

database hygiene: clean is good

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These e-mail addresses are wrong: Dogman@hotmail.com, asdf@asdf.com. Do you see the mistakes? With more users entering incorrect e-mail addresses, we have to work harder to clean up our databases. Once upon a time, I developed a Strategy Point of View document for several very large accounts and led with hygiene services rather than great communication strategies. My first priority was getting a true valuation of their database and hygiene practices. However the senior account executive reacted with, "You can't lead with that. They won't buy that. It's not creative enough."

Let's face it — to apply hygiene services on your e-mail database is NOT the sexiest thing you can do for the channel, to gain attention in your company or help a client. Yet, it is probably one of the most important things you can do to your program to impact the bottom line immediately.

When someone asks me to take a look at their e-mail program, I approach the task just like an auto mechanic who routinely checks the oil, transmission fluid and water levels. I check the database to see where it's leaking and quiz the owner on how proactive she or he is in maintaining these critical elements. We must remember the sheer numbers associated with your program and maintenance. You will have a 20 to 30 percent annual attrition rate due to changing e-mail addresses or some other external factor. You'll have an estimated five percent for whom no valid information will be available as terminal bounce notifications will not be returned, so you will keep these in your database just in case. Additionally you could have another 20 to 25 percent of your base that will become dormant due to non-response. These figures will skew upwards or downwards depending on your methods of acquisition, the value in your retention program and strategy, and the general level of active involvement your product and service demands of the consumer.

That said, how do you infuse acquisition, re-activation, or re-acquisition methods into your program to make up for the leaking database?

I recently had an interesting conversation with industry veterans Bill Kaplan, CEO and co-founder of FreshAddress, Inc., and Matt Blumberg, Chairman and CEO of Return Path, Inc., about changes in our industry. I also got feedback from Tom Burke, CEO of TowerData. We tried to get to the bottom of what is shifting in our approaches to different e-mail database hygiene services like E-mail Append, E-mail Change of Address (ECO) and Validation Services.

What follows is summary from our discussions. I think you'll find the insight from these industry veterans informative.

Q. What is the typical match rate and return on an E-mail Append project and why is it important today?

Bill Kaplan: On a first pass, we're seeing 15 to 20 percent match rates for a Household Match (meaning we first match an e-mail address on an individual basis including physical address and then, if not found, on a last name basis including physical address). This makes sense for those companies that want to ensure they can connect with someone in a household with whom they have a previous relationship.

On Individual Matches, the first pass may yield 10 to 15 percent match rates (matching solely on an individual basis and physical address). This makes sense for financial institutions and other companies where privacy is of the utmost importance. We are able to double the above numbers over the course of our first year of business.

Matt Blumberg: We typically see first-pass match rates in the 10 percent range when we match an e-mail address to a postal address, with higher match rates if multiple third-party databases are tapped over the course of a year. Clients should make sure they are really getting what they pay for with E-mail Append. For example, deliverability is one of the biggest issues; make sure you don't pay for a single address that hasn't been successfully mailed (with some kind of third-party verification of deliverability) within the last week.

Tom Burke: E-mail append match rates vary depending on the demographics of the people on the customer list, the age of the list, the type of match and the number of databases to which they are matched. Our match rate for consumer files ranges from 10 to 20 percent and for business files it's from 15 to 25 percent. Files for non-profits or small businesses, or files with senior or more affluent audiences, will typically fall lower in the range.

In evaluating match rates, you need to distinguish quality from quantity. When marketers are appending e-mail addresses, they want to maximize their return, and the initial instinct is to measure this by the match rate. But if the provider you use matches every Roger Smith in an apartment building or city block, you just paid extra for more complaints and lower response. By using a more conservative matching algorithm, we have consistently delivered higher open rates and increased ROI for our clients. (For a case study, please visit: http://www.towerdata.com/resources/casestudies/TowerData_Case_Study-HotIdeas.pdf)

Q. How often should a company append its customer database?

Bill Kaplan: We work with almost all of our clients on a quarterly basis to ensure they are able to optimize their multi-channel efforts. Research has shown that multi-channel buyers are worth significantly more than single channel customers so the sooner you can begin communicating with your customers or donors on multiple levels, the better. Many companies do everything else right in terms of trying to acquire their customers' e-mail addresses. Unfortunately, all of these efforts (like on websites, at point-of-sale and in their communications) typically only enable them to keep their e-mail address databases treading water.

Matt Blumberg: Reviewing efforts on a quarterly basis is traditional with most of our clients. The frequency of E-mail Append isn't nearly as important as the process for getting it done. We recommend extreme caution to clients who use E-mail Append as a primary means of building their online customer file. These days, it's too easy to run afoul of good privacy and permission practices – or worse, upset customers and lead them to complain about you to their ISP.

