informatica

Three Ways to Measure Address Quality

What you can do to manage your address data

We got what wrong?

It's never a happy surprise when a company realizes just how much of their address database is inaccurate. But it is always a surprise.

That's alarming for a number of reasons – mainly because poor address quality hurts both the brand and the bottom line. But it's most alarming because so few companies understand the scope and impact of the problem.

Organizations usually realize their address data is poor once the damage has already been done and their customers are raging. That's why it's so curious that no one's ever attempted to measure the size of the problem before.

In fact, most companies think measuring address quality is just too hard. Which is why most companies still don't know their bottom line is riddled with customer-size holes. And if you don't know how many customers will be let down, you don't know how urgent the problem is.

Beyond the customer service implications of bad address data, there are also wider impacts on all data strategies and business intelligence initiatives. Because addresses are a core component of identity.

In short: address quality matters.

In this eBook, we outline three ways you can measure the quality of your address data and dispel the poisonous notion that it can't be done. Because it's only once you've measured the size of the problem that you can actually start doing something about it.

Why address quality matters

And why poor address data is unforgivably expensive

Address data is unique in that it reflects your customers' real life in the physical world. So when you get it wrong and they don't get the invoices or contracts or products you promised to send them, their dissatisfaction generates real, tangible costs that your organization has to bear.

It costs you money

You have to pay for your returns department to process an avoidable return and re-delivery. And in between the two events, you're paying for your customer service agents to deal with a case they can't fix on their own. All of this is expensive if you operate in one country – but it's excruciating when your business is global.

It costs you customers

Bad address data means you pay the ultimate price: disappointed customers. To a customer, timely delivery is the simplest of brand promises, and when it's broken it leaves customers disillusioned with all your other brand-building efforts. To a customer scorned, your most memorable differentiator is the fact that you let them down.

It costs you strategically

Phone numbers and email addresses are digital signifiers that are transferable and very easily changed. Because it represents your customers' physical reality, address data will serve as the foundation of your master customer data.

If a doctor needed to know which one of Rob and Bob is allergic to penicillin, she'd have a far better chance of finding out if her customer ID system connected the patient history to accurate address data.

What address data looks like

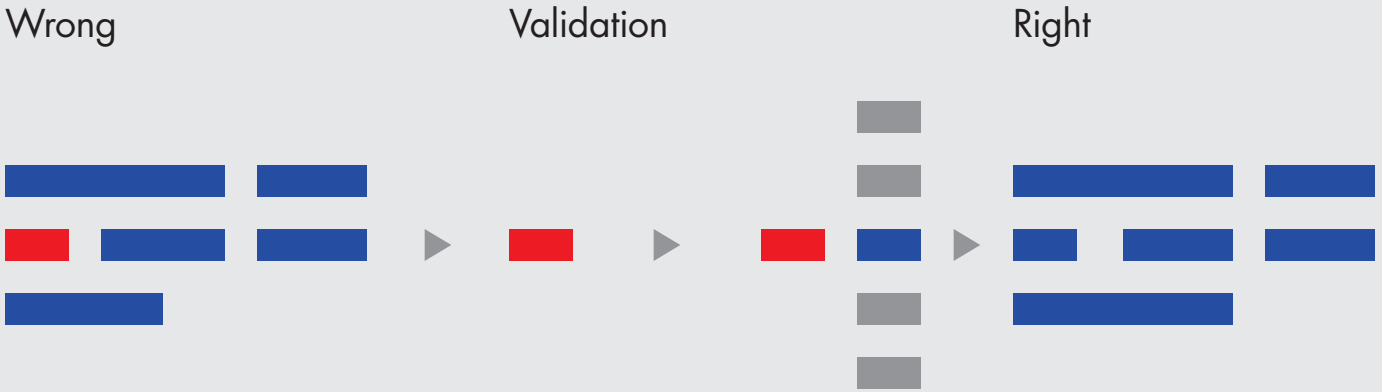
Quality is a subjective term. So the criteria you set for address quality will need to match your organization's objectives. More important, the specifics of how you collect and maintain that data will have to match the way your teams work. That said, there are dimensions of address data quality that no global enterprise can afford to ignore.

Accuracy

Naturally, the first criterion that qualifies an address as being accurate is whether the customer actually lives or works there. But in data quality terms, all the necessary fields of the addresses need to be complete and accurate, too.

Global: Address accuracy in one country is relatively easy. Doing it in many countries, or globally, is orders of magnitude harder (all national postal services were not created equal). Your data quality standards have to apply to every country's postal infrastructure no matter what their conventions are – that means different writing systems and address format hierarchies.

Updated: What was an accurate sample of address data in 2011 may no longer be accurate. As your customers change homes and cities change street names, your database needs to update to reflect the new information.

