

Words to the Wise

The list and database aspect of multi-channel marketing is arguably the most difficult for novices to come to grips with. Part of that is due to the jargon. Here, we clarify some common, and commonly misunderstood, terms.

Baby Mailing Preference Service (BMPS): A suppression file made up of parents or would be parents who do not want to receive unsolicited mailings related to babies.

CART: Classification and Regression Trees, a type of tree analysis.

Cell: A group of records from a given file or list that are grouped together by specific criteria.

CHAID: Chi-Squared Automatic Interaction Detector, a type of tree analysis.

Clustering: Grouping customer and prospect segments by age, spend, demographics or other criteria.

Compiled list: A list of records gathered from multiple, generally non-transactional sources, such as public files; the records on a compiled list generally fit within certain selection criteria, such as profession or demographics.

Co-operative (co-op) database: A compilation of customer data contributed by multiple businesses; participating companies can then access this larger pool of records for marketing purposes.

Data enhancement: Adding third-party data to a company's existing records so as to improve the accuracy of the information and the ability to target mailings; also known as *data appending*.

Data warehouse: Repository for a business' electronic data.

Dead mail: Mail sent to an incorrect address.

Delivery guarantee: The percentage of records on a list that are guaranteed to be correct.

Geodemographics: Data that define or segment individuals based on a combination of geographic information (such as postcode) and demographic information (such as age and income).

Lifetime value (LTV): How much money a customer is projected to spend with your company during his tenure as a customer; it can also be defined as a customer's contribution to overhead and profit throughout all his years as a customer with your company.

List broker: Person who handles all arrangements for a client company to use another organisation's list. The broker's tasks may include researching lists to find those suitable for the client, negotiating rates with the list owner or manager and evaluating the performance of the list after a mailing.

List manager: Person who handles all arrangements for a client's list to be used by another company. The manager's task may include marketing the list and ensuring that the list was used according to the terms of the contract.

Mail Preference Service (MPS): A suppression file made up of consumers who have requested not to receive unsolicited mail for marketers

Merge/purge: Combining multiple lists and running them through software that flags duplicate and potentially duplicate records so that you don't inadvertently mail to the same person twice; also known as *deduplication* or *deduping*.

Multiple regression: Database model that assesses the likely end result (such as sales or response) based on multiple variables; also known as *regression analysis* and *statistical regression*.

Net names: Number of names from a rented or exchanged file that are actually used, after deduplication.

Pareto principle: Also known as the 80/20 rule – 80% of a company's sales come from 20% of its customers. Used to reinforce the importance of segmenting your top performing customers.

Predictive modelling: Analysis that enables you to predict customer response by looking at a number of factors together; also known as *statistical response modelling*.

Psychographics: Data that define or segment individuals based on attitudes, personality traits and other psychological characteristics; also known as *lifestyle segmentation*.

RFM: Recency/frequency/monetary value, a modelling method that involves scoring customers in terms of how recently they bought from you, how frequently they have bought from you in a given time period and how much they spent with you in that same period.

RFMP: Recency/frequency/monetary value/product, a variation of RFM that includes the type or product purchased as an additional variable.

Suppression file: A list of names that should not be mailed – for instance, people who asked to be removed from a mailing list – which is run alongside a mailing list to remove the applicable records prior to mailing.

Tree analysis: Method of breaking down a database by variables using flow charts known as decision trees.