Tom Burke: It depends on how fast your customer list is growing. A few of our retail clients that are rapidly adding to their customer base append their files every month. If you append soon after a customer has made a transaction with you, you'll have a higher match rate, and the relevant communication is more likely to convert your customer to e-mail. Most companies, though, will only benefit from appending every three to six months.

E-mail appending is one tool among several for growing your e-mail list. Companies should take every opportunity to collect e-mail addresses from their customers while interacting with them.

Q. What about E-mail Change of Address (ECO) — when does that make sense to do and what should we expect?

Bill Kaplan: Again, we work with most of our clients on a quarterly basis. With the annual e-mail address attrition and dormancy rates running at almost 50 percent, companies and organizations need to stay on top of this to remain competitive. Furthermore, the rising rate of false positives has made it even more critical to understand which e-mail accounts your customers will use to engage you. ECOA can be used to simply reactivate customers who have changed their e-mail addresses or it can be used to re-engage “dormant” people who haven't responded to you in over a year. We typically match seven to 12 or more percent on our first pass and are able to double these results over the course of our first year.

Matt Blumberg: The biggest thing that clients need to be aware of with ECOA is that they will get what they pay for. Many unscrupulous vendors market E-mail Append under the guise of ECOA – but the two services are completely different. A true ECOA service collects the old and new e-mail addresses directly from the consumer, along with explicit permission to use that information to update the user's online subscriptions.

Tom Burke: E-mail addresses clearly decay faster than postal addresses, and ECOA is the best solution for maintaining contact with your e-mail customers. We'll typically update 10 to 15 percent of the average file.

Q. Companies typically receive a significant number of invalid or suspect e-mail addresses through their registration processes. What effect does this have on one's e-mail programs and how can it be combated?

Bill Kaplan: We are amazed at the amount of bad e-mail addresses that get through registration processes – ddd@hotmail.com and the like. We have rolled out a new service that does real-time validation of e-mail addresses. This validation process runs the registration e-mail address through a rule set we've developed over the years and, if it doesn't pass, we will either suggest a corrected e-mail address or make the user re-register a different e-mail address. This server-level product can be applied to any site. We've seen this catch up to ten percent of the registrations,

and the numbers are even for lead generation sites and e-mail addresses registered through telemarketing.

Keeping corrupted data out of your database is the first step every company should take to improve their deliverability and response rates. List issues are at the core of every deliverability problem. Keep your list clean from the start, update it on a regular basis, and 99 percent of the deliverability issues we keep hearing about would all go away.

Matt Blumberg: Bad e-mail addresses should never make their way onto your file, and there is one simple way to make sure they don't: always, always, always send confirmation e-mails in real time to people who sign up for your list, and only admit people into your database if those e-mails are deliverable. You can also choose to do a full double opt-in process and require a click or reply on the confirmation e-mail for added security, but most companies decide not to take that extra step. But there's no reason not to send that first confirmation e-mail. And it's also a great opportunity to welcome your new customer, make sure the person really wants to be on your list (by offering an unsubscribe link in that e-mail if the person made a mistake in subscribing or was maliciously added to your list by someone else), begin the exposure to your brand and set the expectations of what types of e-mail communication the person will receive from you in the weeks and months to come.

Tom Burke: Invalid e-mail addresses mean increased costs, reduced e-mail deliverability, and lost opportunities. If you're charged for each e-mail you send, attempting to mail an invalid address is money poorly spent. Furthermore, if your bounce rate is too high, some ISPs such as AOL will start blocking your e-mail and reduce your ability to reach your good customers. Most importantly, if you didn't collect a valid address at the start, you missed an opportunity to market to the customer, and the customer perceives a lack of customer service.

To reduce the impact of invalid e-mails, use e-mail validation software or service on your registration form and send a confirmation e-mail as well. Validating at the point-of-entry is the best way to capture the correct e-mail address from the customer. A confirmation e-mail is the final insurance the address works and belongs to the person who entered it.

Q. What about "e-mail validation" – don't you have a tool that provides this service in real time?

(Note: All three offer some form of validation services for e-mail address. Each of their websites offers information on these services, but for the sake of this article only TowerData submitted a response.)

Tom Burke: Of course! We have both batch and real-time services. The batch service can verify whether the addresses on your existing list can or cannot receive e-mail. For companies that are mailing in-house or are unsure about the reliability of the bounce processing of their e-mail service provider (ESP), this service has been instrumental in cleaning up their list and improving their ability to deliver e-mail reliably.

The real-time service is our newest offering and is best used when companies are obtaining new e-mail addresses. Not only will it validate whether a mailbox exists at a domain, but it will also suggest corrections for many forms of syntax and spelling errors (For more examples: http://www.towerdata.com/services/e-mail/hygiene/correct_examples.html).

Finally, here are a few useful links if inquiring into these services.

- <http://freshaddress.com/biz/whitepaper.cfm>
- <http://www.returnpath.biz/listquality/> (they also have a Online Resource Center with feeds)
- www.towerdata.com