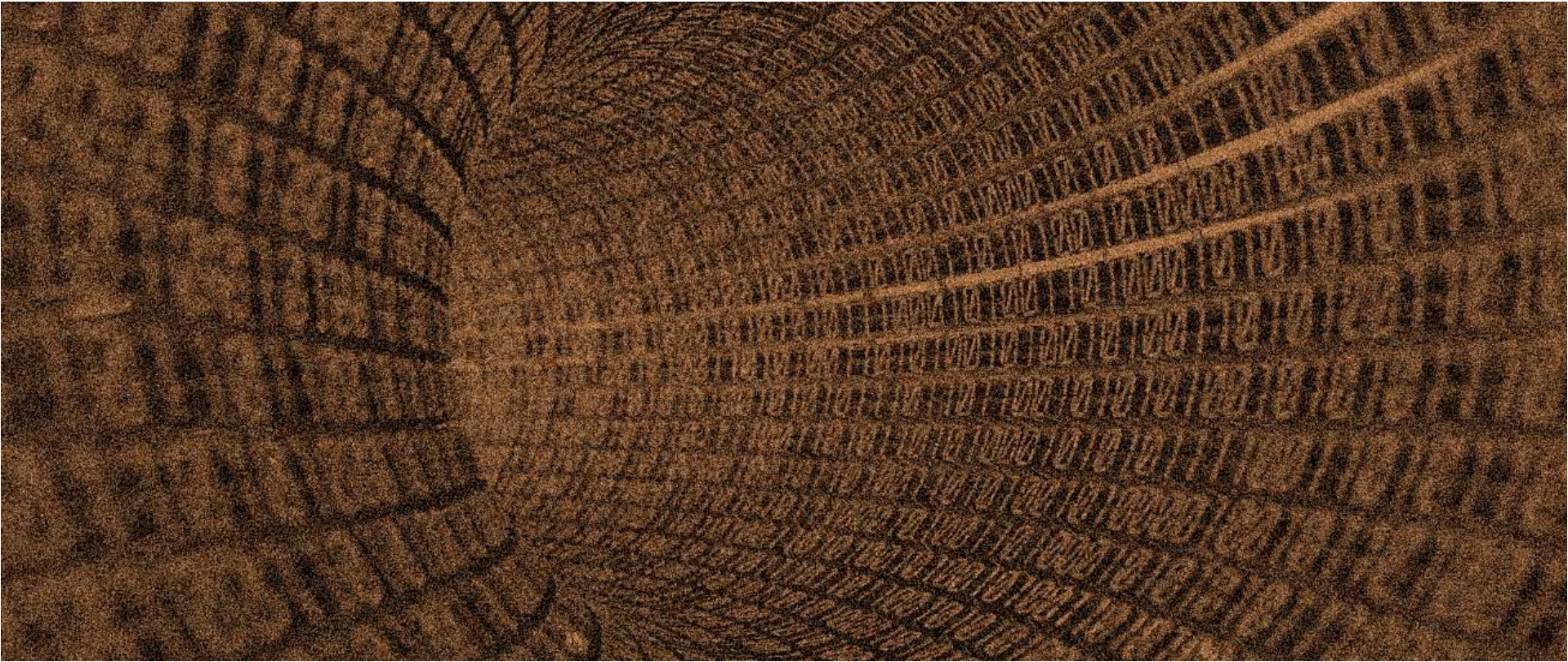


# Assessing the **Impact** of Dirty Data on Sales & Marketing Performance

**DEMAND**REPORT  
**GEN**  
THE SCORECARD FOR SALES & MARKETING AUTOMATION



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*The reality today for many businesses, from entrepreneurial startups to large corporations, is that they are working with databases cluttered with outdated, invalid or incomplete leads.*



## New Research on the Correlation Between Data Hygiene & Healthy Pipelines

The idiom “sweep something under the rug” is literally defined as “to hide or ignore something.” While the phrase originated from the housekeeping shortcut of brushing dirt under the edge of a rug, it also accurately describes the approach many businesses take to managing their internal sales and marketing databases.

