

Unlock the power of data

An Experian Data Quality white paper



Unlock the power of data

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Executive summary

The digital age continues to evolve and organizations are adjusting business strategies to better reach their customers. As consumers become savvier and make purchasing decisions more quickly, organizations need to better understand each individual and provide a consistent experience across preferred channels.

According to this survey, organizations are operating across an average of 3.6 channels and want real-time decisioning capabilities in at least half of those mediums. In order to provide relevant offers and meaningful messages at the point of interaction, organizations must have a strong understanding of their consumer.

Consumer intelligence has become a business wide imperative that involves individuals across the organization. 79 percent of organizations say that customer profiling is important or very important to their overall business strategy. To support that effort, 82 percent of businesses now claim to have an analytics department tasked with improving customer intelligence.

While generating actionable analytics is a key factor for most organizations, many forget the important role data quality plays in this process. Unfortunately, companies cite that on average, 25 percent of their data is inaccurate. Respondents say that the most significant challenges to engaging in cross-channel marketing are having enough consumer insight and having accurate consumer data.

To unlock the power of data, organizations need to access accurate information at the right time. Data capture and data management will play a key role in these processes as businesses strive to provide a positive customer experience across channels. Sender reputation is the status of each domain with the Internet Service Providers (ISPs). ISPs, for example AOL, Hotmail and Gmail, actively screen and filter incoming mail to their users.



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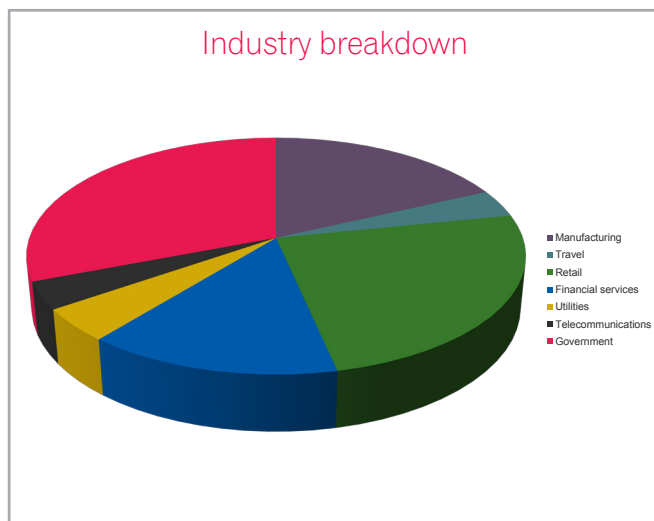
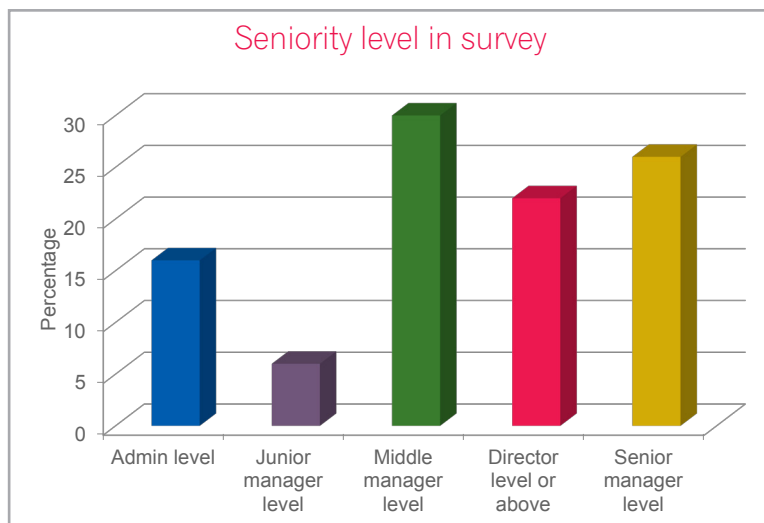
Introduction

Research overview

In March 2013, Experian Data Quality commissioned a research study to look at current approaches to data quality and business intelligence. This report, 'Unlock the power of data,' explores the current ways that data is utilized, as well as perceptions and practices related to data management.

Research methodology

300 respondents from the U.S. took part in the research, produced by GMI for Experian Data Quality. Industry sectors included in the sample were finance, government, retail, manufacturing, non-profit and utilities. Respondents consisted of C-level executives, vice presidents, directors, managers and administrative staff connected to data management, across a variety of functions.



