

A retailer's guide: Managing customer data quality





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The main data quality challenges for retailers

There are three main data quality challenges that retailers today face. These are caused by the increasing number of channels they must operate in as well as optimizing those channels for the always-connected consumer. Ensuring the quality of the data collected through those multiple channels, fully making sense of and leveraging that data for business purposes and combining the aforementioned into a single customer view are the three main data quality challenges for retailers.

1. Collecting accurate data from multiple channels

Data collection involves a number of channels and platforms used to collect data.

Examples include:

- POS
- Web
- Call centers
- Mobile
- Kiosks

Increasingly, this means managing the data collected through omnichannel initiatives that take advantage of multiple customer touchpoints.

2. Leveraging data as an asset

Retailers must be able to connect the dots from the data they collect and use that to ultimately improve customer experience and drive revenue.

However, this endeavor is often limited by poor technology, poor processes and poor understanding of how the two work together.

Scenarios include:

- Legacy data environments that are unable to scale or keep up with increasing workloads
- Different internal processes regarding the organization and standardization of data
- Not having the employee know-how to create proper processes or optimize the use of technology

3. Creating a single customer view

Perhaps the greatest challenge of all is creating a single customer view with the data collected.

This requires both accurate and valid data as well as understanding how to properly leverage that data as a valuable asset.



How do these challenges impact retailers?

Retailers must constantly strive to connect with their customer—one that is using more and more channels during his or her purchasing process and one that is entering in their data in more and more channels.

Retailers must balance this influx of data with their main objective of providing real value through their products and services so that customers continue to buy additional product from the brand.

Too often, any combination of the three data quality challenges listed on the previous page will ultimately result in customers losing interest, having a negative perception of brand reliability and missed opportunities to generate loyalty and revenue.

With data being the foundation to any and every decision made, an inability to overcome these challenges can quickly snowball into wasted resources and missed revenue opportunities.

84% of retailers think inaccurate and incomplete customer or prospect data costs their organization money in terms of wasted resources, lost productivity or wasted marketing and communications spend.

– Experian Data Quality Benchmark report, 2015





Data collection meltdown

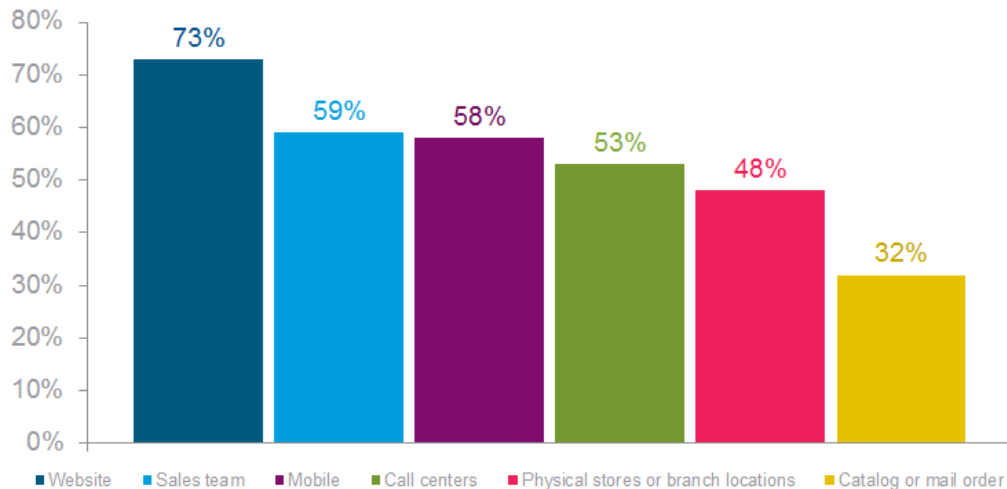
According to the 2015 Experian Data Quality Benchmark report, U.S. companies today use an average of 3.6 channels to collect data. That's almost four channels that retailers must manage and ensure that the information they collect is able to be used.

Whatever the channel—company websites, sales teams, call centers, brick-and-mortar stores, etc.—retailers must meet the consumer, and not just half-way, but go the entire distance, using these channels in order to meet expectations. The problem, however, lies within the integrity of the data collected.

