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Data-driven marketing for improved customer relationships

Understand how accurate data underpins effective marketing and the steps you can take to exploit your data to improve customer relationships

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About the author

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1. Introduction

Accurate information is the key to effective marketing. It enables in-depth customer understanding that fuels better decision making. Anticipating requirements helps support better relationships, that ultimately, drive revenue.

As marketers, we know that greater knowledge enables us to be both targeted and relevant with our approach, and timely with our communications. Therefore the success of marketing is extremely dependent on accurate information.

Fortunately, the quality of data that you hold is something that can be improved. This paper looks at some of the key trends in consumer and market behaviour and offers some guidance on what you can do to make lasting improvements.

2. Client loyalty is the last great battleground

It's a known fact that it is cheaper to retain a customer than to generate a new one and businesses do this by ensuring loyal relationships, high standards of service and understanding what their customers need. According to research conducted by Experian, these are also the biggest drivers behind organisations wanting to turn data into insight (Figure 1).

Figure 1. Biggest drivers to turn data into insight

Wanting to find new customers	39%
Customer retention	38%
Wanting to understand customer needs	37%

It's not surprising that businesses are putting increasing value on this information to inform strategy and develop closer relationships with customers. Research shows that 84% of businesses believe data is an integral part of forming a business strategy and that by 2020, 79% of sales decisions will be driven by customer data.[1] Businesses accept that data is increasingly important and they understand its ability to power smart interactions with customers.

2.1 Consumers are changing the game

Consumers expectations are also fuelling a necessity for business to react, as they rapidly change. Customers expect businesses to be able to interact with them whenever and wherever they want, from any device at their disposal. It usually falls on the marketer to deliver this targeted and personal approach. Research conducted by Experian into consumer attitudes on data quality found that 70% of consumers believe businesses should get personal data right first time.[2] They want a more personalised service that's built around their individual preferences, which is consistent across devices. Information can enable this progression, but only if it is accurate.

2.2 Data landscapes are becoming increasingly complex

Whilst data might be held in multiple departments, marketers often manage vast amounts of information and are usually responsible for the channels that collect customer data. What's more, these channels are likely to continue to become more complex as businesses plan to increase their use of websites (65%), mobile devices (62%), mobile applications (62%) and social media (60%) as a source of data in the coming years. One of the biggest challenges marketers will face is being able to recognise customers as they interact through a wider range of channels and effectively manage the accuracy of this information over time, and then showcase this back to the business to drive further investment for affected areas.

2.3 Inaccurate data is holding many organisations back

Whilst effectively identifying, anticipating and satisfying customer needs by utilising data is the goal, research shows that on average, 23% of customer or prospect data is suspected to be inaccurate in some way, shape or form. What's more, over three-quarters (76%) of businesses believe inaccurate data is undermining their ability to provide an excellent customer experience. Data is only useful if it's accurate, yet businesses continue to struggle with basic data quality issues. The most common data challenges being; incomplete or missing data (60%), outdated information (54%) and duplicated data (51%). In an environment where marketers are becoming increasingly dependent on data for business decisions and to generate revenue, it's essential that you have the correct processes and tools in place to address common data errors and effectively monitor and control data quality over time.

"23% of all the data organisations hold is believed to be inaccurate."

— **Experian Global Data Management Research 2016**

3. Data-driven marketing can help your business perform

Given the changes in consumer attitude and behaviour and the daily challenges organisations face, this paper will now offer some guidance on how you can improve the integrity of your data in order to provide customers with a better experience.

To assess the levels of data quality within your organisation you can benchmark yourself against the six dimensions of data quality as defined by the DAMA working group (Data Management Association)[3], and an interpretation of this and the impact for marketers is below.

3.1 Understand your data landscape
With a solid foundation of accurate data you can be confident that not only will interactions be relevant and your communications targeted, but your reporting will be precise.

