



Pinning the Tail on the Donkey

Factors Affecting the Sizing of Business Markets

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I'll Cover

Three main factors affecting the sizing of business markets:

1.Coverage: What is the total size of the market?

Sources of data, matching estimates to commercial data sets

2.Classification: How best to segment & select?

3.Change: The impact of poor quality business data and positive use of 'change' triggers.

Cover practical initiatives that are helping to address these issues.



Based on:

- Over 20 years in B2B market research, data marketing and analysis
- Now specialise in research, media tracking and data services for marketing applications
- On behalf of Royal Mail we're developing the Royal Mail Business Changes File® and Business Barometer, which involves processing some 7M+ business records every month.

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1. Coverage: How many businesses are there?

The DTI estimates there were 4.3M business enterprises in the UK at the start of 2004 (25/8/05).
WWW.SBS.GOV.UK/SMES or www.statistics.gov.uk/sic2003 .

Key Source	Total File	'Marketable' Records
Government	4.3M	N/A
BT OSIS (business)	2.9M lines – c.2.2M sites	N/A
Companies House	2.09M registered companies	625K (D&B)
Directory Sources		
• Yell	2.2M	1.6M
• TDL	2.1M	1.6M
Business Information Co's		
• D&B (inc. OoB records)	7.4M	2.7M
• Experian	4.2M	2.1M

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Where are the 'Missing Millions'?

- Businesses with residential phone numbers?
- Businesses that 'slip through' the collection process?
- Opt outs?

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Where are the 'Missing Millions'?

How are They Being Found?

- Relaxing of license terms by data owners – enabling data aggregation
- New primary data sources – eg Royal Mail, maybe Government?



2. Classification – SIC Codes

- Introduced into UK in 1948, next update in 2007
- Aim to create a standard for classification of business establishments – now identical to Euro NACE system
- Better for agriculture and manufacturing
- Least effective for retail and service sectors
- Difficulties with ‘catch all’ ‘NEC’ categories and allocation of head offices for example.

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Alternative/Complementary Classification Systems

- Consumer directory classifications from Yell, Thomson Directories and Context4
- Typically offer over 2K more detailed and 'understandable' criteria – usually cross referenced
- Kompass & Kelly's from RBI good for manufacturing
- Geo-demographic classification systems introduce the dimension of geography and proximity.

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Recent Example – Leading Publisher

Objective: ‘All’ businesses for vertical directories

Brief: Gave definition of sectors and list of SIC codes.

	SIC Codes	Context4 Codes
Number of Sectors	43	87
Volume of Records	266,172	83,727

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3. (Fast) Changing Data

Some Facts

- A business **moves** every seven minutes
- A company **opens** and **closes** every four to five minutes
- Business data **decays** at over **37%** p.a.
- **5.7m** business & employee details changes p.a.

Source: Royal Mail research & analysis

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The Impact

- 67% of B2B mail **contains one or more errors**
- 1148m items in 2001, (worth £76M) sent to businesses **that had moved or ceased to trade.**
- **42%** of CRM failures are due to poor data quality
- ***Change – a key buying trigger***

Source: DMIS, Royal Mail research & analysis

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The Opportunity

“New occupants typically spend more in the first 6 months than in the next 5 years”

Growing areas will enjoy greater spend by businesses and consumers

Source: Association of Directory Publishers.