Key findings

Interacting with the consumer

In today's changing environment, organizations engage with consumers in a multitude of ways. On average, businesses interact with consumers across 3.6 channels.

The most popular channel for interaction is the organization's website. This is followed by physical store, and face-to-face interaction with a sales team. Retailers interact through more channels than any other vertical market surveyed.

The variety of channels means that organizations not only have to disseminate information through multiple mediums, they also collect a great deal of information from customers in different channels. Companies in the survey collect consumer information through an average of three different channels. The most popular channels are the company website, physical store and the sales team.

Mobile platforms have also become popular, with 71 percent of organizations stating they have some sort of mobile optimization. This explosion of the mobile channel could be due to the fact that 83 percent of businesses believe they have website traffic coming through mobile devices. On average, respondents think 28 percent of traffic is coming through this channel.

But businesses are not just optimizing their site for mobile viewing, they are allowing consumers to take action through this channel. 29 percent of respondents have an m-commerce site. Others are using the mobile channel for marketing purposes, with 35 percent collecting customer information through mobile applications or websites.

Additionally, many organizations are working to improve the online user experience. 90 percent of organizations in the survey say they are working to improve the online user experience. Companies are trying to improve search, target website displays and streamline data collection.

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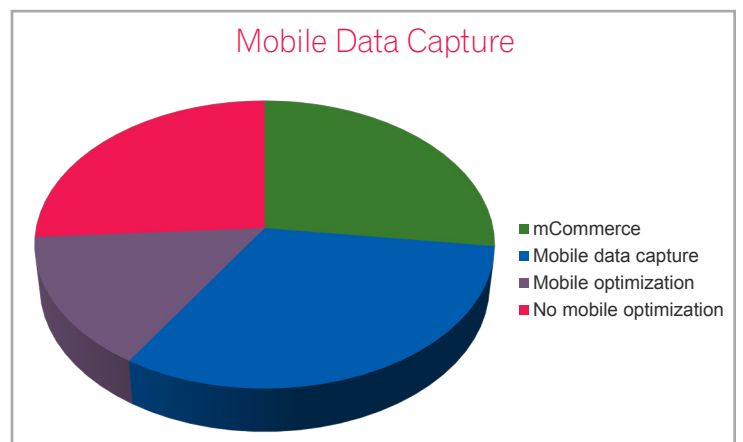
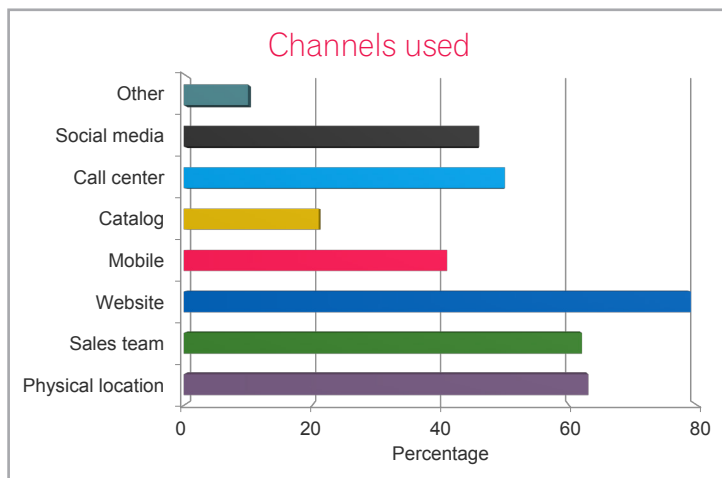
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(Based on Experian Data Quality 2013 research and Return Path 2012)



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Generating business intelligence

Business intelligence is growing in importance. 79 percent of organizations say customer profiling is important or very important to their overall business strategy.

To support profiling, 82 percent of companies have an analytics department. The top objectives for the department are to improve customer intelligence and profiling capabilities, enhance loyalty efforts and encourage customers towards specific offers. The importance of this department actually increased within the retail sector, with more retailers creating this role within their organization.

Analytics, however, does present challenges. According to respondents, outdated information, linking different sources of information and inaccurate data are the main concerns. These challenges all relate to data management practices.

The intelligence generated by this department is used across the organization, but marketing and senior management are most likely to utilize business intelligence for decision making.

Many of these decisions are now being made in real time. 94 percent of respondents say they engage in real-time decision making and analytics to help drive operational processes and sales. They use these capabilities in an average of two channels.

