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The impact of bad contact data quality

Table of contents:

Introduction

Businesses are always looking to cut bottom line costs and reduce expenses wherever possible. One area where businesses continue to see significant budgetary waste is around inaccurate contact data. In fact, our annual global data management research study revealed that 75 percent of businesses believe inaccurate data prevents them from delivering a good customer experience. What's worse, these organizations also believe that a quarter of their customer records are inaccurate.

The ability to reach customers and prospects is essential to any business strategy. Contact data touches every part of a business, from order delivery to customer service to marketing. And to reinforce this point, our research reveals that almost all businesses (98%) have a desire to turn data into insight. They want to use their data to find new customers (39%), increase customer retention (38%), better understand customer needs (37%), and, of course, increase the value of each customer (36%).

But when that contact data is managed incorrectly, costs are wasted, customer relationships are damaged, and the overall brand image suffers. Given how important contact data is to business success, today's organizations are investing more and more into data quality and data management.

While accurate contact data is not the only place to focus when assessing bottom line costs, it is a fundamental place to start. Accurate contact data will not only prevent wasted resources, but will also increase up-sell and cross-sell opportunities to existing customers.

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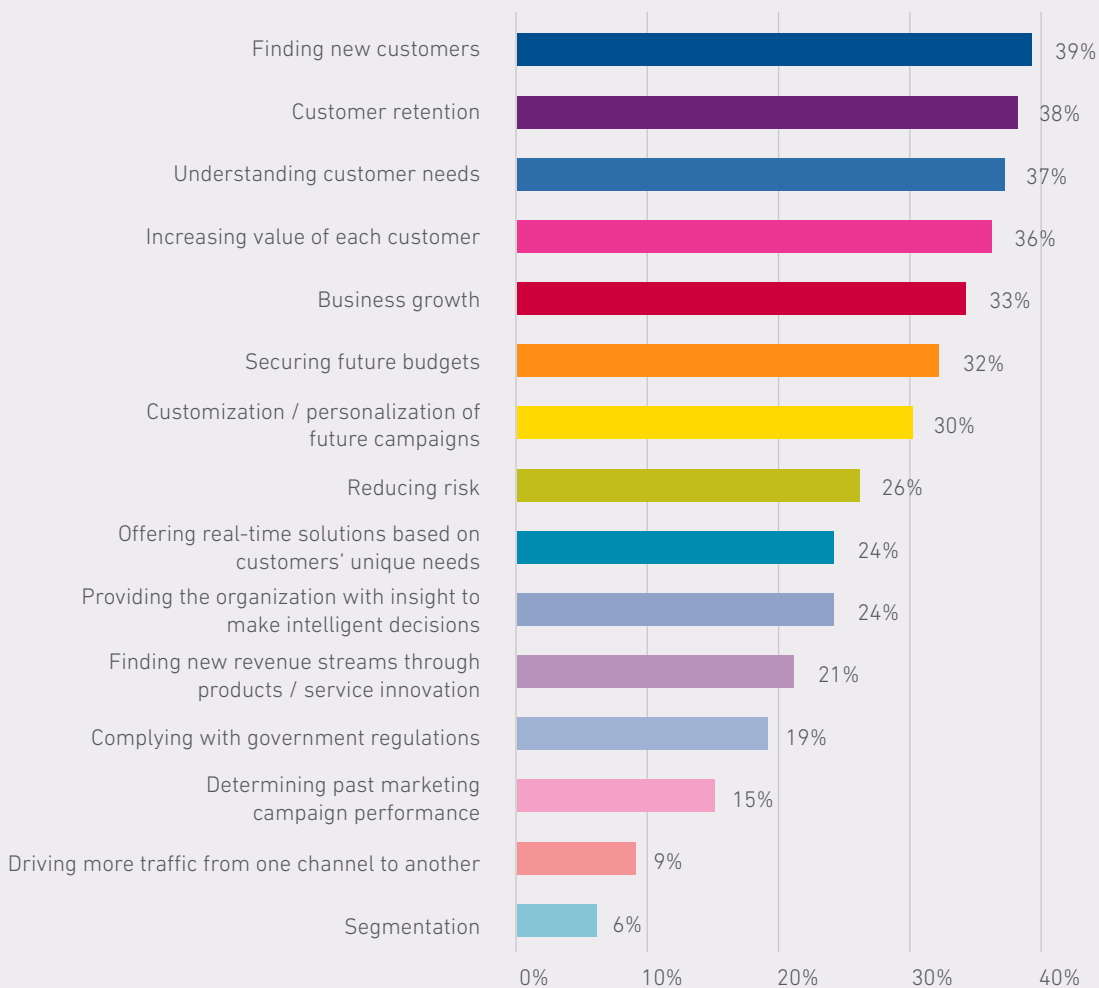

Data quality is top of mind

Organizations are currently focusing on contact data management as a priority for 2016. This is reflected in the fact that 88 percent of businesses have a big data strategy in place or are planning to introduce one in the next 12 months. In addition, 64 percent of those who plan to introduce a big data strategy in the next 12 months have allocated part of their IT budget for it. Furthermore, 84 percent recognize data to be an integral part of forming their business strategies.