Data is the linchpin for many kinds of operationally critical activities (billing, tax collection, shipping, etc.) as well as revenue-generating activities (loyalty programs, lead generation, personalized marketing, etc.).

These activities and processes can cost retailers anywhere from hundreds of thousands to millions of dollars. When there is confidence in the data collected, these activities show a positive return on investment. When that data is compromised, however, not only is the investment in time and resources unjustified, but customer satisfaction with the brand can be jeopardized as well.

On average, U.S. companies use 3.6 channels to collect contact data



The 3 most common errors for retailers which stand out above other industries are:

45% incomplete or missing data

41% inaccurate data

39% outdated information

– Experian Data Quality Benchmark report, 2015



Pitfalls of leveraging data as an asset

Retailers who are able to analyze the billions of bytes consumers leave behind have a major advantage over those who still rely on intuition to predict behavior. While it can be true that more data collected can produce better, more complete analyses, most retailers are still trying to figure out what to do with, and how to optimize, their data for use.

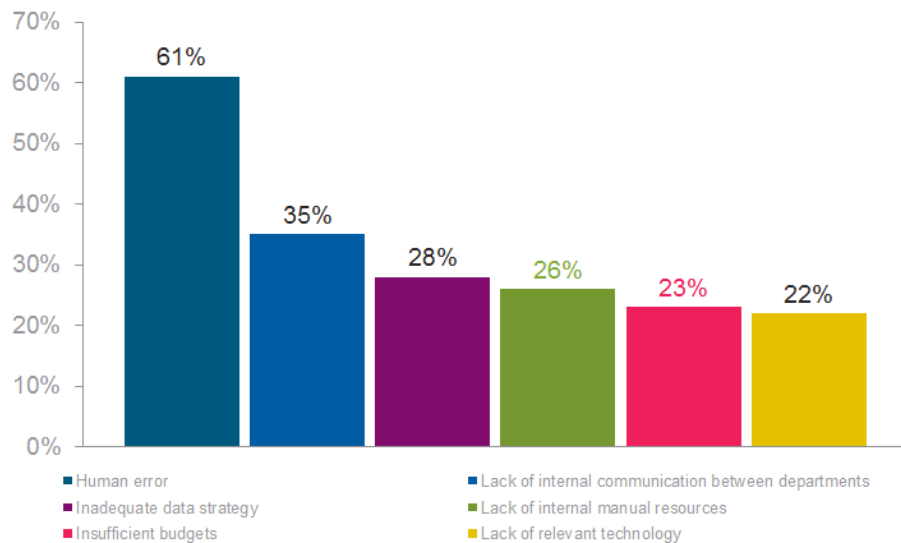
A number of factors restrict retailers from turning their data into insight.

- Lack of internal guidelines on how to process and standardize data
- No clear or set rules for data formatting upon entry by employees
- No ownership of data by a set person within the business
- Using different systems for online and in-store sales with their own separate databases

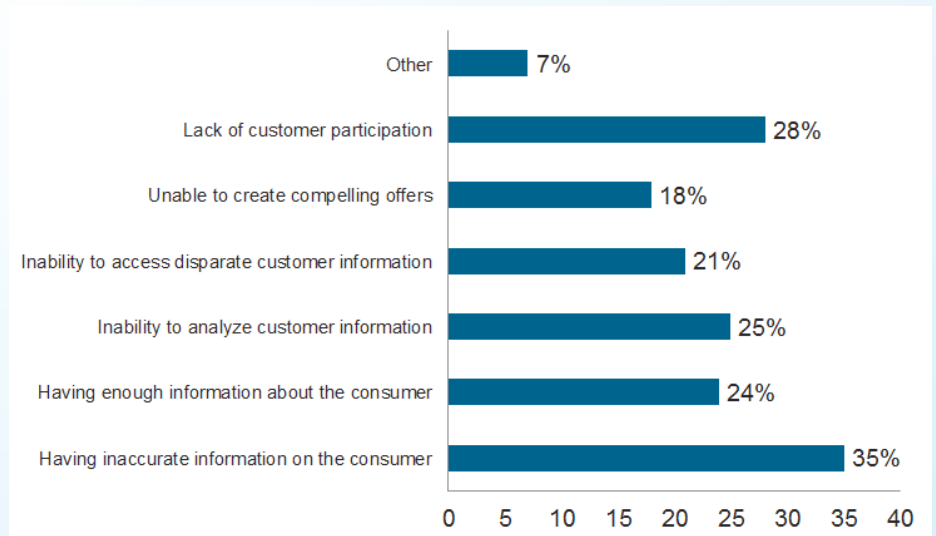
A huge challenge for retailers, therefore, is packaging up the data collected from millions of consumers viewing their brands every day from different touch points and being able to use that to their advantage.

