Data management for improved customer experience and higher returns

An Experian Whitepaper

Experian™
Data Quality

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1. Executive summary

In this paper we discuss how a first-class data management strategy is essential in enabling you to deliver great customer experience; and how the responsibility for this falls with each and every individual within the company but crucially needs to be driven from the top.

In simple terms, data management can be defined as ensuring the information you hold correctly, consistently and sufficiently represents the real-world. We explore how effectively managing your data enables your organisation to provide a better, more personalised experience for your customers, responding appropriately to individual needs, to increase loyalty and maximise returns for your business.

> "73% of consumers are prepared to expand their purchases as a result of a receiving superior customer experience"[1]

2. Author profiles

Peter Jessup
Customer Experience Manager
Experian

Peter supports teams across different business units, to understand and improve the experience we provide to our clients - witnessing firsthand the huge impact this has on the organisation. Prior to joining Experian, Peter held customer experience-related roles at Barclaycard, Citigroup, and the online bank Egg.

Hayley-Jayne Cone
Head of Strategic Client Services
Experian

Hayley-Jayne manages our Strategic Client Services business area. Her teams are responsible for building long-term technical and commercial relationships by pursuing customer excellence and driving customer and partner-led innovations.

[1]'http://econsultancy.com/uk/blog/9724-the-ultimate-customer-experience-infographic'

3. Why customer experience is crucial to business success

Let's start by affirming what is meant by customer experience and how it differs from customer service. Great customer service is the result of a reactive effort to resolve a specific issue, whereas customer experience is a result of multiple interactions an individual may have across the different touch points within your organisation.

Providing a great customer experience that drives business value is about bringing together all these touch points, including those involved with providing customer service.

The reason why customers choose to buy goods or services is because at that moment in time they believe it meets one of their needs.

Whilst product and price play an important role in the make-up of these needs, other elements of the service proposition can become the differentiator between you and your competitors.

One of the most important of these elements in today's competitive environment is the way you deliver your products or services and manage your relationships with customers. That is the consistency and reliability of the service provided, how easy you make it for your clients to do business with you and how you respond on occasions when you may fail. All these components have become a key part in the experience you provide and how this impacts customer retention and on-boarding.

So why does this matter?
Satmetrix, creator of the Net Promoter Score that measures recommendation and loyalty behaviour claim that, just a 5% increase in customer retention can boost profits by as much as 125%[2] and research conducted by Econsultancy shows that 73% of consumers are prepared to expand their purchases as a result of a receiving superior customer experience.[3]

To be able to deliver the best customer experience it is imperative that you understand who your customers are, any interactions they have had with your business and how they feel about your organisation. This is where your data comes in. By using the information you hold on your customers to inform interactions you are able to provide a more personalised experience which will increase positive word of mouth, recommendations and ultimately maximise returns for your business.

> "a 5% increase in customer retention can boost profits by as much as 125%"[2]

4. Data as a building block to customer experience

When creating your own customer experience strategy whether you choose to set your own principles or follow those suggested by others, your success will be underpinned by your employees' knowledge of your customers; that is to say your data.

For example who are they? What are their contact details? What are their preferences? Do they have an existing relationship with your business? The answers to these questions are the foundation to providing exceptional service through every channel.

How can you expect to obsess about your customers' needs or engage them proactively at each touch point if you are not sure who they are, which services they have taken in the past or what issues they may have had?

If having this data is critical then so is how you collect and manage it. The way in which customers interact with companies is becoming increasingly more complex, as is the way in which

[2]PF Reichheld (2002), Satmetrix, (2012) Customer Experience Management Best Practises
[3]http://econsultancy.com/uk/blog/9724-the-ultimate-customer-experience-infographic

businesses are structured. It is likely there are multiple touch points by which a customer can connect with your organisation – an enquiry on your website, a phone call, by sending you an email, a letter or perhaps popping into a store. So how do you pull together all of the data gathered through these channels to provide the insight you need to deliver more relevant and personalised interactions?