Like any problem kept hidden rather than managed on a consistent basis, data hygiene has become a problem that organizations are aware of but rarely take the time to address. The reality today for many businesses, from entrepreneurial startups to large corporations, is that they are working with databases cluttered with outdated, invalid or incomplete leads.

While this problem has been talked about for several years, its impact on top- and bottom-line performance has been difficult to quantify as lead generation and lead management have become bigger priorities for B2B organizations.

A new study from DemandGen Report has provided, for the first time, a basis to tabulate the impact of bad data on all areas of the enterprise. Survey respondents not only pointed to marketing (66%) and lead generation (80%) as areas impacted by bad data, but also finance (30%) and customer relationships (54%).

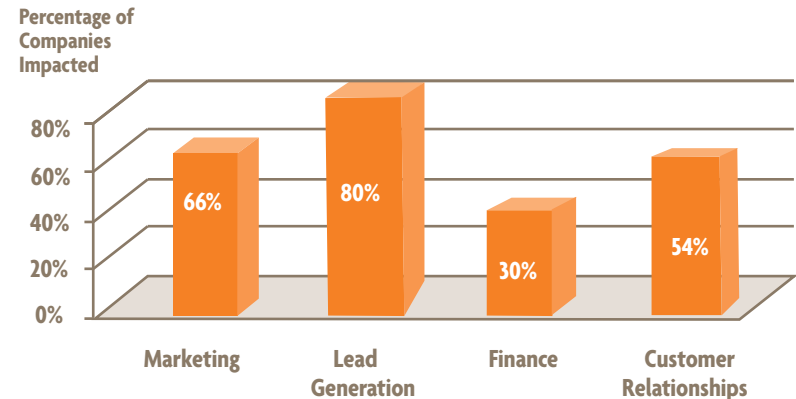
“Pretty much every company deals with data quality issues,” said Jeff Pedowitz, President and CEO of the Atlanta-based demand generation agency The Pedowitz Group. “It’s pretty pervasive.”

*“Everyone is obsessed with a big list,” Pedowitz said.*

*“No one cares about the quality of the list.” But clearly they should because a focus on quantity over quality creates multiple issues.*

Jeff Pedowitz  
President and CEO  
The Pedowitz Group

### Top areas impacted by inaccurate data



The DemandGen Report survey, conducted in October 2010, found that more than 62% of organizations rely on marketing/prospect data that is 20 to 40% incomplete or inaccurate. Additionally, almost 85% of businesses said they are operating customer relationship management (CRM) and/or sales force automation (SFA) databases with between 10 to 40% bad records.

In an era where people regularly migrate between companies, titles and jobs, dirty data has proliferated. There are signs, however, that organizations are becoming aware of the issues and beginning to understand the importance of scrubbing their data.

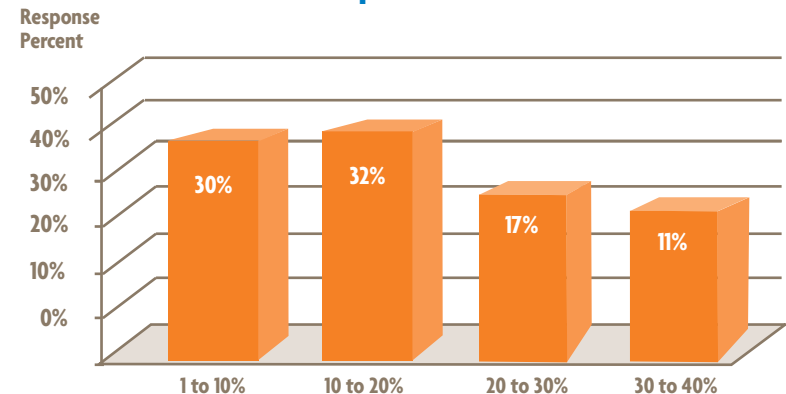
“I think we’re starting to see a tipping point where organizations are very aware of the need for clean data,” said Carlos Hidalgo, President of the Annuitas Group, a lead management process consultancy based in Grand Rapids, MI. “We are seeing B2B executives really waking up to the fact that these things are vital and important. Now they are wondering, ‘how do we do it and where do we start.’ ”

This E-book will present the findings from the new DemandGen Report survey, analyze the impact dirty data is having on companies and present case study examples of those companies that are seeing the rewards of addressing their data hygiene issues.