In general, the three most popular were the organization's website, face-to-face interaction with a sales team and physical store or branch location. Those in retail put more importance on the website and POS.

Organizations are utilizing real-time decision making to create appropriate marketing offers, determine a customer profile and offer additional products.

Incorporating outside data sources

With an increased importance on understanding the consumer, organizations are turning to outside data sources for additional consumer insight. 79 percent of companies append third party information. The goal is to gain additional insight on the consumer that the organization may not have time to collect at the point of capture.

According to the survey, businesses leverage these data sources to better understand prospects and customers, make more informed business decisions and modify advertising.

Other popular uses for this data include adjusting email marketing content, changing website displays to make them more relevant to consumers, and segmenting customers for marketing campaigns.

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Reviewing data quality

With a strong investment in generating analytics, the majority of organizations see the connection with data quality and are looking to improve data management practices. 62 percent of respondents are planning to invest in data quality initiatives in the next 12 months.

Only 13 percent of companies thought the problems with their data were small enough that it did not require an investment. 76 percent of IT respondents are planning to make an investment in data quality.

Most organizations in the survey are relying on IT to drive budget for data quality improvements. This was followed by operations, finance, sales, and then marketing.

The level of investment seems directly tied to the level of inaccuracy organizations are seeing within their databases. 89 percent of organizations believe their customer and prospect data might be inaccurate in some way. On average, respondents thought 25 percent of their data might be wrong.

Large organizations with over \$250 million in annual revenue are more likely to invest in data quality over the next 12 months when compared to their smaller counterparts. This is probably because a higher percentage of respondents in these larger organizations believe their customer and prospect data might be inaccurate.

Because of these inaccuracies, organizations struggle to leverage the data within their CRM or ERP. 43 percent of respondents say they cannot maintain accurate information for daily operations. Another 35 percent say they have a hard time providing relevant marketing and loyalty offers.

Studying marketing as a technology buyer

92 percent of businesses will invest some of their 2013 technology budget on marketing technology. On average, respondents in the survey thought 29 percent of the budget would be spent on marketing solutions. In fact, 94 percent of IT respondents believe they are spending some of their budget on marketing technology.

Marketing departments are reviewing many different technologies on an ongoing basis. 48 percent of respondents say the marketing department is constantly reviewing new technology. Only six percent say the department does not invest in new technology.

Allocating a level of IT budget to marketing technology will require close interaction between the CMO and the CIO. From the survey, 81 percent of overall respondents believe the CMO and CIO at their organizations work closely together. In fact, 65 percent feel that they have a strong relationship.

However, this did vary slightly with IT respondents. The percentage of IT individuals who believe the CMO and the CIO work closely together dropped 10 percent, to 71 percent, when compared to the general survey responses. The drop in responses shows that IT may be more skeptical about the marketing department's role in technology.

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Find the right data, at the right time

To unlock the power of data and gain a competitive advantage, organizations need to access the right information, at the right time.

Based on the research, there are several key areas where organizations need to improve data management practices to better access information:

- Link customer records across departments
- Improve data collection across channels
- Ensure accurate third party information

Improving these areas will allow for effective analysis and a better return on investment from business intelligence technology.

Linking customer records

Organizations collect information and communicate with customers across a wide variety of channels. In order to provide a consistent consumer experience, stakeholders must link internal information across departments and channels into one record for each consumer.

Often, different databases exist across different channels or departments. The research found that businesses are operating with an average of four different databases across their organization.

According to the recent survey, there are two main challenges for engaging in cross-channel marketing: having enough information about the consumer and having accurate consumer information.

Information is often held within the organization, but it is spread across multiple departments and databases. This divided intelligence makes it difficult to make informed decisions.

This is especially true when considering the number of organizations making decisions in real time. Organizations need to be able to combine current information, customer purchase history and third party intelligence.

To merge databases, organizations should consider the following..

Standardize contact information

Contact details are contained within almost all customer records, regardless of the department. By standardizing contact information across databases, they can be used as a unique identifier to locate duplicate records.

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Define the meaning of a single record

Each organization will have a unique definition for an ideal individual record. For some, each individual consumer should have a record. Others might prefer records to be categorized by household or family.

Stakeholders should define what a single record should be for the organization and then what identification criteria can be used. Current information contained within the database should be taken into consideration to ensure desired selection criteria are available.