The key is appropriate data management; how the information you capture is processed, maintained and made available. **Good data management should be seen as the enabler for an improved customer experience**. It allows the right people have the right information at the right time, allowing them to gain actionable insight and provide a more personalised and targeted service.

Let's take some examples of how this works in practice:
By migrating and centralising information it would be possible to avoid duplicated communications and prevent you from wasting money buying in new information about your customers; instead you are able to maximise the value of what you already have.

"Since data cleansing we can now be confident that the tickets we issue will reach the right person at the right address. We have also seen uplift in data quality, with 97% of the records now being accurate enough to mail to."

Ledger Holidays

With high levels of data quality you could apply performance metrics to understand how much each interaction with a customer costs and the value that customer brings to you. You can then use that insight to tailor the type of service you offer or even the price you charge going forwards.

"Customers of North Lanarkshire can access information and services quickly and easily, when and where they want, however they chose in a manner that suits their needs."

North Lanarkshire Council, Customer Services Strategy

By having a single view of your customers' interactions across your multiple touch points you could identify whether the person contacting you is a prospect or an existing customer. With dynamically linked content you could use your understanding of the services they currently take to offer relevant and targeted communications, making every single interaction in your call centre or on your website personalised and maximising potential cross and upsell opportunities.

"Companies that can make correlations between customer experience and business outcome, such as increased market share, will be better positioned to achieve their business objectives." [4]

[4]TeleTech, Peppers&RogersGroup (2012), The ROI of CustomerExperiance

5. Assessing your goals

With customer experience a key differentiator in today's market, and data management crucial to its success, do you have a data strategy that supports your strategic customer experience goals?

Before you begin to consider where you are in your data management journey, it's essential to consider your aims in terms of customer experience and how you're going to get there. This will ensure when you come to develop your data strategy, the processes you put in place will enable you to successfully execute your customer experience objectives.

Strategy:
Consider where you want to be and the steps you will need to take to get there. Ask your customers and your employees for their opinions on how things can be improved because it has been shown that for every 1% improvement in employee satisfaction there is approximately a 2% increase in customer satisfaction[5].

Once you have this insight you should look to consider the data you need to collect, store and manage to execute your goals. As an example this could be information about how the customer has interacted with you in the past, purchasing patterns or how your staff feel they could be better structured to improve service. This insight can help you to segment your customer base and understand what processes you need to put in place to enable you achieve your customer experience initiatives.

Analysis:
Define and measure metrics for success such as increased share of wallet for existing customer, willingness to recommend or new customer revenue. Re-evaluate often and benchmark yourself against these because whilst 80% of employees say they give superior service, only 8% of their customers agree.[6]

Continually analyse your business against the goals you have set. Create a dashboard so the results are clear and visible to all, and most importantly make sure you directly link the impact your data management is having on your customer experience – anecdotal comments and feedback from customers themselves can be useful for this. To take your strategy to the next level you could use your data to build predictive models that will enable you to be proactive rather than reactive to customers' needs.

Buy-in:
Data management and customer experience need to be driven from the top. 46% of companies see a commitment to customer experience from the top of the organisation as a key attribute to providing a positive customer experience.[7]

Getting the whole organisation to understand that data is fundamental to customer experience can be difficult without commitment from the board. The business needs to feel comfortable empowering those who work directly with data or your customers to drive the changes for both operational benefits and overall customer satisfaction scores.

"46% of companies see a commitment to customer experience from the top of the organisation as a key attribute to providing a positive customer experience."[7]

[5]Desmarais, M: ManPower (2005). Call Center Employee Satisfaction and Customer Satisfaction Link
[6]Allen, J; Reicheld, F; Hamilton, B;Markey, R: Bain & Company (2005). Closing the delivery gap
[7]TeleTech, Peppers&RogersGroup (2012),The ROI of Customer Experiance

6. Building your data management strategy

With goals aligned and KPIs defined how do you set about establishing and building on your existing processes? There are 4 key building blocks to consider and you will need to work with key stakeholders across your business to progress each one.