These statistics shouldn't be surprising. According to our survey respondents, the top driver for wanting better data is to find new customers (39%). As you may notice from the graph, the next three reasons also have to do with improving the customer experience. We are, after all, in a much more consumption-driven world.

Contact data influences your ability to communicate and accurately profile customers. Therefore, if contact data

Chart 1
Biggest drivers to turn data into insight:

Driver	Percent
Finding new customers	39%
Customer retention	38%
Understanding customer needs	37%
Increasing value of each customer	36%
Business growth	33%
Securing future budgets	32%
Customization / personalization of future campaigns	30%
Reducing risk	26%
Offering real-time solutions based on customers' unique needs	24%
Providing the organization with insight to make intelligent decisions	24%
Finding new revenue streams through products / service innovation	21%
Complying with government regulations	19%
Determining past marketing campaign performance	15%
Driving more traffic from one channel to another	9%
Segmentation	6%

Source: 2016 global data management benchmark report

is inaccurate, staff members spend unnecessary time and resources trying to reach customers or improperly marketing to them. This affects not only bottom line costs and customer services, but also limits your ability to up- and cross-sell to customers.
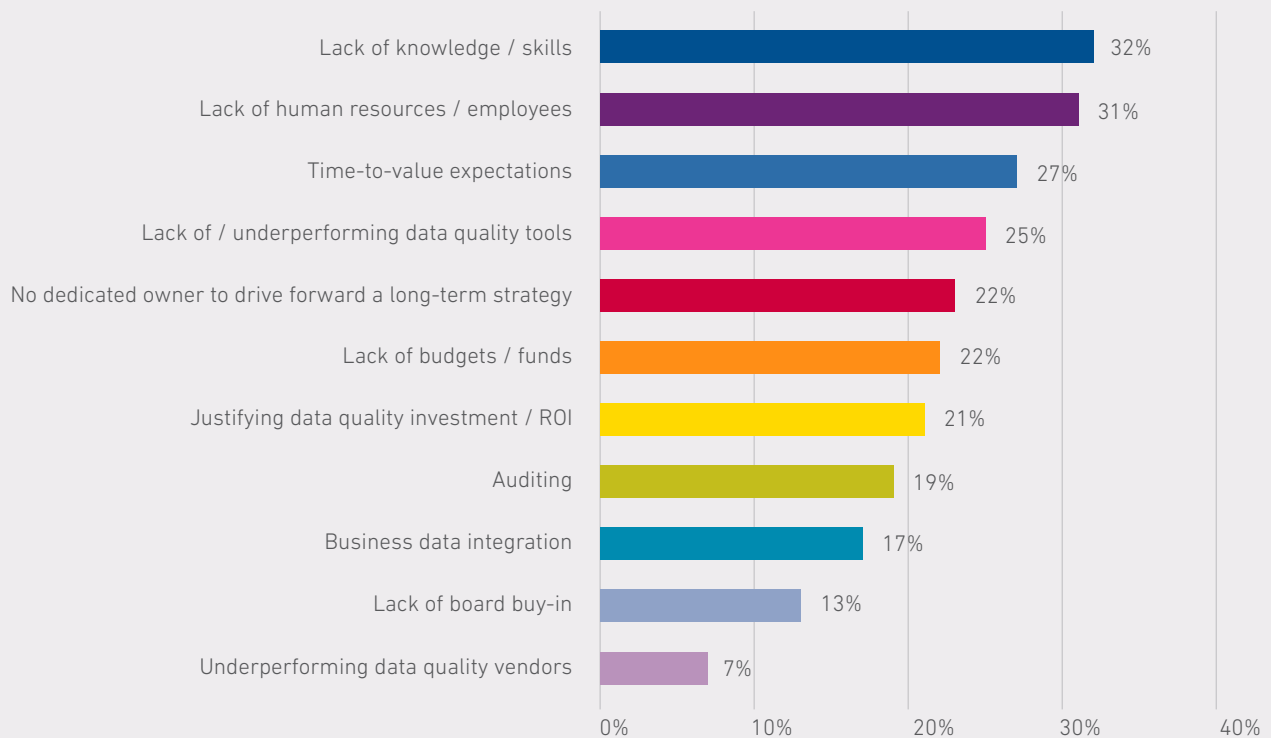
Contact data inaccuracies persist

Despite the strong investment in data quality that was mentioned previously, organizations still find their databases are riddled with errors. Businesses struggle to predict when and where the next data issues will occur. The majority attribute data quality issues to human error, but a lack of knowledge, human resources, and technology also hold businesses back.