DAMA dimension definition	Interpretation	Impact on marketing effectiveness
Completeness The proportion of stored data against the potential of "100% complete".	We know when a field has a value and when it does not. This could vary depending on what you collect or hold. Completeness measures how much we know about a customer.	Not having a complete email address means you can't send out marketing email campaigns or not having a telephone number means you cannot call the customer. NB: Businesses need to determine KPIs for what complete data is. This doesn't need to 100% as you might not always need the information in every field. Regulation requires us only to hold 'justified' data so this will also need to be a consideration when setting appropriate KPIs.
Uniqueness No thing will be recorded more than once based upon how that thing is identified.	Uniqueness tells you what makes a data entity one of a kind. When it is not maintained, we get duplicates.	Data that is not unique can waste marketing resource and impact ROI. Duplicate data could deliver multiple letters to the same customer creating a negative impact. NB: It's important to be able to identify a unique person but not always necessary to have a unique view enterprise wide. Some businesses might have necessary duplicates, for example a customer with a B2C account and a B2B account or someone with a credit and debit card. Linking these accounts is useful but they should be kept separate.

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Dimension	Interpretation	Impact on marketing effectiveness
Validity Data is valid if it conforms to the syntax (format, type, range) of its definition.	Data is valid when it conforms to format, type and range that have been set up as a part of its definition. For example postcodes and email addresses should comply with a particular format.	Having an invalid data entry such as an email address will impact marketing delivery, reduce ROI and waste marketing budget.
Timeliness The degree to which data represents reality from the required point in time.	This dimension is all about the likelihood of data being affected by time and the degree to which data represents reality at a particular point in time. Change in time may not affect all data, some data may age differently to others. Some age naturally and others on a particular trigger. Similarly the impact can vary depending on the use of data.	Classic examples of this that impact marketing effectiveness include change of address when a person moves or information still held on someone who has deceased. Not being aware of a change in address could result in confidential information being delivered to the wrong recipient. NB: Regulation also adds an additional element to the timeliness dimension which is that the customer should be able to access the data they need at the right time, for example for a subject access request this should also be considered when conducting the data landscape assessment.
Consistency The absence of difference, when comparing two or more representations of a thing against a definition.	Consistency in data should ensure that information is being captured as expected and that nothing is out of the norm. Examples of inconsistency would be a date of birth in one field and a different age in another. We expect that the calculated age is derived from the date of birth at the time of capture.	Inconsistencies in marketing data can make the segmentation of data challenging and reduce the overall effectiveness of a targeted campaign. NB: When defining consistency rules, you need to know about the relationships between data.
Accuracy The degree to which data correctly describes the "real world" object or event being described.	This is probably one of the toughest dimensions to measure and it is always subjective depending on the context in which data is used. Just because we correct the address and postcode using reference data does not mean that it is the right one for the customer. We often need repeated and manual checks to increase our confidence in accuracy, often bolstered by the rest of the dimensions.	Inaccurate data supports the old adage, garbage in – garbage out. Decisions made on inaccurate data can set your business backwards. Campaigns not reaching the intended recipient waste investment but also attract negative press, and worse still, a fine from the regulator.

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3.2 Utilise technology to manage your customer information

With organisations adopting multiple channels to capture data, the risk of poor data quality is high. Given the value marketers place on this information to drive effective campaigns and that the marketing department is usually responsible for these channels they need to ensure there are processes in place to capture this information in a consistent and accurate manner.

Equally, data decays over time and the need to clean, maintain and suppress contact data should be recognised by all marketers and businesses as a fundamental part of effective Contact Data Management. Although capturing contact information accurately first time is a step in the right direction, it must be followed with regular cleaning and suppression as contact data changes. Every day in the UK, 1,600 people die, 18,000 people move house and 1,800 people register with the Mailing Preference Service (MPS).

The benefits of effective contact data management:

Smoother marketing processes – Maximising the accuracy of data captured from consumers is important. If it enters your organisation wrong, then the data inaccuracy will flow through your organisation. Capturing data correctly first time makes the maintenance of data quality levels far easier.

Better marketing budget expenditure - Preventing inaccurate and poorly formatted records entering your database, removing duplicates and updating those that are incorrect reduces money wasted on communicating with those that cannot or will not respond. Experian's research identified that on average, 23% of revenue is wasted because of poor data quality.[4]

Improved decision making - Correct contact records provide more accurate intelligence and the ability to segment information which helps maintain a competitive advantage over those without contact data capture and validation software. High quality data will also help with a single view of existing or prospective customers. Cleaning your contact data regularly will also support internal confidence in the contact data held in your database.

Customer experience – Ensuring the accuracy of your data helps to maintain a single customer view which will in turn reduce the number of duplicate mailings resulting in a poor customer experience. Recording a contact's full address from minimal information also creates a professional first impression and eliminates problems from it being misheard or spelt wrong.