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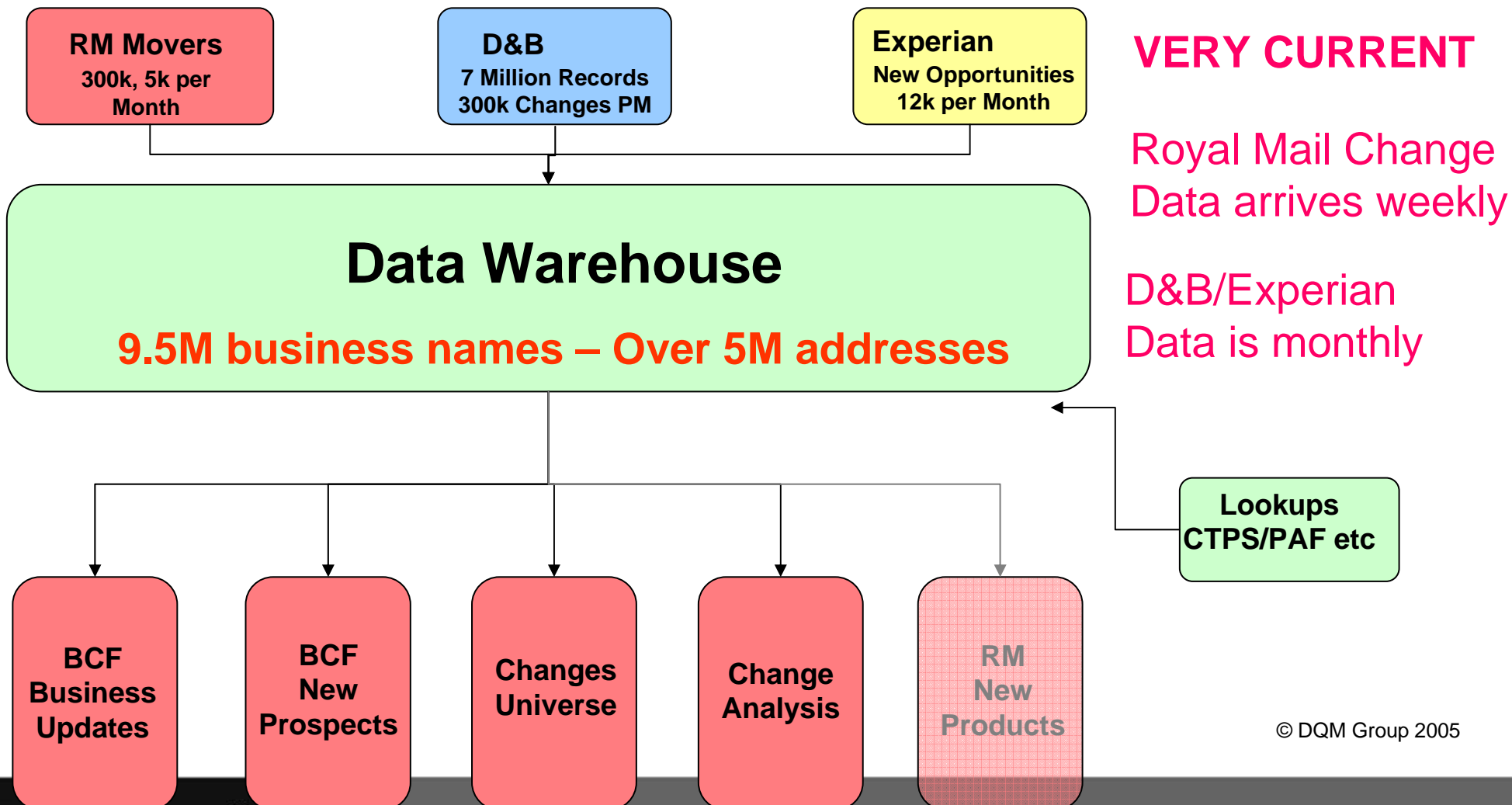
What Royal Mail is doing about it

- Royal Mail has unique source of very current and dynamic data including business re-directions
- Creating Royal Mail Business Changes File® and Business Barometer Change Analysis to:
 - Help improve data quality
 - Improve DM effectiveness through better targeting
 - Reduce network costs.

