The Data Advantage: How accuracy creates opportunity

An Experian QAS 2013 Research Report

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Featuring mini whitepaper covering
1. In context: Data quality, management and complexity
2. A modern imperative: Multi-channel customer interaction
3. SCV and multi-channel engagement: Seizing the initiative

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1. Executive summary

Data quality is now fundamental to navigating an ever more complex business environment – one in which the ability to engage with customers and prospects, with relevance and consistency, across multiple channels is fast becoming a key business imperative.

This year's Dynamic Markets research paints a mixed picture – where the good, the bad and the ugly of data quality and its wider impacts are laid bare.

First, the good news. Data quality clearly remains high on the agenda as organisations worldwide increasingly see data as a strategic asset - indeed, data quality strategies are now in place across the vast majority of organisations worldwide.

Similarly, the perception of data quality as a business driver continues to strengthen. In fact, the top four benefits of effective data quality, as reported by organisations worldwide, can be linked directly to business advantage and profitability – increased efficiency, customer satisfaction, better decision making and the ability to capitalise on market opportunity all impact on the bottom line.

On the downside, this focus on data quality strategy is not reflected in processes designed to maintain data – in fact both manual and automatic data checking processes are less commonly applied today than they were just 12 months ago.

Finally, little progress has been made when it comes to delivering, or even planning for, an all-important single customer view (SCV) – though more than 80% remain committed to getting there eventually.

An SCV, in my view, is crucial to enabling consistent and relevant customer engagement across many channels – in line with the expectations of sophisticated customers – but it seems clear that there remains much work to do in this area.

Joel Curry
UK Managing Director
Experian QAS

2. The results: At a glance

Data quality strategies

More than **99%** of organisations now have a data quality strategy in place

Data quality – percentage of contact data suspected to be inaccurate

94% of organisations report that they suffer from common data errors, compared with 92% 12 months ago

Data management practices – Methods of managing contact data accuracy

- Use a dedicated point-of-capture software tool – 40% (49% in 2011)
- Use dedicated back-office software to clean contact data – 40% (47%)
- Measure response and return-to-sender rates – 36% (45%)
- Carry out data analysis using Excel spread sheets – 40% (47%)
- Work through databases manually line-by-line - 27%

Data quality benefits – Reasons for maintaining high-quality contact records

- To increase efficiency (63%)
- To enhance customer/citizen satisfaction (53%)
- To enable more informed decisions (51%)
- To capitalise on market opportunities through customer profiling (43%)
- To enable a single customer view (37%)

Data quality – common data errors encountered

- Incomplete or missing data (55%)
- Out-dated information (45%)
- Duplicate data (43%)
- Typos (32%)

Impacts of poor data quality

- Wasted budgets (91%) Loss of potential customers (29%)
- Reduced customer
- satisfaction (26%)
- Inefficient use of staff (33%)

SaaS coming of age?

The cost and efficiency benefits associated with adopting Software as a Service (SaaS) tools to maintain and check data have started to overcome objections around security and risk, as the cloud model has matured across a wide variety of technology-driven services:

- 60% of organisations are already using SaaS technology to manage data quality.
- 19% manage all their data this way, and 41% manage some of their data in this manner.
- A further 8% are in the process of implementing their first SaaS solution, and 4% are in the process of sourcing suppliers.
- Just 6% have no plans to adopt SaaS solutions at all.

3. Research methodology

This research was conducted by Dynamic Markets on behalf of Experian QAS and details quantitative research with respondents in organisations across three countries around the world (the UK, the US and France). A total of 806 interviews were collected from organisations with at least one customer/citizen or prospect database that is managed and maintained internally. The sample covers a wide variety of industry sectors, functional roles and levels of seniority. All respondents confirmed prior to interview the size of their organisation and that they had an understanding of how their organisation handles its customer and prospect databases. The quantitative interviews were collected using an online global research panel.

Companies surveyed ranged from small and medium sized companies (250-499 employees) to very large enterprises (more than 5000 employees), and spanned a wide range of sectors – from manufacturing, automotive and transport, to financial services, retail and utilities.

The median number of contact databases per organisation was 10, though some claim to have significantly more. Question areas included: motivation for improving data quality, problems encountered in achieving this, confidence in current data quality, the consequences of inaccurate data and potential solutions.

Attitudes were taken from staff of varying levels of seniority; from administrators to directors. Disciplines were similarly diverse, including Marketing, CRM, Data Management, Customer Services, IT, Sales, HR, Finance, Operations and General Administration.

4. Key findings

4.1 A universal imperative: Data quality

The benefits associated with maintaining accurate customer and citizen data have been well-documented in recent years, and it seems the message has hit home.

Indeed, the Dynamic Markets survey shows that awareness has translated into action - more than 99% of organisations now have data quality strategies in place.

This figure highlights a significant shift over the last four years. In the 2009 survey, just 45% of organisations were operating data quality strategies, whilst 84% were doing so in 2011.

Clearly these are encouraging developments, but the saturation of data quality strategy adoption poses new challenges.

That is, simply developing and implementing a strategy is no longer a competitive advantage, and the real differentiators are now in the detail. More than ever, it is the tools and processes that define a strategy that hold the key to identifying and resolving data quality issues.

4.2 Ups and downs: Data quality

The fact that almost all organisations now have data quality strategies in place has impacted on data quality in two ways.

First of all, the survey found that the proportion of organisations reporting data quality issues has risen over the last 12 months. Today, 94% of organisations report that they suffer from common data errors, compared with 92% a year ago.