Of the organizations surveyed, 23 percent believe their customer or prospect data to be inaccurate in some way, shape, or form. The top data errors reported were incomplete or missing data (60%), followed by outdated information (54%), and duplicate data (51%). A notable trend is that all types of data errors have increased in the past 12 months.

Many of the different types of data errors occur as internal as oppose to external challenges. Internal challenges include human error and lack of knowledge, as we mentioned earlier in this section. Ninety-four percent of businesses have experienced some sort of internal challenges in improving their data quality. Lack of knowledge or skills was the biggest barrier for businesses.

Chart 2
Biggest internal challenges to improving data quality:

Challenge	Percentage
Lack of knowledge / skills	32%
Lack of human resources / employees	31%
Time-to-value expectations	27%
Lack of / underperforming data quality tools	25%
No dedicated owner to drive forward a long-term strategy	22%
Lack of budgets / funds	22%
Justifying data quality investment / ROI	21%
Auditing	19%
Business data integration	17%
Lack of board buy-in	13%
Underperforming data quality vendors	7%

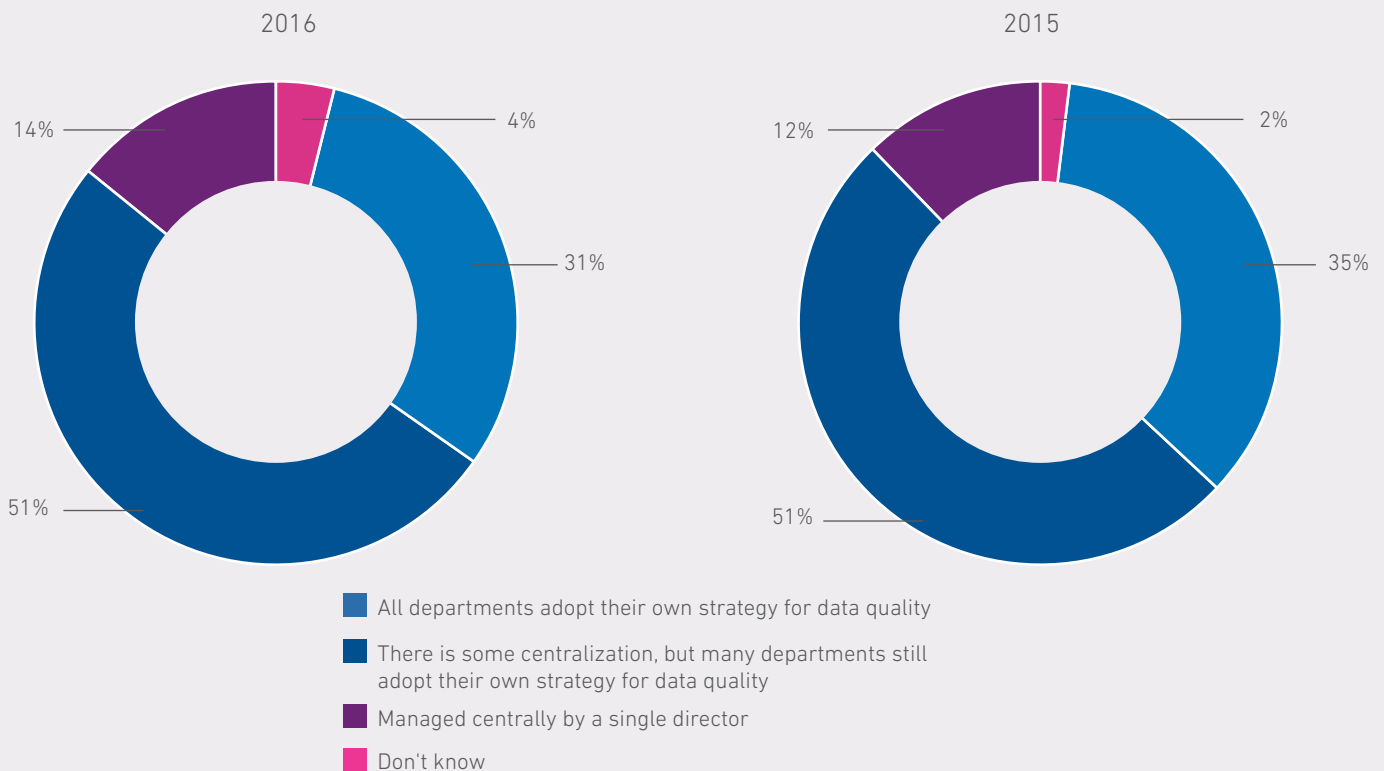Source: 2016 global data management benchmark report