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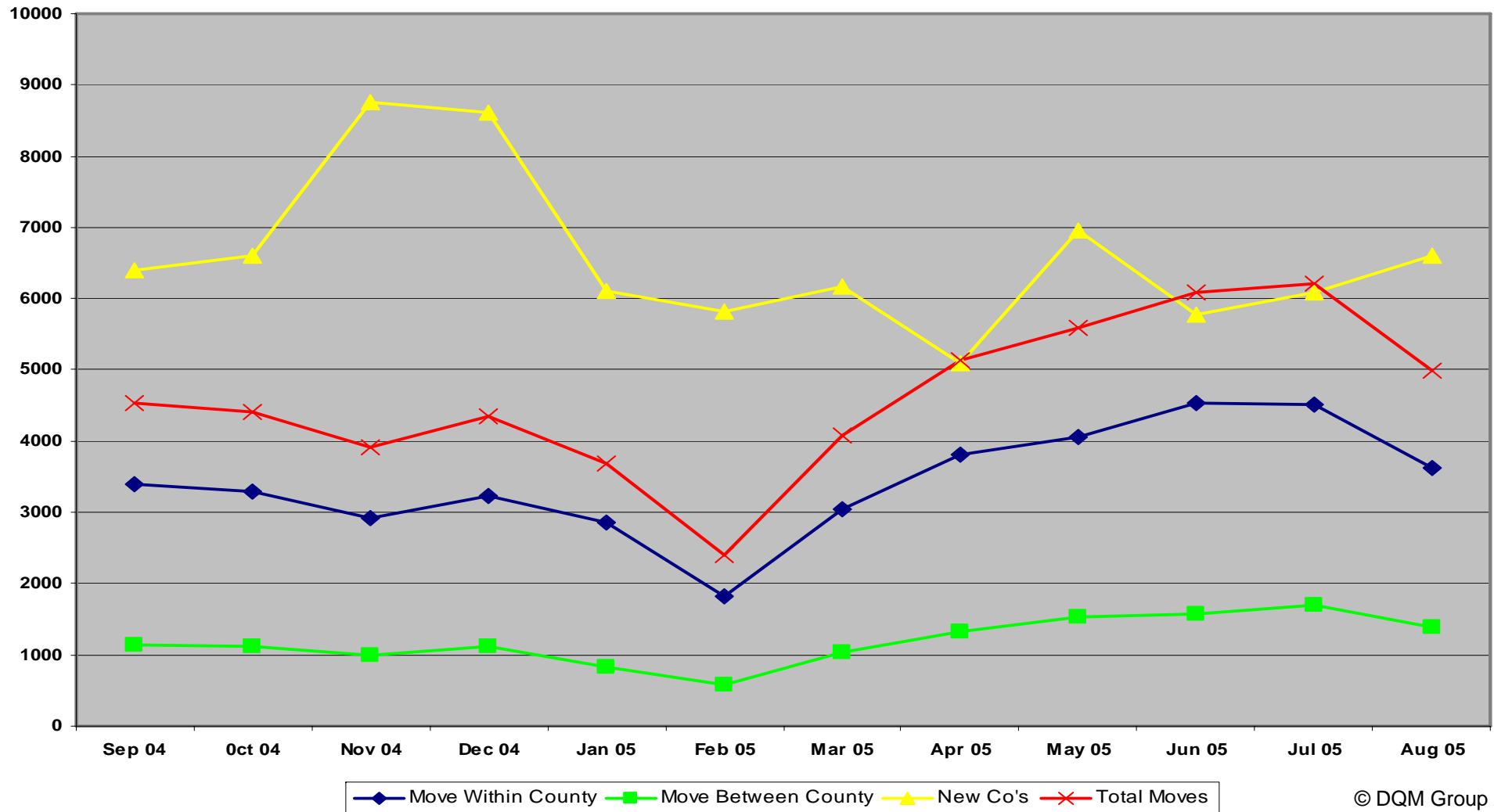
Royal Mail Business Changes File® (BCF)



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Overall Business Population is Stable Massive Change Beneath the Surface



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Some Change Facts & Figures

- 55,404 businesses moved over last 12-months
- Moving a total of 938,390 miles
- Average of 16.9 miles per move
- 74% stayed in same county
- 26% changed county
- Most popular towns – Woking, Croydon & Guildford
- Least popular – Swansea, Southport and Belfast