*“I think we’re starting to see a tipping point where organizations are very aware of the need for clean data.”*

- Carlos Hidalgo  
President  
Annuitas Group

### Percentage of prospect database that is incomplete or inaccurate



## Digging Into the Dirty Data Problem

Since successful demand generation strategies have emerged as a competitive differentiator for companies over the past few years, data is now correlated with dollars. The perception among many companies has become, “the bigger the database, the higher volume of leads and then opportunities.”

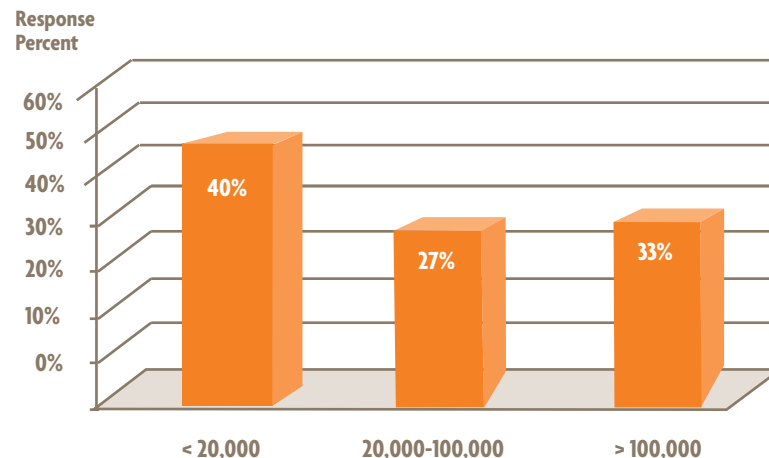
In looking at the strategies with which companies drove lead generation in 2010, the overwhelming majority pointed to data as the ticket.

As companies have shifted their focus to e-marketing initiatives, the assumption has often been that databases and intelligence on prospects and customers would only get deeper and stronger. However, the reverse has often been true. What has happened in many cases is companies have become overwhelmed with a tidal wave of data sources, and have struggled with a strategy to keep contact databases accurate and up-to-date.

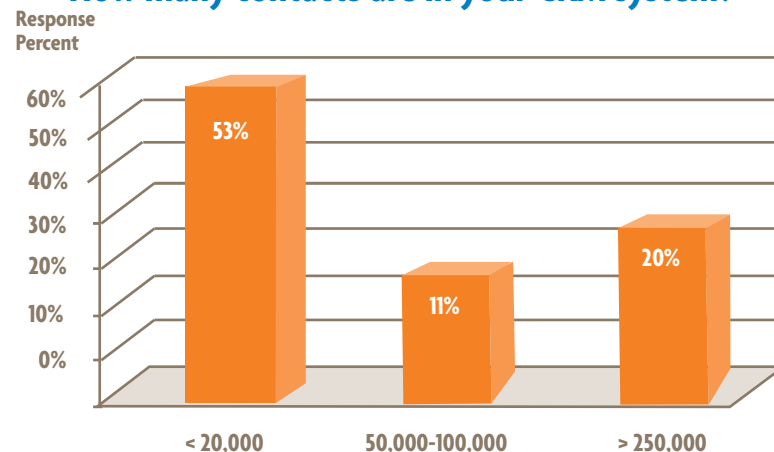
While nearly 40% of respondents to the DemandGen Report survey said their marketing and/or prospect databases had 20,000 records or fewer, nearly a third said their contact databases had expanded to more than 100,000 contacts.

Similarly, more than half of respondents (53%) indicated they had fewer than 20,000 contacts in their CRM and/or SFA systems. However, the survey also found signs of data explosion on the sales side, with 11% indicating their CRM databases had reached between 50,000 and 100,000 records, while nearly 20% said they had more than 250,000.

### How many contacts are in your prospect database?



### How many contacts are in your CRM system?



“Everyone is obsessed with a big list,” Pedowitz said. “No one cares about the quality of the list.” But clearly they should because a focus on quantity over quality creates multiple issues.

