effectively and ask it to flag up the main mail-order buyers.

"We've found ourselves striking up an odd relationship with the broking industry," explains Morris. "Together we're bringing new lists into play. It's a symbiotic relationship – we just couldn't do it alone."

#### Extra services

What is clear is that to keep up with the pace of change, the list-broking industry is being forced to evolve. Broking lists is no longer enough: clients want the provision of extra value-add services – even in the unlikely arena of viral campaigns, where lists are theoretically ignored altogether.

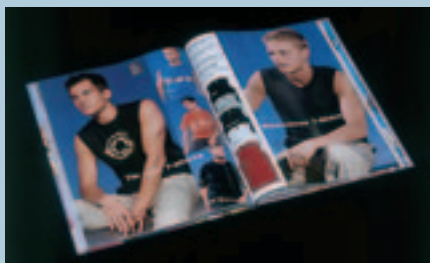
Data-planning company Blueberry Wave recently worked on a campaign with Boomerang, a postcard advertising company, to launch a youth internet pre-pay card developed by SplashPlastic. Postcards were placed in schools to drive teenagers to a website where data was collected.

Clients now want to know more about the data they are getting, not only how a list has performed in the past, but predictions for the future too.

Brokers are therefore increasingly finding themselves offering a whole gamut of services. Many are moving into areas such as media buying, profiling, analysis and reporting. Some are even developing tools for clients to use. Dudley Jenkins, for example, developed a 'rude word file' for one client to stop offensive names slipping through the net.

As Nick Wright, director of list broking at Dudley Jenkins, explains: "People will often type in any old rubbish to get through an online registration form. In some cases there's no data integrity and rude words go through."



**How Abacus works**

A co-op for the mail-order B2C market, 216 catalogue companies are signed up to Abacus in the UK. Its databases have been combined into one, holding information data on around 215 million catalogue transactions from 26 million individual consumers. This data is

further enhanced by Claritas' Lifestyle Universe, which overlays income, lifestyle and lifestyle data at an individual level for every UK household. Updated weekly, it gives users access to every mail order buyer in the UK.

More than just a data resource, Abacus analyses purchase trends and performs profiling and modelling. It also segments lists into those most and least likely to respond to an offer, eliminating poor performers. It can also tell you which customers are actively buying, who requests catalogues but never makes a purchase, and how much customers spend with clients in comparison with others.

"It pools data to create a more holistic view of who's buying what in the market," explains managing director Chris Morris.

He believes that although there's no shortage of data on the consumer side, especially with the increased use of email, data quality can be a serious issue and is something that brokers can play an important role in dealing with. And offering this kind of service has become the norm, rather than the exception. As Wright puts it: "We evolved from purely providing lists a long time ago."

This growing remit means that as well as providing clients with information on the lists they are buying, firms such as Dudley Jenkins also offer consultation, profiling, demographic overlaying and data tagging services.

The firm is also finding that while a growing number of companies want to use lifestyle companies as a data source, this isn't to the exclusion of the broker. Many want Dudley Jenkins to coordinate with lifestyle companies for them, something it doesn't yet charge a fee for. "We don't earn money from this, but it all goes on the basis that we're getting list rental off the back of it," explains Wright.

Coordinating between clients and third parties is something that more broking and data planning companies

are now offering. Blueberry Wave builds databases for clients and buys data, primarily for database enhancement purposes, but also acts in a list-broking capacity and has a role as a go-between.

**New opportunities**

When clients seek an alternative source of data, another service it offers is to put them in contact with the Occam database. Used by the majority of the larger charities, it contains about 20 million names which can be swapped between contributing companies. Although they can do this direct, some prefer to go through a third party.

"Although this is bypassing the list broker in one sense, it's not affecting us negatively," says Rebecca Braithwaite, director of Blueberry Wave. "List brokers have to think laterally and look for opportunities."

The list broker is fast becoming all things to all people. While there may be an increasing number of alternatives, those offering both data provision and value-add services are winning, especially as new media channels become more widely used.

"Data pools aren't removing the

**Case study: Philips builds its own lists**

Like many manufacturers that do not sell their products direct, electrical products company Philips has always suffered from having limited information about its customers. In an attempt to gain more customer feedback but also to add to its customer database with opted-in email addresses, it recently decided to build its own list.

Working with Claritas and its e-registration product, customers who had just bought a Philips product were directed in their product manual to visit the Philips Consumer Communications website. The design of the questionnaire was deliberate to maximise the amount of analysis that could be done. The first and third sections gathered primary data such as name, address and email address, as well as demographic and lifestyle information including age, marital status and number of children. This can be used for segmentation analysis and provides Philips with an understanding of the customer profile of each of its products. The second section also collects data about the motivations behind buying a Philips product.

Adeline Perrissin, product manager at Philips Customer Communications, says: "Suffering from limited visibility, this is a hassle free way to collect information. The data we are now gathering helps us optimise our acquisition and loyalty strategies to improve sales and customer relationships."



need for cold lists," sums up Dominic Murdoch, business development manager at HLB. "With more email and SMS lists coming into the market, people need to know exactly what's available and, more importantly, what works."

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