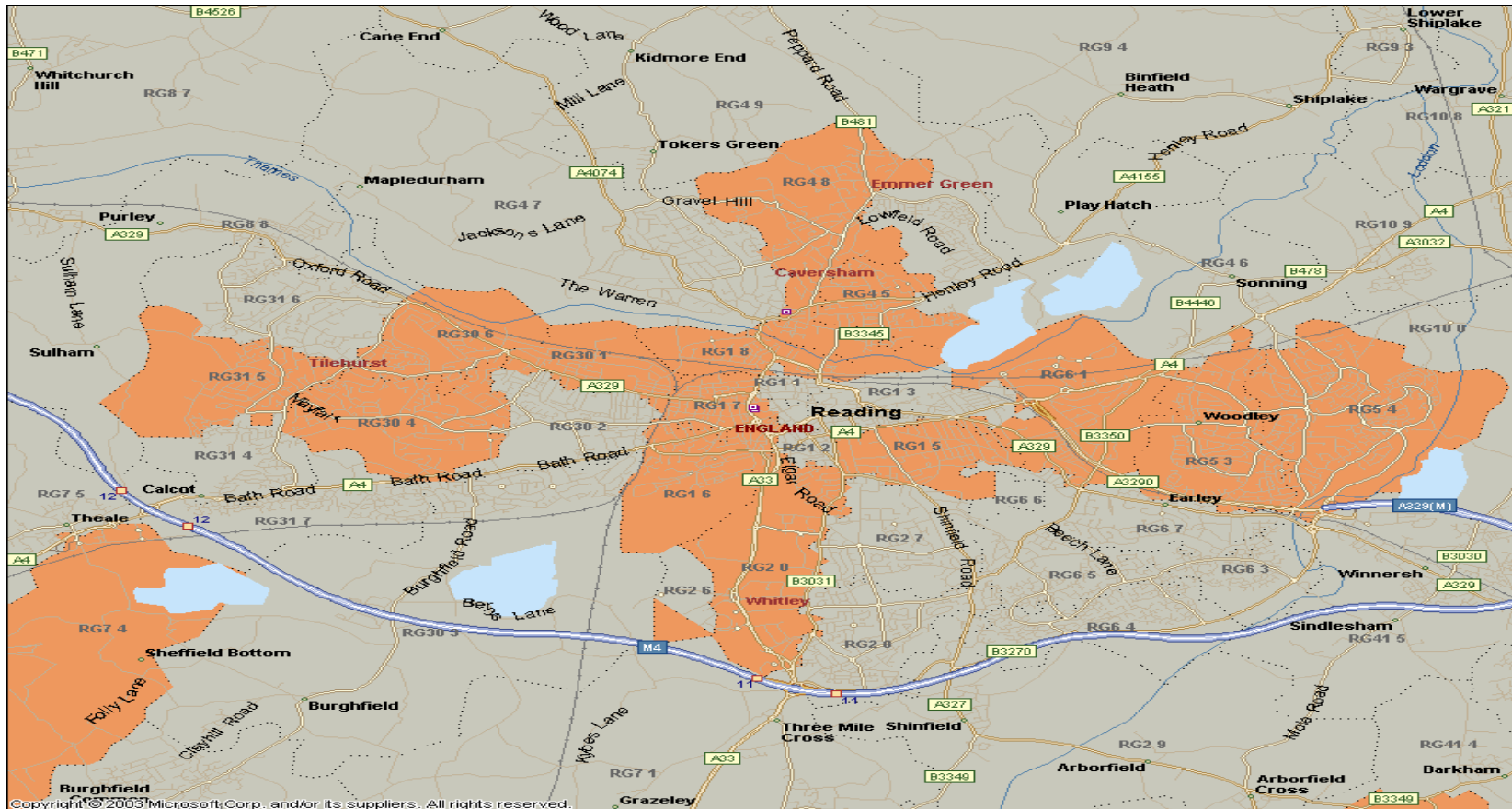
Source: Royal Mail Business Barometer analysis .