In some cases, these larger contact files represent the rapid expansion of pipelines, but more often the databases are filling up with duplicate and out-of-date information. According to leading research firm SiriusDecisions, customer and prospect data doubles every 12 to 18 months.

However, despite the rapidly changing nature of databases, the DemandGen Report survey found a wide disparity between the definitions of an “active record.” While six to 12 months was the most common response, more than 56% considered 18 to 36 months as an acceptable lifespan for an active lead.

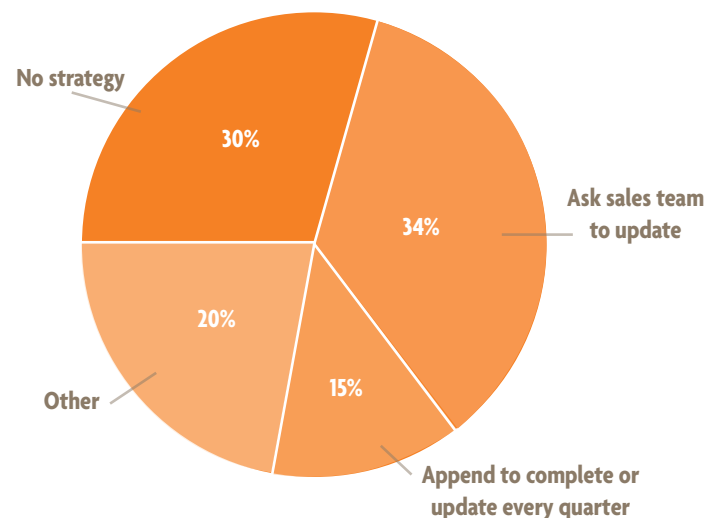
The new survey also found that 30% of companies currently have no strategy to update inaccurate or incomplete records, and more than a third of respondents leave inaccurate or incomplete records in their databases requiring sales teams to update them as often as possible.

When asked how respondents update their in-house customer and prospect databases, “manually” was the most common response.

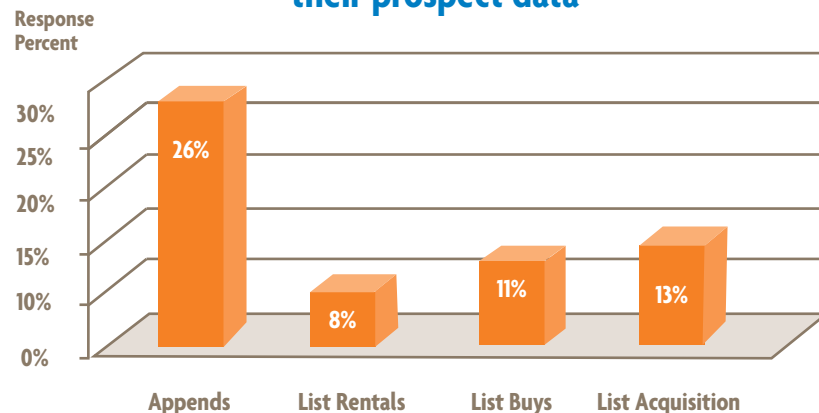
For those companies that are updating and/or refreshing their in-house prospect databases, list appends has emerged as the top tactic to keep information current.

Some more progressive companies (28% of the respondents) are beginning to integrate intelligent database tools with their CRM systems or they are cross-referencing their database records against their own email databases.

## Current data hygiene strategy



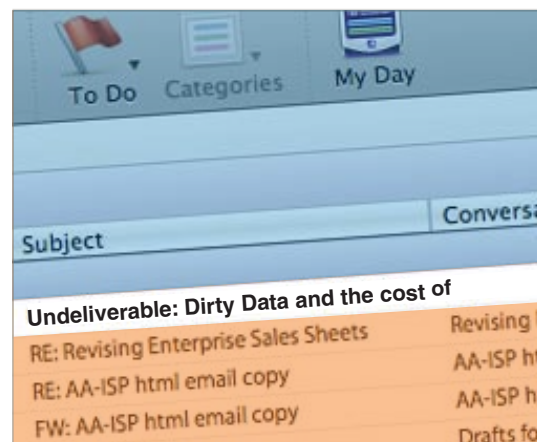
## Ways progressive companies update their prospect data



