

Beware Top Ten Misunderstandings on Database Marketing



Author: Tiger Li, Director of Business Decision Solution, Sinotrust Automotive Marketing Solutions

Database marketing shall be considered from various aspects and could provide enterprises with a complete range of services, so as to maximize the benefits of both sides and stimulate the healthy growth of the whole industry.

Database marketing is just like a mixed bunch. So, marketers from a lot of enterprises are always confused and disoriented. Here, we will help the marketers look beyond appearance for the essence through interpreting ten misunderstandings on database marketing.

Database marketing = direct marketing

The real database marketing shall include data collection, control, analysis and marketing rather than the simply "Name list + Channel". The direct marketing is only the "Planning & Implementation" of database marketing. So, it is unable to fully cover the content of database marketing.

It is a third party's service

The database marketing service, offered by the third party, is mainly used for leads mining. However, the manufacturer usually carries out the self-database marketing for some key clients or CRM-based data marketing due to imperfect laws for the protection of personal information as well as simplex service from most third parties. Meanwhile, the less important tasks are outsourced. Also, product marketing is gradually replaced by service marketing. Therefore, services, particularly the after-sale service oriented marketing, will become the manufacturer's first choice. Thus, you are undefeatable when database marketing combines with CRM.

Database marketing equals precision marketing

Precision marketing includes such necessary conditions as high quality data pool; appropriate analysis on client's buying habit and preference; pertinent marketing plan; meticulous marketing control. The source and property of database marketing determines its inevitable "Precision". So, we should define our marketing practice as per the precise connotation of database marketing: spare no effort to improve the quality of client data and conduct effective integration. Also, marketing model should be established through descriptive or predictive statistics. The direct marketing activities could be planned on the basis of various channels for different clients and demands.

For leads mining

The cost used to conduct the database marketing is very low. Also, the small and medium-sized enterprises account for a great part of Chinese enterprises. In this case, marketing for the acquisition of new clients is preferred, while the nature and prospect of database marketing are neglected. Thus, database marketing should combine with CRM, especially analysis-based CRM, to boost the long-term development. Besides leads mining, the application of database marketing should lay special emphasis on improving the regular clients' value.

Without legal risk

There is no legal risk if B2B data are purchased via normal channels, or collected by the enterprise and TPDB marketing company through their own marketing activities. However, a lot of personal data are also collected through irregular channels and traded under a very low price. So far, such behaviors haven't been clearly stipulated by law, thus leading to a vicious circle of data acquisition with lower access, disorder and unavailability of self-discipline.

Data management is a technical issue

Data management shall be integrated with technical platform, management process and human resources. As to the data management process and system of the first magnitude, how to integrate data and achieve unitary graphic management, how to clean data via duplicate check and standardized mode, how to enhance data quality or keep data fresh via multi-channels and how to realize warehousing and return of client information with multiple client contact points are interrelated with data and marketing management. So, the personnel in charge of database marketing shall cooperate with technicians to completely solve problems on data management.

Modeling via data analysis

Model is the soul of database marketing. Statistical analysis mainly focuses on the past and present, so data analysis modeling enjoys less guidance on the forecasts for future. It is better to set up predictive modeling based on lifecycle of clients via data mining, so as to truly instruct marketing activities.

Predictive modeling is definitely accurate

Accuracy of predictive modeling counts on many factors. Modeling via data mining shall be evidently featured with regular patterns. If not, the subsequent modeling could hardly be accurate. In addition, insufficient data & data integration and poor data quality may also result in inaccuracy. However, the Chinese market and consumers' consumption patterns are changing fast, so the accuracy of modeling would be quickly decreased as time goes by.

Measuring ROI with one-kick marketing program

Database marketing demands sustainable development. One-kick database marketing can't solve problems for intermediate duration. On the contrary, ROI shall be measured upon the overall database marketing program within certain marketing cycle. Technically speaking, it is a tough job to conduct ROI of one-kick marketing or marketing analysis on a single product. Also, a simple data model can't meticulously split ROI upon different marketing modes and one-kick database marketing can't achieve scale efficiency in the short run.

Charging upon the marketing results

The sales department or product service department of many enterprises shall be directly or indirectly responsible for the turnover, but charging upon the marketing results cannot but bring about cutthroat competition. In light of examination on marketing results, marketers shall establish stable and perennial partnership with the database marketing service provider, which is authorized to grasp the overall lifecycle of clients, thus enterprises can be provided with CRM-based data management, analysis, planning and implementation and the benefits of both parties can be maximized. Accordingly, the benign development of the entire industry can be promoted.

Website: www.sinotrust.cn