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Using 'Change' to Improve Targeting

A. Geodemographic Profile – Various 'Business' Areas

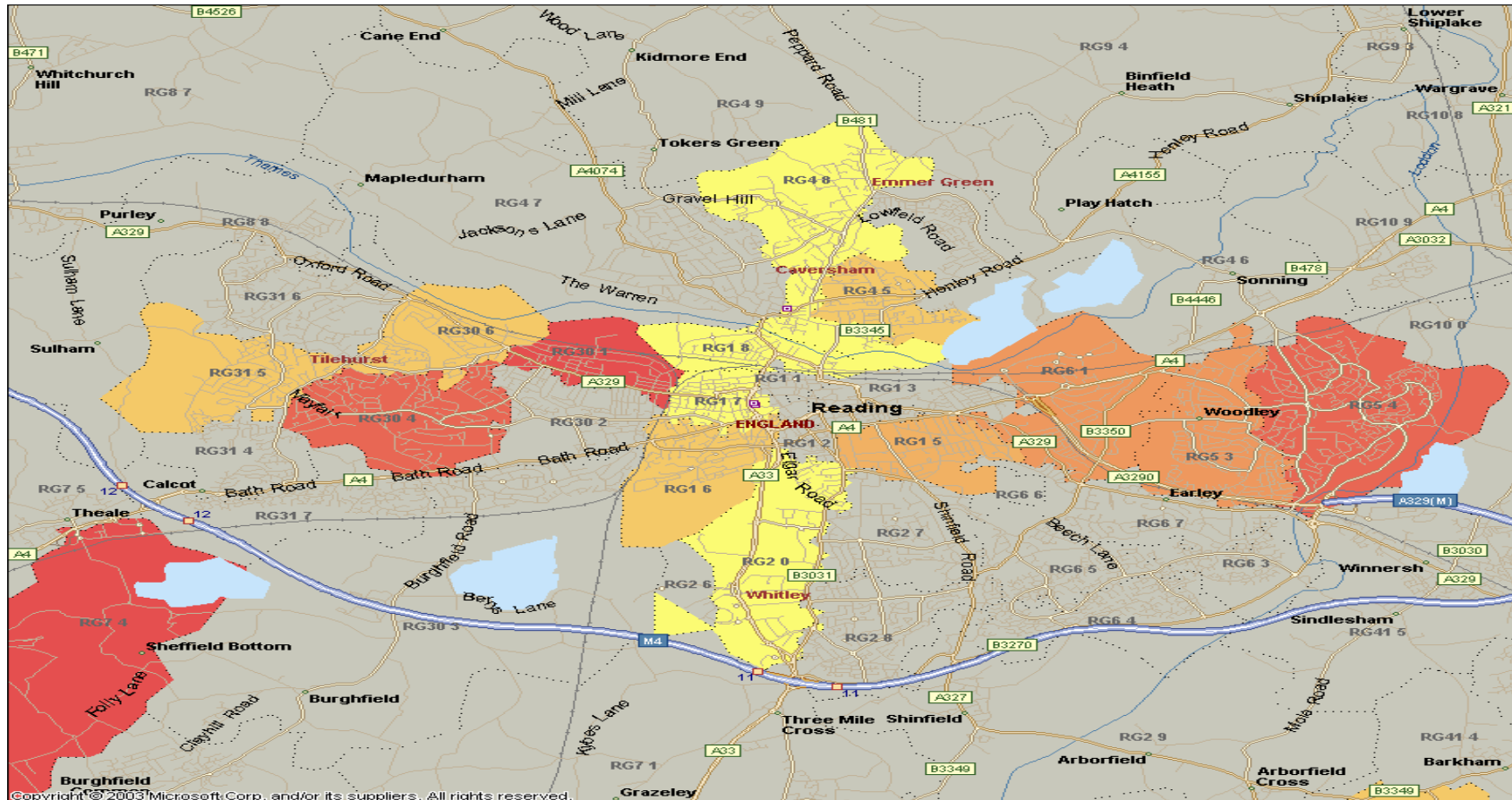


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Using 'Change' to Improve Targeting