Causes of inaccurate data:

*The biggest cause of inaccurate contact data in all industries is human error.



Impact of poor data quality on business processes:





Troubles with creating a single customer view

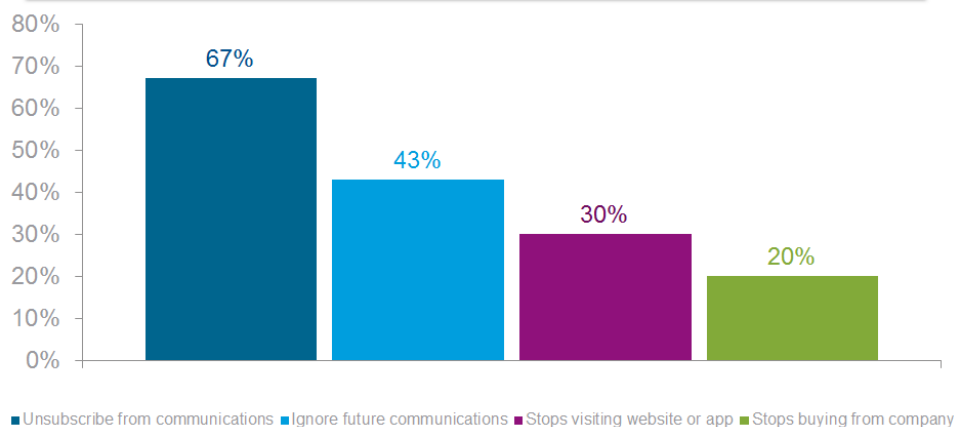
The imperative behind obtaining good data quality and being able to leverage that data as a valuable asset is so that retailers may achieve a single customer view and maximize on consumer/retailer relationships.

Benefits to a single customer view:

- Improved client experience
- Reduction in duplicated information and communications
- Reduction in call times and cost per call
- Improved product development based on client preferences
- Personalized cross- and up-sell marketing opportunities
- Increased client satisfaction and retention

Data is imperative for a single customer view. As shown above, poor personalization efforts can result in costly consequences for B2B companies.

After receiving irrelevant information or products from a company, approximately...



Obstacles

Obstacles to achieving a single customer view will vary greatly across organizations.

Large companies that have grown through mergers and acquisitions, for example, may face considerable challenges in terms of legacy infrastructures, numerous databases and an assortment of IT platforms.

Smaller organizations, by contrast, should find it simpler to obtain a single customer view, but may lack the structural processes and bandwidth to achieve it.



Looking at customer success stories

This section details the examples of how poor data quality negatively impacted these retailers' ability to drive effective marketing efforts and how they overcame those challenges.

See how data quality affects everything from customer checkout time and operational efficiency to omnichannel initiatives and back-end processes.





Overstock.com: A problem in collecting accurate email addresses

Overstock.com profited from a huge boom in business with more than five million shipments each year; however, customers were often submitting minor address errors that had major impacts on order fulfilments.

Consequences

The resulting decrease in data quality collected during checkout resulted in wasted time, money and unsatisfied customers.

Overstock.com immediately identified the logistical costs associated with their data collection challenges.

“We were spending almost \$200,000 on address corrections a year and we needed to attack those expenses,” said Steve Tryon, senior vice president of logistics at Overstock.com.

In the case of Overstock.com, not only were there tangible consequences such as delayed orders and unnecessary costs, but their data collection issues also caused customers' experiences and perceptions of the brand to suffer.

“Customers are often in a hurry to checkout; they fill in their address, click submit, but don't check for errors. By introducing a verification solution into our checkout process, we are providing that check for them.”

