

Data quality and predictive analytics

An Experian Data Quality white paper

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Overview

Customers have more options today than ever before. For example, they can shop online, browse in-store, and compare prices at any point in time. To reach the new, digitally savvy consumer, organizations have embraced the concept of cross-channel marketing. The objective is simple; create a consistent, personalized experience across all channels based on each customer's preferences and interests.

And while this is an important endeavour, organizations also need a distinct plan for optimizing the customer experience for their web properties. This consideration is often left in the hands of e-commerce experts, but should really be considered more broadly across the organization.

A retailer's website best illustrates the brand and has the potential to build a connection with each individual customer. A more personalized website display is an option many retailers consider as it is most likely to increase online engagement, ultimately enhancing online conversions and revenue. A retailer's website can take advantage of customer data and analytics when considering website displays and conversion paths.

Through this logic, it is essential that stakeholders across the business consider their customer data in the eyes of the e-commerce department. How can this information be shared across the business? How can the analytics department turn single records into customer profiles?

This research report showcases current trends in data quality, and ultimately explains how utilizing predictive analytics will lead to a stronger online performance.

Current trends

In a recent Experian Data Quality research study, 93 percent of respondents agreed that some form of data is essential to their marketing success. However, the vast majority of companies also suspect that their contact data might be inaccurate in some way.

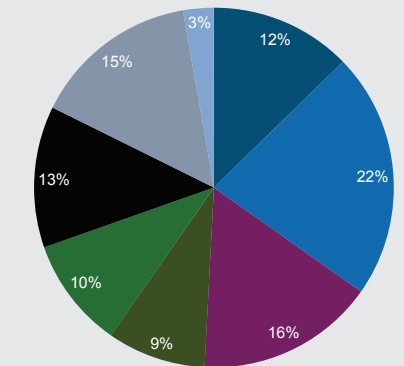
U.S. organizations actually believe that 25 percent of their data is inaccurate. The level of inaccurate data is staggering when one considers how much businesses rely on customer information.

Business intelligence continues to be a core focus area with 89 percent of companies using their data in a strategic way. Moreover, 61 percent wish to use customer insight or intelligence to enhance consumer engagement. Additionally, 58 percent believe that through greater customer insight, they can increase revenue.

Data has become so valuable that:

93 percent

of organizations think some form of data is essential to marketing success.



Problems with business intelligence

- Cannot consolidate data across channels
- Inaccurate data
- Not enough information available
- Too much information available
- No analytics resources
- Lack of training
- Lack of flexible data
- Other

89 percent

of companies use their data in a strategic way for business intelligence.

Benchmarks and impacts on online conversions

In addition to customer insight, organizations wish to use data for real-time offers and prioritization. Again, the research showed that this objective ties to customer engagement and revenue. In fact, 71 percent of respondents believe that customer insight will lead to better customer service, and 58 percent believe it will increase conversion rates.

While these trends relate across channels, they are essential when planning e-commerce strategies. Any website strategy must consider customer engagement, often focused on driving toward a particular transaction or purchase.

Data is the foundation for both objectives. Therefore, the business should look to improve the capture and maintenance of customer data, considering both first and third party data sources.

First versus third party data

Customer information is essential, especially when looking to enhance insight and deliver more revenue. However, retailers need to consider a host of different data attributes in order to understand each individual and their purchasing plans.

The initial goal is to ensure customer contact information is accurate. Without this, a retailer cannot communicate important loyalty offers or product information. This information can also start to build insight into the demographic breakdown of your customer base. This intelligence can be useful when considering the online sales tax breakdown, shipping and physical storefront property opportunities.

Once customer information is validated and standardized, a retailer can look to link customer data stored across business databases. By linking customer transactions that have occurred across channels, the business can begin to understand purchase preferences and patterns. This information can also help showcase the lifetime value of each customer, which may impact loyalty member status, for example.

Finally, the retailer can consider appending third party data that will improve the business' ability to interact with each individual consumer. Today, 94 percent of organizations append data to their customer contact information. In fact, companies append, on average, three different data sets to their customer contact information.

Certain niche retailers, in particular, appear to be at the forefront of this effort. Companies in manufacturing & automotive, and utilities and telecoms append a wider variety of data enrichment information to their customer contact records, compared to the other industry sectors.

Data quality and predictive analytics

Types of data useful for online marketing

In today's Information Age, data is everything. Businesses wish to accumulate as much information as possible, often planning to make sense of it at a later date. While compiling information is important, retailers should focus on the types of data that are most useful for their goals.

In order to increase online conversions, retailers need to look for data that speaks to each individual's propensity to buy and their value to your particular brand. To gain this insight, expect that you'll need both first and third party data sources.

The chart below provides examples of data, broken down by data type.

Demographic data	Mailing address, age, marital status, estimated income level, and gender.
Transactional data	Past purchase history across different purchase channels.
Preference data	An individual's interests, such as a sports enthusiast.
Attitudinal data	An individual's perspective compared to others, for example their affinity toward political issues.

The role of predictive analytics

Many organizations dissect customer information, looking for purchase patterns or demographic segments. This information is helpful for marketing campaigns; however, can be used within a business model to predict customer behavior and indicate your most valuable customers.

A predictive model works in real-time, based on inputted data sources. This can be solely first party data, or a combination of first and third party data. In either scenario, the data is processed in real time, as the customer interacts online.

Benchmarks and impacts on online conversions

A predictive model can determine the customer profile and can trigger the most appropriate response. For example, the top 20 percent of customers may receive a higher value offer; alternatively, they may receive free shipping or other benefits.

The role of a predictive model can extend beyond website displays as well. The model may trigger relevant follow up based on the individual's propensity to purchase. In this instance, a higher value prospect may receive faster follow up or more accommodating customer support.

Conclusion

Retailers have more data assets at their disposal than ever before. This information should be used to gain stronger insight into customer behavior, ultimately helping retailers to tailor messaging and improve online conversion rates.

Once retailers understand what data is essential to building this insight, they should determine whether they have the data and analytics resources in house. If not, consider partnering with a company that can deliver the necessary insights and predictive capabilities that will drive greater conversion rates.

About Experian Data Quality

Experian Data Quality is a global leader in providing data quality software and services to organizations of all sizes. We help our clients to proactively manage the quality of their data through world-class validation, matching, enrichment and profiling capabilities. With flexible software-as-a-service and on-premise deployment models, Experian Data Quality software allows organizations around the world to truly connect with their customers by delivering intelligent interactions, every time.

Established in 1990 with offices throughout the United States, Europe and Asia Pacific, Experian Data Quality has more than 13,500 clients worldwide in retail, finance, education, insurance, government, healthcare and other sectors. For more information, visit <http://www.qas.com>.

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