## Defining Bad Data

- ✓ Inability to reach by email and/or phone
- ✓ A contact record with incorrect information – from name spelled wrong to bad address
- ✓ Incomplete or inaccurate records (company name, job titles, phone numbers)
- ✓ Non-current data
- ✓ Wrong company info or wrong contact data
- ✓ Duplicates with inconsistent information
- ✓ Data which leads to the inability of our sales team to reach/communicate with the right executives at prospect organizations
- ✓ Bad email address
- ✓ Returned mail
- ✓ Fields that are empty/null due to poor capture techniques or contain other inaccurate firmographics
- ✓ Field complete but contains non-sense data: “TBA,” “TBD,” “TBC,” etc.
- ✓ Inconsistently entered data
- ✓ Any data that wastes sales team time: a contact that no longer works at the company or a contact that is a bad fit but we don't know it (because we don't have industry, company size, or role appended to the record)

*Due to data's impact on downstream sales revenue, 68% of companies allow marketing and sales teams to access outside databases to provide added intelligence to find additional contact sources at prospect companies.*



## Dirty Data's Costly Campaign Impact

The obsession with quantity over quality has impacted performance across the board for companies, but the most profound effect has been on marketing campaigns.

Rather than targeting specific prospects with personalized emails, many marketers have fallen into the trap of simply sending out email blasts to everyone on their list. Since email is a low-cost delivery method, many companies accept that double-digit percentages of their contact lists have switched companies, titles or jobs. “We have between 15 and 20% returned mail,” said one respondent.

But companies are quickly realizing that sending out “batch and blast” email campaigns usually brings dismal returns. According to the DemandGen Report survey, response rates have dropped to alarmingly low rates, with nearly 50% of survey respondents reporting generating less than 3% responses to campaigns.

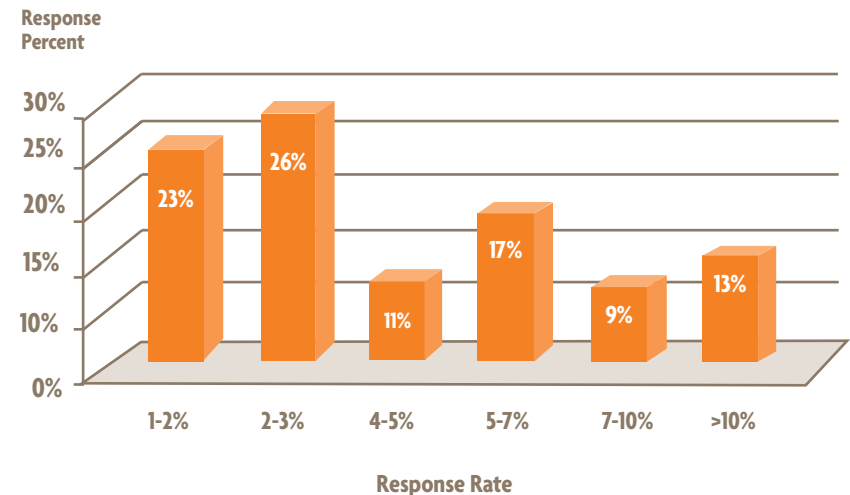
Rather than simply focusing on the volume of contacts with which they are communicating, industry experts stress that marketers must focus on the rates of conversion of their contacts to leads – and then opportunities.

“If I just buy this CRM system or if I just buy this automation system or purchase a data warehouse, it will make my data clean and therefore give more efficiency and effectiveness to my sales force,” is the common thinking, Hidalgo said.

However, Hidalgo added that experienced companies are realizing automation is not a silver bullet to solve their database problems.