– Steve Tryon, Overstock.com



Solution

eCommerce retailers such as Overstock.com rely heavily on obtaining good contact data, which is why they implemented a front-end data quality solution in their checkout process to ensure that only good contact information was being entered into their database.

“We've improved our customer data, reduced costs and provided a better customer experience—all while staying ahead of the ROI,” stated Tryon.

In addition to saving close to \$1,000,000 in their first year of implementation, Overstock.com also saw their undeliverable orders drop by 40 percent, noticed an improvement in customer experience as well and jumped from #4 to #2 in the National Retail Federation's annual customer service rankings.





ALDO: Learning to leverage data as an asset

ALDO, a fashion footwear and accessories retailer, has over 1,600 stores worldwide.

Their requirements were two-fold: ALDO needed to ensure the accuracy of emails captured by store associates without disrupting the checkout process and also wanted to leverage those email addresses to communicate with customers.

Consequences

ALDO relied on correct email addresses to send relevant and timely communications tailored to customers' specific preferences as well as execute their double-opt-in strategy for customer email communications.

However, their data collection methods were leaving them with inaccurate customer email addresses, and the engagement, cart reminder and promotion emails were diluted in effectiveness.

The small problem of collecting bad data at checkout quickly snowballed into a much bigger headache for ALDO as they realized what syntax and domain errors would do to their internal and external processes.

“ALDO experienced ease of implementation, strong results for email accuracy and a reduced bounce rate.”

– Alex Popov, ALDO

ALDO

Solution

What ALDO did was to verify all incoming emails to their database, which not only improved the integrity of their database, but allowed them to leverage that data as a reliable asset in their marketing communications.

“Overall, the technical process, ease and speed of implementation, and results have left us very happy with this project,” stated Alex Popov, director of information technology at ALDO.

After implementation, ALDO increased the size and accuracy of their email database by collecting valid emails at point-of-sale, all without disrupting the checkout process.

In the long run, ALDO enjoyed an increase in the number of correct and deliverable emails collected by store associates.





Saks Fifth Avenue: Driving towards a single customer view

Saks Fifth Avenue looked to perfect clienteling efforts and marketing communications, but realized that the large number of unrecoverable addresses entered into their customer database impacted their ability to get to a single, consolidated view of the customer and required heavy patchwork correction on the back end.

Consequences

“ We had text in the address fields, but no mail would ever be delivered to those addresses—they were worthless,” stated Kakoli Seal, vice president of customer insight and database marketing at Saks Fifth Avenue.

In Saks' case, quality addresses were essential to gaining a 360° customer view, ensuring that marketing dollars spent on mail catalogs and other materials reached their intended destination and that special offers or promotions were communicated in a timely fashion.

The causes of bad data varied by channel and included simple human errors like mistyping or “fat fingering,” as well as accidental customer omission of address components like apartment numbers. Saks employees also unknowingly created duplicate accounts, resulting in scattered customer preferences and history.

“Address data coming into our customer data warehouse is more accurate and more complete, which significantly improves marketing campaigns, drives better clienteling efforts and streamlines back-end processes.”

– Kakoli Seal, Saks Fifth Avenue



Solution

In order to do so, the retailer integrated a front-end solution into their eCommerce and call center websites as well as at point of sale.

Data was now validated across all the channels and their new standardized format made customer analytics a more streamlined process.

Saks has since enjoyed having more confidence in the customer address data. The standardized data is also easier to consolidate in their customer data warehouse, which Seal says is “immensely useful” for customer analytics.





Key takeaways

Ultimately, contact information is too valuable to not get right. The three challenges that retailers face of collecting accurate data, leveraging that data and obtaining a single customer view can all be compromised with invalid contact information.

While basic in its simplicity, customer contact data is extremely valuable to analysts and decision-making. Inaccurate contact data can mean subsequent analyses can be incorrect, and potentially useless.

For example, a common headache retailers face from collecting information from numerous channels is having duplicated customer data; that is, having multiple accounts for the same individual. Aside from the time wasted from sifting through mounds of information to decipher who's who, duplicate accounts can lead to a poor understanding of customer purchase history and poorer penetration into target demographics.