Positive brand perception - On-going suppression will prevent your organisation from communicating with people who don't want to be contacted, such as those who are registered on the MPS or TPS (Mail and Telephone Preference Service) or who have passed away. Doing so could result in a negative brand perception, or worse getting a fine from a regulator.

Identify new opportunities - Enhancing your data enables deeper insights on consumer lifestyles and behaviour to help make more informed marketing decisions. Using reference files to enhance missing information or update outdated information will also provide more targeted approaches, ultimately improving customer experience.

Talk to Experian about running a data health check. This will highlight issues present in your data as well as identify system process improvements that you could make – **dataquality@experian.com**

3.3 Monitor the accuracy of your data over time

However, all this won't happen overnight. You need to ensure you embed a data quality strategy and adopt KPIs based on your audit to measure quality over time. It's important to link these to tangible business objectives in order to demonstrate value against the bottom line.

Implement effective processes to make sure that you validate all incoming data at the point of capture, that means on your website, in call centres, on the phone and even when you buy data in. Don't just expect data to look after itself, ensure you have regular data cleanses so that data doesn't go out of date and you are suppressing information.

Invest in data quality tools to ensure the accurate capture of contact data and bulk cleansing services to maintain this over time. Data quality tools should provide all the benefits of automation, scalability and a business-friendly interface. Experian offer capture and cleaning solutions for more than 240 countries that can:

Validate: Capture accurate data first time - Experian offer automated tools that can be integrated into the front end of CRM applications, websites and web forms to capture contact data accurately and quickly. Verified through extensive reference data, we support multiple contact data types including: address, email and mobile.

Cleanse: Keep data up to date - As data degrades through time, we can help you keep your data clean, duplicate free, standardised and suppressed against key files. We can deliver this in real time or as a bulk service.

Enhance: Amend data to drive value - For greater analysis, profiling, segmentation and understanding of your data and its potential, Experian has over 40 valuable datasets to complete the picture.

To find out more visit: https://www.edq.com/uk/solutions/contact-data-management/

3.4 Communicate your successes

Data quality is as much a cultural issue as it is a process and technical issue. In order to generate a data-driven culture that continuously supports quality information it's essential to educate people on the benefits of data quality and share your success stories along the way. Not only does this promote a data–driven culture and long term quality, but it also supports future investment in data initiatives if people can see its value. Make sure you tie success to business objectives to highlight the value.

For tips on how to build lasting and effective communications with the business about your data-driven initiatives, read our new report; *Building the business case for data quality*.

https://www.edq.com/uk/resources/papers/building-a-business-case-for-data-quality/

4. Conclusion

This paper has highlighted the clear benefits and importance of having accurate data to support an effective marketing strategy. Data quality empowers marketers with the ability to get closer to customers, understand their needs and offer a more personalised experience all of which ultimately drives revenue.

A combined approached of people, processes and technology is essential in any data management strategy. Marketers should therefore begin by establishing a clear data owner. Then using the DAMA framework, marketers should assess the quality of the data they currently hold and adopt technology and reliable reference data to validate, append and enhance contact information. Lastly, data is constantly decaying so embedding processes to effectively monitor and control quality over time is critical.

If you want help with a data quality audit or to find out more about our data management solutions, contact us.

[1]**Experian Global Data Management Research 2016**

[2]**Experian/ Data IQ General Data Protection Regulation Research - Preparation**

[4]**DAMA 2013 The six primary dimensions for data quality assessment:**

https://www.whitepapers.em360tech.com/wp-content/files_mf/1407250286DAMAUKDQDimensionsWhitePaperR37.pdf

[5]**Experian Global Data Management Research 2015**

About Experian

Experian unlocks the power of data to create opportunities for consumers, businesses and society.

At life's big moments – from buying a home or car, to sending a child to college, to growing your business exponentially by connecting it with new customers – we empower consumers and our clients to manage their data with confidence so they can maximize every opportunity.

We gather, analyse and process data in ways others can't. We help individuals take financial control and access financial services, businesses make smarter decision and thrive, lenders lend more responsibly, and organisations prevent identity fraud and crime.

For more than 125 years, we've helped consumers and clients prosper, and economies and communities flourish – and we're not done. Our 17,000 people in 37 countries believe the possibilities for you, and our world, are growing. We're investing in new technologies, talented people and innovation so we can help create a better tomorrow.

Learn more at www.experianplc.com
Learn more about data quality from Experian at www.edq.com/uk

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