1. Data governance

Audit your customer data management systems, tools and processes to identify any current areas of concern. Ask yourself:

- Are data processes documented and understood within the business?
- Do your staff understand their roles and responsibilities towards data?
- Are your data processes consistent across business units and functions?
- Are regulatory and compliance requirements for your business met through data processes?
- Is the root cause of data quality issues easily identified and are there plans to correct and mitigate?
- Can your business easily monitor data quality and understand the monetary impact of poor data?

Understanding where you are at present will help you to assess your ability to deliver against your customer experience vision. It will also provide you with background knowledge to plan the necessary steps to improve.

2. Data quality

Strong levels of data quality are essential in ensuring you are able to effectively identify, analyse and communicate with your customers to offer the best customer experience. With a solid foundation of data quality you can be confident that not only will interactions be relevant and your communications getting through but also reporting will be precise. To ensure you are able to successfully identify opportunities to cross and upsell or track and report against your customer experience KPIs you must be confident in the level of data quality within your systems.

To assess the levels of data quality within your organisation you can benchmark yourself against these seven key components:

- **Accessibility**
  is the data easily accessible, understandable and useable?
- **Accuracy**
  does the data accurately represent reality?
- **Completeness**
  is all necessary data present?
- **Consistency**
  are data elements consistently defined and understood?
- **Integrity**
  is the data and linkages maintained consistently?
- **Timeliness**
  is the data up to date and available when needed?
- **Validity**
  is the data relevant?

3. Integration with your systems

To ensure the most effective use of your systems, it is essential that the databases that underpin them contain accurate information. By integrating data management tools into your business systems you will be more equipped to successfully deliver against the seven key components as stated above – allowing you to get the most from your data and your applications. Incorporating these tools means records can be input and processed consistently across your organisation, saving time, increasing efficiency and generally making the data more readily available.

4. Data insight

In setting out a strategy and assessing your current ability to deliver against your customer experience goals, you should have identified any missing information such as age range or channel preference that is required to inform your approach. With this knowledge you can begin to consider additional data such as demographic profiling codes or purchasing history that can assist you in drilling down further. For example you may want to identify certain behaviours, locations or purchasing patterns to inform your dealings with customers. With the fullest view of each customer you will be able to better segment and analyse your database and make more informed business decisions surrounding your approach to initiatives such as customer experience.

"34% of businesses state customer data remains siloed between functions and channels, preventing a complete view of customers' experiences, needs and preferences."

4 key building blocks to data management:

1. Data governance
2. Data quality
3. Integration
4. Data insight

[8]Peppers & Rogers Group; TeleTech (2011). The Business Impact of Customer Experience survey

7. Conclusion

Research conducted by Dynamic Markets found that only 36% of the 2020 organisations surveyed had a documented data quality strategy and shockingly only one in four companies were able to identify who the top users of their products and services were.[9]

By taking action and evaluating your own organisation's approach to data management you will be taking a vital step towards enabling your business to make the necessary changes to facilitate a fuller view of each customer. This, in turn, will empower your staff with the knowledge to adapt to each individual customer's needs and preferences to deliver the best possible experience. Offering the best customer experience will increase loyalty and recommendations resulting in positive growth for your company.

"Only one in four companies were able to identify who the top users of their products and services were."[9]

About Experian Data Quality

Experian Data Quality has built up exceptional market coverage assisting customers with their unique data quality challenges.

We provide a comprehensive toolkit for data quality projects combining our market leading software with a vast scope of reference data assets and services. Our mission is to put our customers in a position to make the right decisions from accurate and reliable data. The size and scope of data management projects varies considerably but the common factor in all ventures is unlocking operational efficiency and improving customer engagement. We see the potential of data. Whether it's in enabling ambulances to be sent to the exact location of an emergency or attributing charitable donations to the people who need it the most - data accuracy makes all the difference to service provision.

[9]Experian Data Quality; Dynamic Markets (2009). Contact data management: the wise investor.

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