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### Average response rates for outbound demand generation campaigns are dropping





## Data's Connection to Sales Performance

Conversion rates and other marketing metrics have an impact further down the funnel, but for many organizations dirty data has a more immediate impact on sales performance. When asked how they determine the impact of bad data on the company, 44% of respondents cited “the ability of the sales team to reach and/or communicate with the right executives in a prospect organization.” The direct sales impact finished far ahead of “accuracy of CRM system” (30%) and “response rates to email campaigns (26%).”

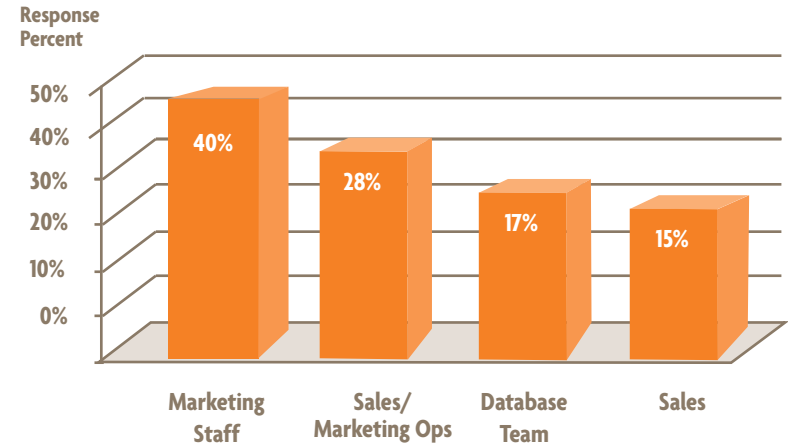
To provide better access to the “right executives,” a growing majority of companies are supplementing their own lists with third-party databases. According to the DemandGen Report survey, 68% of companies allow marketing and sales teams to access outside databases to “provide added intelligence, additional contact sources at prospect companies.”

Just as alignment is critical between sales and marketing across key areas of demand generation, the survey also pointed to the interconnected nature of data hygiene.

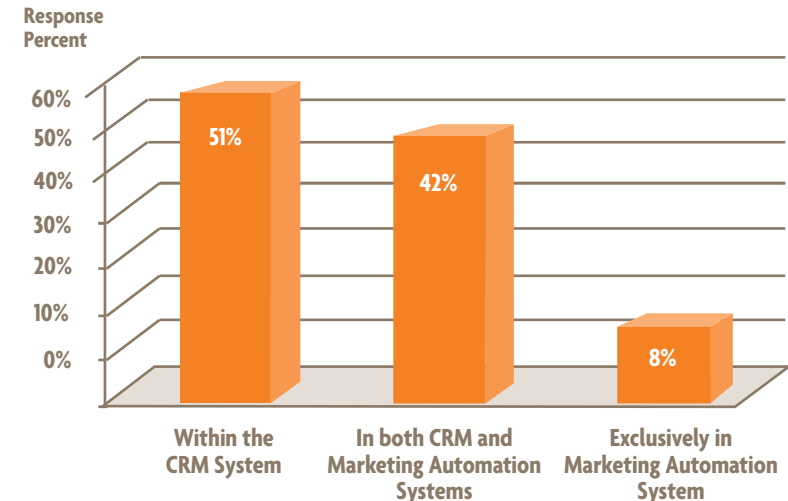
According to the DemandGen Report survey, 40% of respondents indicated that marketing staff manage the contact database. Other responses included “sales/marketing ops” (28%), “internal database team” (17%) and “sales” (15%).

In further evidence of the integration between sales and marketing data, the survey found that 51% of businesses store their marketing databases within their CRM systems, while 42% house the data in both the CRM and marketing automation systems and only 8% store the data exclusively in marketing automation systems.

## Who manages the contact database?



## Where marketing databases are stored



Regardless of how the data is stored or which department manages the database, analysts stress that investments in data hygiene will produce payoffs to both departments and – ultimately – the company’s revenue performance. Illustrating the impact of data hygiene investments, Hidalgo said the typical organization invests roughly \$150,000 to generate 1,000 leads.

Hidalgo said only 30% of those leads typically get routed to sales. Using standard industry benchmarks, he estimated the sales team will close 75 deals worth \$3.75 million. However, Hidalgo points out that in that scenario, the company leaves 700 leads behind that are never routed to sales, which translates to the company losing millions of dollars in pipeline opportunities.