Utilize matching software

While manual processes can sometimes be used to identify duplicates, most large organizations have too much information for manual review. These processes can be prone to human error and are time intensive.

Utilize software to better identify duplicate records and set automatic merging standards based on defined record criteria.

Capturing data across channels

Accurate information is key to utilizing data in meaningful ways. The old saying 'garbage in, garbage out' still holds true, especially when combining customer information to generate analytics. With data aggregated across so many different channels, there are many problems that can arise.

First, individuals can incorrectly enter information. Manual data entry is fraught with errors, especially when information is entered by the consumer online. Consumers entering information online can often be distracted, enter details in different formats or in the wrong fields, use different abbreviations or make spelling mistakes. Given that most information is collected online, the level of overall data inaccuracy is not as surprising.

Second, different information is often collected across different channels. What is collected from consumers online might be different from what a sales representative takes down during an in-person interaction. Since different actions are being performed in each channel, different information is required. Additionally, consumers want to provide minimal details so they can complete the transaction in as little time as possible.

Finally, information can be added to the wrong account or a new record can be created. Most CRM or ERP systems have poor searching functionality to find existing records. When a data entry error occurs, it can be almost impossible to pull an existing record. This spreads account history across multiple records impeding customer profiling and analytics.

There are several techniques businesses can use to improve data collection processes.

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Put verification software in place

Validation tools will ensure information is accurate and standardized before it enters the database. Stakeholders should identify the most important data elements and put processes in place to ensure those details are automatically verified.

Improve searching capabilities

Enhanced searching capabilities will allow staff members to locate consumer records more easily within the database. Instead of needing an exact match, staff can find records that are within a given range and select the best one.

These techniques will help improve data entry processes and ensure more accurate customer information is collected across channels.

Appending outside intelligence

While appended information can add a host of valued intelligence, it can also be expensive to collect. Therefore, organizations need to be sure that they are collecting the right information, at the right time, to ensure effectiveness and maximize ROI.

From the research, organizations are using third party data to better understand prospects and customers, make business decisions, modify advertising, adjust email content and more.

Create a plan for how you want to use information. Identifying uses up-front will help direct processes moving forward.

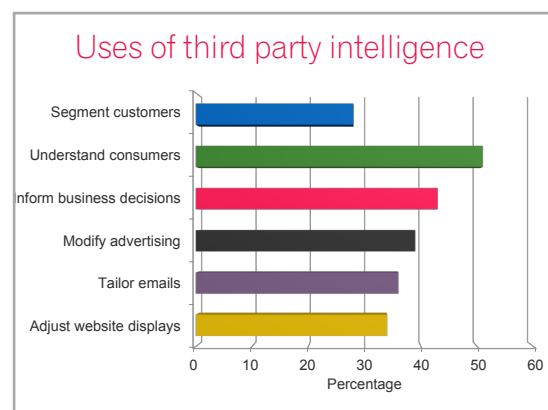
For example, if organizations decide to adjust email content, stakeholders should discuss the goals. Is the data being used to enhance loyalty, drive additional purchases or to improve engagement? What frequency will the messages be sent? How segmented should campaigns become?

After establishing objectives and desired outcomes, organizations can decide what data elements they need. There is a multitude of information available for businesses, each with its own price point. Gathering information that is not useful will only waste resources and damage a successful return on investment.

Finally, establish when information should be appended. If an organization is looking to better segment customers or make long term business decisions, information may be best appended in bulk for analysis. If an organization is trying to modify advertising, email content or website displays, details should be appended in real time and put into a modeling algorithm for more immediate action.

Information expires quickly so it should be appended right before it is used. This ensures businesses are working with the most up-to-date data.

Organizations should set a plan for data, select the most relevant data sets and append information at the right time for a third party intelligence program to be successful.



Conclusion

Data is playing a more important role than ever before as organizations look to tailor the customer experience. A customized user experience not only allows businesses to gain market share, it allows them to compete as more organizations gain these capabilities.

Organizations cannot operate solely on gut reactions, they should utilize the wealth of data at their disposal to intelligently connect and engage with the consumer.

As organizations utilize information for more daily operations, it is important that they incorporate data quality into their intelligence strategy. To get the most out of information, it needs to be accurate, complete and accessible.

Creating a firm foundation in data quality and intelligence will help businesses as channels continue to expand and individuals expect more from the organizations they do business with.

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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