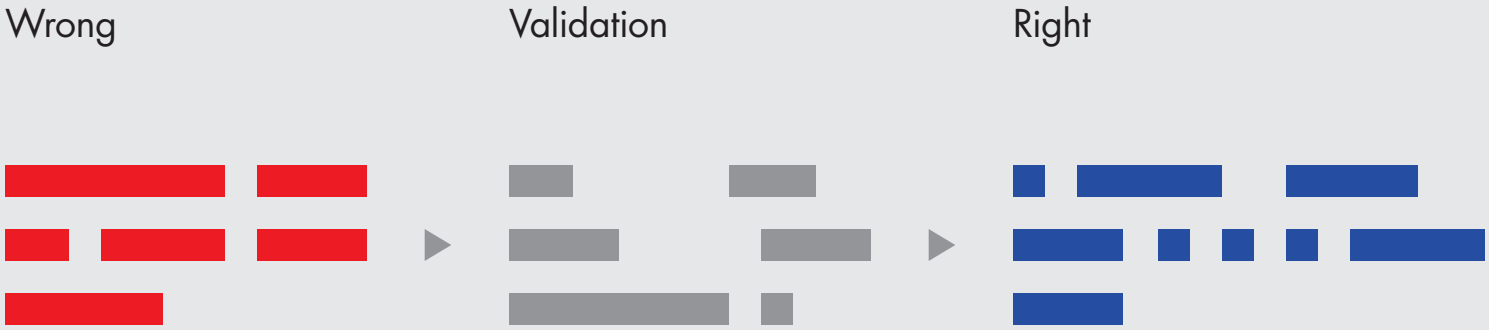


Standardization

Another source of subjectivity that will influence your data quality is your organization's data architecture. Even the most accurate data is of no value to your teams if it isn't normalized to fit into your database.

Additionally, this means your address data has to be standardized to correspond to the national postal standards of all the countries you operate in and deliver to – while still playing nicely with each other. That is, your Turkish address data needs to comfortably coexist with your Japanese address data.

In other words, the addresses must conform to local postal standards which must conform to your data architecture which must conform to your data quality standards. (Hey, if it were easy, everyone would do it.)



Three measures of address quality

So address quality is a complex notion. But the steps you take to measure it don't have to be. If you follow the trail from data entry to failed delivery, you'll be able to identify all the instances where address data is dealt with in your organization. Measure the instances and you'll have a measure of quality.

1 Measure your returns due to address errors

The first sign of address data quality is simple: In a given period of time, count the total number of returns your company has to process. Every time a package is returned because of an inaccurate address, record the fact.

At the end of the given period, compare the number of address-related returns with your total returns and you'll have an idea of how often address data is creating avoidable returns.

From there you can multiply the average cost of a return (and re-shipment) to estimate how much poor address data is costing your business.

Key metric:

Bad Address Returns Rate (BARR):
Returns due to bad addresses
in given period /Total returns
in given period x 100

Know what your BARR is so you can manage it down over time.

BARRx100

2 Measure the data itself

The only problem with measuring address-related returns is that the damage has already been done. Once the returns are being processed, your customers are already upset.

A more proactive approach is to measure the data itself. The best way to judge your data quality is on a scale of 'mailability.' That way you can account for the data that's already perfect, the data that's completely invalid, and the shades of grey in between.

Here's how you do it:
Enter a batch of your data into any Informatica AddressDoctor product (we recommend our Data Quality Center) and then see how it fares along this scale.

Mailability Scale:

3 Measure your tools

Nothing hurts your database like poor address verification tools. Not only do they fail to address the issues you employed them to deal with, they also give your teams a false sense of security that your data has been cleansed. So if you're interested in measuring your data quality, you should really be measuring your tools, too.

Here's how you do it:

1. Take a sample batch of confirmed accurate addresses from your global database. Don't allow any addresses to which you haven't successfully delivered.

2. Manipulate a given number of those addresses by entering errors. Remove countries, change postcodes, misspell street names, and change the order of the data. This route to measuring data quality is paved with intentionally low quality data.

3. Enter the manipulated batch of addresses into your address verification tool and apply the results to the 'mailability scale.'

Now you'll be able to see how many of your mistakes the tool was able to pick up. If you don't like what you see, repeat the same steps in another address verification tool and see how it compares. (Needless to say, it's a comparison we welcome.)

The measure of a great brand

When it comes to address quality, out of sight isn't just out of mind, it's straight out of pocket. And after all the time, money, and effort you put into your brand, it's a shame to fall at the last hurdle.

Clearly, data's move to the heart of the enterprise must be accompanied by greater vigilance and an organization-wide insistence on the highest standards of data quality. After all, the potential value the enterprise can derive from data hinges solely on the accuracy and validity of the data itself.

By defining what address data quality means to your organization in both broad and specific terms, you'll be setting in stone the standards that will eventually mean your customers trust your brand to deliver.

More important, by measuring the state of your address database, you can get the ball rolling and empower your brand to start doing what its customers expect it to.

When the results come in, if the look of horror doesn't do it, then an inclination toward the highest standards of quality should.