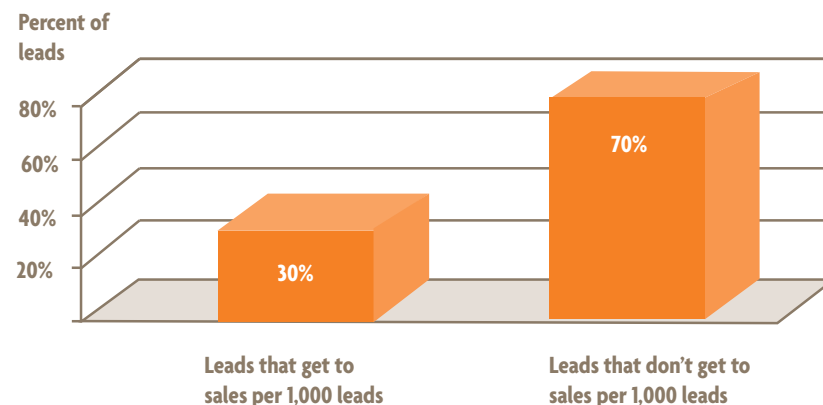
“Using that kind of example, you can show sales staff the importance of using and updating the system with accurate information – the importance of developing a data hygiene process,” he said. “Sales will start coming to the table.”

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*This translates to the company losing millions of dollars in pipeline opportunities.*

- Carlos Hidalgo

### Impact of poor data hygiene



## Building a Good Data Hygiene Strategy

Making the investment in data hygiene tools and processes not only improves marketing campaign performance and increases the efficiency of the sales organization, it can also help define the ideal prospect and identify the best person to contact in an organization.

To build a hygiene strategy, analysts suggest businesses must first build priorities around segmentation and processes for scrubbing data on an ongoing basis. For large databases of 100,000 or more leads, experts recommend quarterly cleansing, while semi-annual scrubbing is considered sufficient for smaller databases.

“Arming yourself with information just from doing a simple segmentation exercise can take your marketing to a whole different level,” said Ben Bradley, managing director of Macon Raine, a Chicago-based marketing and advertising agency. “I’m not talking about companies with armies of analysts. I’m talking about small companies with marketing departments of one or two, or sales organizations of five or six, that are executing campaigns against clean databases. They are seeing just phenomenal success rates.”

Dirty databases are cleaned by appending, refreshing and de-duping information. Appending works by adding information to the data that already exists in an organization’s database. For example, some companies might need to add email addresses, while others might be looking for phone numbers.

In addition to supplementing incomplete records with additional fields, another common step in the data hygiene process is a “refresh,” which removes records that are out-of-date or otherwise invalid. A data refresh service replaces old names with current information and also de-dupes the names, titles and companies repeated in inconsistent ways, including spelling, abbreviations and initials. A single record with current information is then matched to the contact’s profile.

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- Ben Bradley  
Managing Director  
Macon Raine

## Analysts Tips

Which cleaning method chosen is an individual decision. Some experts recommend giving the entire information system a thorough cleaning before beginning the segmentation process. Others favor cleaning the database in chunks, identifying and cleaning a segment before moving on to the next section. Either way, data hygiene should be an ongoing task.

Before selecting tools and intelligent database solutions to clean up your data, analysts suggest organizations should select partners that can offer both append and refresh services, and also offer the ability to buy or rent additional contacts as needed. In addition, many progressive companies have benefitted from the ability to search key contacts by vertical, title or other profiling targets offered by leading database vendors.

“What I liked about ZoomInfo was that I could identify contacts by keywords, industry terms and job titles rather than SIC or NAICS codes,” said Jack Schember, VP of marketing for SK&A Information Services. “As a result, I got a much larger and far more targeted list.”

ZoomInfo has developed patented technologies that distinguish it from competitors who use only manual or user-contributed processes to gather and update data. These technologies crawl the business Web, gather community contributed data, create profiles of businesses and their employees and update this B2B data 24/7 with new, constantly verified information. ZoomInfo offers the widest-spanning coverage (from startups to large enterprise-class companies), deeper business profiles (direct contact information, work history, biography, education, affiliations and Web articles that go back 10 years) and more accurate and up-to-date information than any other business information purveyor.