Building off that example, if retailers can't make sense of their data, they can't use that data to ensure that marketing efforts reach intended prospects or customers. Seeing a high percentage of emails go into the undeliverable bucket, for instance, is not only a waste of valuable budget, but also represents a missed opportunity to sell additional product and damages the conversion rates of your campaigns.

But not to worry; while the solutions to these challenges aren't easy, some progress is better than no progress. Here's what retailers can do to overcome these challenges.





What retailers can do

If you find yourself being dragged down by data quality challenges, don't worry. This section will detail three actions you can take to prevent bad data from clogging up your database. Here are our three best tips to make sure dealing with customer data quality is as easy as possible.

Action Item 1: Develop a formal data collection process

An astonishing 61 percent of data issues are the result of human error. Mistyping information, hurried employees, distracted customers and poor phone connections are just some of the problems that can result in the entering of inaccurate data.

Retailers should train their staff on best practices for data collection. For example, there can be a documented step in the data collection process that has call center employees verifying the accuracy of customer information at multiple points throughout the call before ending communication.

Having a formal data collection process means employees can have something easy to repeat and follow, which ultimately decreases the margin of error.

Action Item 2: Verify data—both as you collect it and what's already in your database

Sometimes, despite the best data collection training, mistakes will still occur—there are only so many variables retailers can control, particularly when customers themselves are entering information.

In order to prevent this from happening, real-time verification tools that verify data as it is entered and stops inaccurate data before it enters your systems. These can be deployed where customers themselves enter data (websites, kiosks, etc.), or wherever employees are typing in contact details (call centers, POS systems, etc.).



Additionally, you'll want to ensure that the data already in your system is valid and updated. You can do this through via one-off or regular data cleansing services that confirm and correct the information you already have.

When evaluating which solution and vendor is appropriate, there should be several questions you should ask:

Question 1: How flexible is the data quality vendor?

A data quality solution should be able to fit your unique infrastructure and data environment. It doesn't matter how many bells and whistles a solution has; if it can't match the look and feel of your eCommerce site or standardize data to fit your specific data governance requirements, it's not the vendor for you.

Question 2: Will implementation of this solution run smoothly and seamlessly?

Implementation should be flexible, integrate seamlessly into your current environment and be customized to fit your needs. The goal is for the solution to work and exist within your environment, not the other way around.

Question 3: Is the vendor capable of adapting to requirement changes?

The vendors you evaluate should be continually innovating and improving their solutions to keep up with your changing environment. Data quality requirements change frequently as new data elements emerge and desired data insights change—you'll want to work with someone who will either have a solution to address those new requirements or are looking to create a new product based on market feedback.

Question 4: Does this vendor have a history of collaboration?

You'll want to work with someone who has a history of successful collaborative efforts with customers. Even the smoothest implementation processes will run into obstacles and a vendor should come with a proven track record of good customer service and implementation teamwork. Case studies, for example, are an excellent resource to check for collaboration efforts.



Action Item 3: Deduplicate customer data

Retailers have realized two important and corresponding truths:

1. Existing customers make up a large portion of a retailer's revenue stream
2. New customers are very expensive to acquire

In order to successfully sell, cross-sell and up-sell to customers, retailers must have a complete and accurate view of each customer to effectively target individuals with varying preferences and buying patterns.

However, due to human error, multiple accounts can exist for the same customer which not only clouds a retailer's ability to target messaging, but creates massive back end work to deduplicate customer data.

Using matching and linkage tools can help eliminate the volume of duplicate information in your database. Whether this is done in real time by matching records instantly and removing duplicates before they hit your system, or on an ad hoc basis for your existing data, these tools can help retailers get closer to a complete, single customer view.



Conclusion

Retailers, like all other types of organizations, need accurate, complete data to enable effective decision making. Data quality issues such as duplicate accounts, inaccurate or incomplete customer information or no formal data collection process all contribute to the data quality challenges they experience as well as an inability to carry out strategic initiatives.

Prioritizing data quality as an initiative is crucial to overcoming these challenges. By developing formal processes, implementing the right tools and working with industry experts, retailers can dramatically impact and improve their ability to engage with, effectively market to and ultimately drive more revenue from customers.

Learn more about Experian Data Quality's solutions for retailers at www.edq.com or (888) 727-8822 or email us at dataquality.info@experian.com.



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