This only makes sense—as the variety and volume of data we deal with increases exponentially, the need for specialized roles to deal with data quality increases as well.

Even with the clear need for good data within businesses, 21 percent of organizations find it difficult to justify a data quality investment. In fact, 22 percent of businesses suffer from a lack of proper budget to allocate to data quality management tools. Clearly, there is a discrepancy between the value of data and the percent of budget allocated to maintaining it.

Data quality stewardship

The department historically responsible for the cleansing of contact data is IT. However, over recent years, we've seen data quality responsibility shift from purely IT to a more holistic-business focus. Chief information officers (CIOs) and chief technology officers (CTOs) are still the most likely to be responsible for managing data; however, we're now seeing roles specifically designed to the overseeing and managing of data. The chief data officer is one such example. Chief marketing officers, with consumers being so digitally-connected, are now also expected to have an iron grasp on data.

Chart 3
Data quality responsibility:

2016

2015

14%
4%
31%
51%

12%
2%
35%
51%

■ All departments adopt their own strategy for data quality

■ There is some centralization, but many departments still adopt their own strategy for data quality

■ Managed centrally by a single director

■ Don't know

Best practices to clean and maintain a database

With so much bad data contained in business databases, developing a cleansing strategy can be overwhelming. But with contact data playing such an important role in so many business processes, it is important to get started. Here is a five step process to follow:

1. Understand your database

In order to implement a data quality strategy, organizations need to first understand common errors within their database. Review your contact data to determine common errors within the data, as each business will have its own set of challenges. While incomplete or missing information is common, a business may see records that are consistently missing area codes or secondary address information.

In addition, understand what controls are already in place. Some databases have required fields or standardized formatting. Training your staff and getting everyone on the same page is a common method to improving contact data quality. It will be important to assess whether these tactics are working, and if not, think of new ideas in order to ensure accurate data.

2. Clean existing data

Once organizations identify common data errors, those errors need to be corrected within existing records. Third-party resources or manual internal resources can be leveraged depending on the size of the database. It is important to clean the data so that it does not continue to waste resources in future business projects.

3. Remove duplicate records

Duplicate records are common headaches for many businesses, especially those taking information in from multiple channels, such as call centers, websites, or branch locations. Those records inhibit an organization's ability to collect a singular view of each customer or prospect, preventing them from effectively marketing to or communicating with that client. Duplicate identification tools allow for greater accuracy in matching and can help match and link records based on individual standards.

4. Verify data during all capture processes

Once existing contact data is clean, put processes in place to ensure that all new contact data is accurate before it enters a centralized database. By knowing their data, businesses can determine the best place to implement point-of-capture validation tools.

5. Enhance and update data

Enhance and update data on a frequent basis. Fifty-six percent of those surveyed stated that outdated information was a common data error. By refreshing data, businesses can gain additional customer insight, giving them more business intelligence for marketing efforts and decision making.

Conclusion

Businesses are increasingly investing in managing their data quality. This strong push in data quality initiatives shows that businesses view their central database as a valuable asset, helping to drive the business forward.

Data quality expert David Loshin of Knowledge Integrity recently stated, "No matter the industry, an organization seeking to grow revenue, increase productivity, and improve customer service must consider the dependency of these objectives on high quality information."

Customer retention continues to be a key focus for businesses. As a consumption-driven society where consumers are expecting more from businesses and being given more control, organizations must rely on the most valuable asset they have in order to meet those expectations. That asset is data.

While there are common data errors that affect every business, it is still important for you to review your own data quality practices and implement your own strategies. Data quality initiatives can be broad master data management strategies, or depending on budget, can be prioritized based on the projects that will produce the greatest return on investment. Ultimately, ensuring an accurate database will improve businesses processes and provide dividends for years to come.

Wondering how to connect data quality initiatives with business initiatives? Check out our white paper, Connecting data initiatives with business drivers:

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