- › *Some experts recommend giving the entire information system a thorough cleaning before beginning the segmentation process.*
- › *Others favor cleaning the database in chunks, identifying and cleaning a segment before moving on.*

*Analysts suggest organizations should select partners that can offer both append and refresh services, and also the ability to buy or rent additional contacts as needed.*

“Over the years we’ve had terrific feedback on the quality of ZoomInfo’s data,” said Jay Schwedelson, VP of Worldata. “Our B2B customers keep coming back for the reliable contacts and targeted selects, and they consistently report fewer bounces and better delivery rates.”

ZoomInfo works closely with clients building searches to fit their specific needs. If a company is comfortable with its lists, ZoomInfo will maintain and update it on a regular basis. If a business wants to expand its reach, ZoomInfo will tailor a program to meet those needs.

“We had a target list of more than 100,000 decision makers, but no email addresses,” said Jackie Terry, Manager of Marketing Programs for Kronos, Inc. “ZoomInfo was able to quickly fill in the blanks, supplying us with tens of thousands of fresh contacts.”

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## Conclusion: Clean Data is King

As competition continues to heat up in various markets, more companies are relying on demand-generation engines to drive their pipeline performance. In order to build a demand-generation process that runs efficiently and powerfully, a clean and accurate database is becoming fundamental for success.

From lead qualification to planning a campaign, data is a key ingredient. Those businesses that understand the valuable role clean data plays within the framework of their companies and make the needed investments will see powerful gains in conversion rates and closed deals.

As the new DemandGen Report study underscored, dirty data impacts all areas of an enterprise, with the most pronounced effects felt in the sales and marketing departments. By taking steps to integrate intelligent database tools with their CRM systems, B2B organizations are gaining an edge on their competition by making sure their campaigns are reaching the right executives and their sales teams are focused on current and real prospects.

Nearly every company deals with data quality issues at some level, however, how aggressively each organization deals with these issues will become a key component of future success. Simply sweeping this issue under the rug is no longer an option.

With eight out of 10 companies surveyed indicating dirty data is hindering lead-generation campaigns and two-thirds expressing concern that inaccurate databases are limiting their marketing efforts, data is no longer an issue companies can afford to ignore.

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*DemandGen Report is a targeted e-media publication spotlighting the strategies and solutions that help companies better align their sales and marketing organizations, and ultimately drive growth. A key component of our coverage focuses on the sales and marketing automation tools that enable companies to better measure and manage their multi-channel demand generation efforts. While other publications touch on demand generation periodically as part of broader marketing coverage, DemandGen Report is the only information source directly focused on this emerging discipline. Learn more at [www.demandgenreport.com](http://www.demandgenreport.com).*

This DemandGen Report  
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## About ZoomInfo

ZoomInfo™ is a leading provider of business information that offers the industry's most comprehensive profiles on companies and businesspeople. ZoomInfo offers the widest-spanning coverage (from startups to large enterprise-class companies), deeper business profiles (direct contact information, work history, biography, education, affiliations and Web articles that go back 10 years) and more accurate and up-to-date information than any other business information purveyor. ZoomInfo's products include its free ZoomInfo™ Directory; the award-winning ZoomInfo™ Pro, which offers the most advanced searching capabilities on the market; ZoomInfo Community Edition, a program where members share their contacts in exchange for free access to the ZoomInfo Database; and ZoomInfo™ Enterprise Solutions, which provide customized data, list creating and contact updating services. ZoomInfo's customers include marketing, sales and recruiting professionals and leading brands such as Amazon, E\*TRADE, Microsoft, Time Warner, Wal-Mart, Watchguard Technologies, Yahoo! and the world's top staffing and executive search services. For more information, go to [www.zoominfo.com](http://www.zoominfo.com) or call (866) 904-9666.

## Accelerate. Your pipeline.

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Receive a list of 1,000 free exports from ZoomInfo's database and see how we can help you clean up your dirty data today

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