B. Same Codes with Faster Growing Areas in Orange/Red

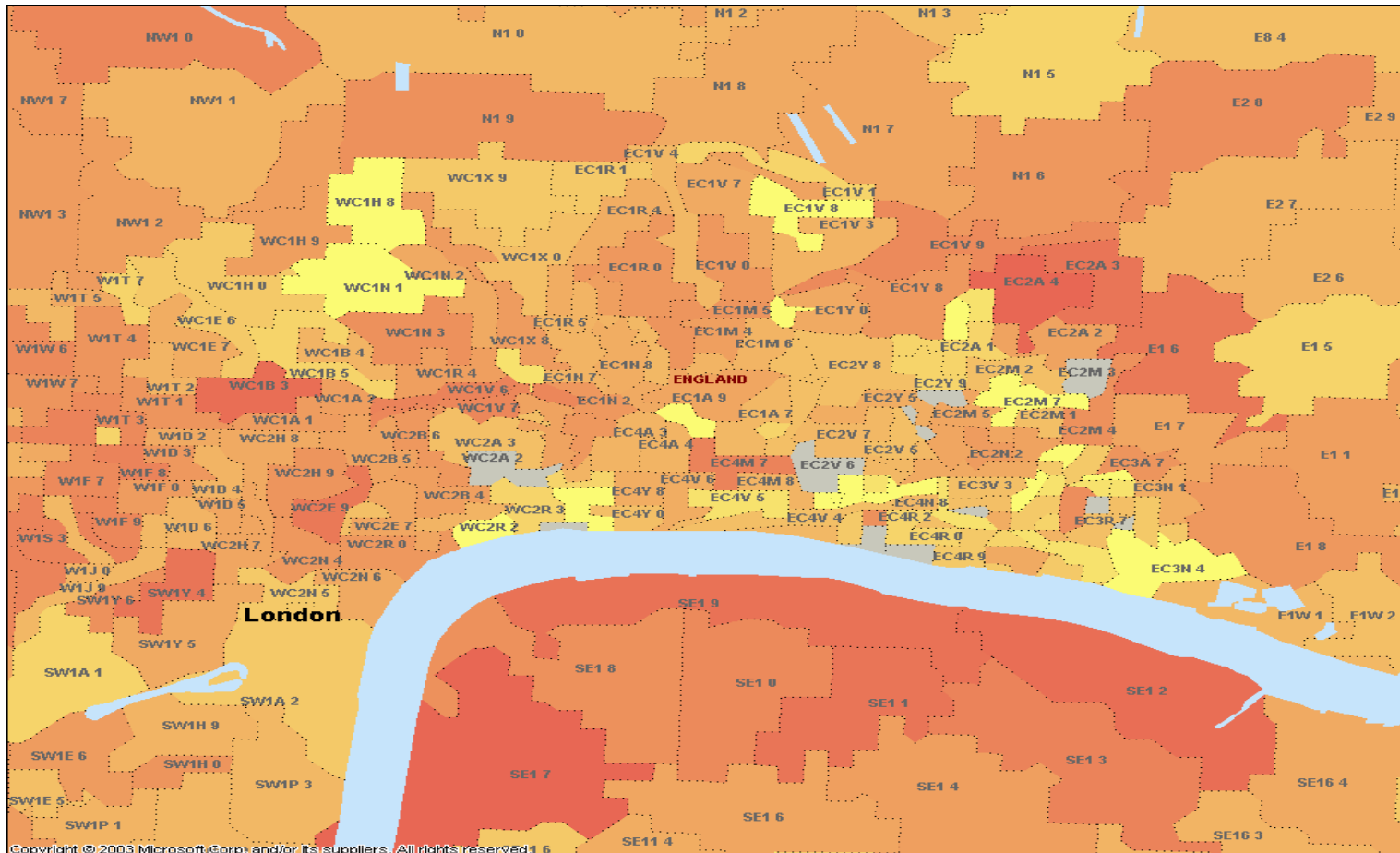


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Using Change for Property Research

Growing Postal Areas Indicating Potential for Buy to Let In London



Darker red postal sectors show areas of growing business populations in 2005

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To Finish

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Data Factors Situation is Improving

1.Coverage: 'Missing millions' are being found thanks to:

- a) Greater flexibility from data owners enabling data aggregation
- b) New data sources are increasing coverage.

2.Classification: SIC system major revision in 2007
Alternatives might be more suitable.

3.Change: Improving data quality and positive use of change data offers great potential for enhanced marketing.

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