Whether that upward trend is a function of an enhanced ability to identify and quantify pre-existing issues, underpinned by effective data quality strategies remains to be seen. Indeed it could equally be a sign that the tools and processes upon which those strategies depend are still bedding in or, worse, are being used in an ineffective or inadequate manner.
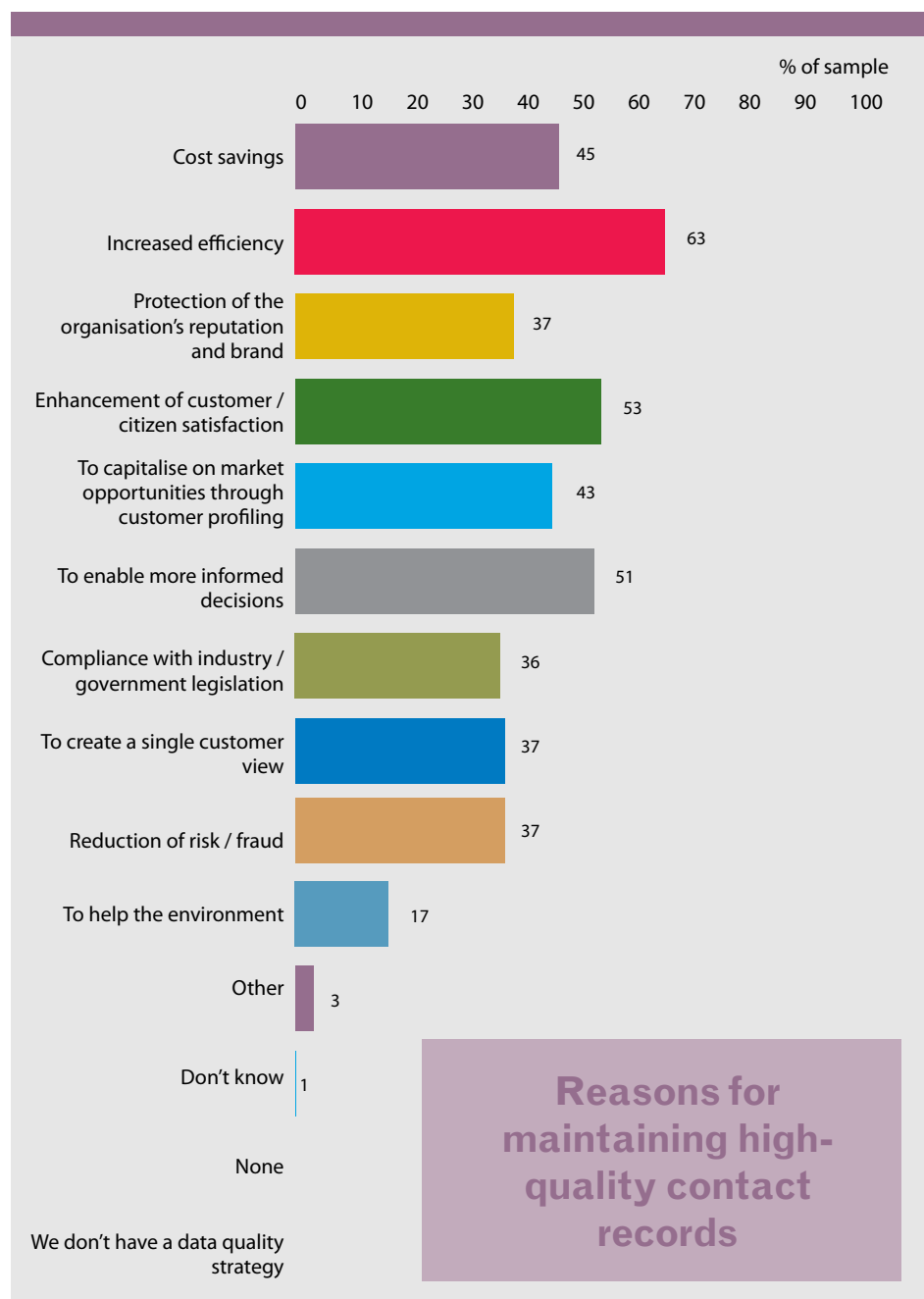
But that is not the only significant trend. The last 12 months have also seen a significant drop in the level of inaccuracy in respondents' data. Today, the average organisation believes that 17% of its total data is inaccurate, compared with 25% in 2012 – so, overall, respondents that reported inaccuracies have been cut by almost a third.

If that is a sign of more effective data quality, it is contrasted by less welcome news. More than a quarter (27%) of organisations admit they still do not know how much of their data is inaccurate - surely a sign that some data quality strategies are simply not working.

4.3 Everybody hurts: Inaccurate data and business impacts

The impact of poor quality or inaccurate data is as significant and widespread as ever, according to the survey. Indeed, 93% of organisations claim their activities have suffered in some way during the last three years – as a direct result of inaccurate data.

In fact, two-thirds of those surveyed report their organisations have

Reasons for maintaining high-quality contact records

% of sample

Category	Value
Cost savings	45
Increased efficiency	63
Protection of the organisation's reputation and brand	37
Enhancement of customer / citizen satisfaction	53
To capitalise on market opportunities through customer profiling	43
To enable more informed decisions	51
Compliance with industry / government legislation	36
To create a single customer view	37
Reduction of risk / fraud	37
To help the environment	17
Other	3
Don't know	1
None	
We don't have a data quality strategy	

experienced multiple problems – sending mailings to the wrong address being chief amongst them (44%).

Similarly, 33% have sent the same mailing to the same customer(s) multiple times, whilst 32% suggest that getting names and contact details wrong has negatively affected customer perceptions.

Unfortunately, these errors carry a high price, particularly in tough economic conditions. Inaccurate data has caused almost one third (29%) to lose out on potential customers.

Meanwhile, data quality issues have also impacted efficiency – for instance, one third (33%) of respondents report that staff have been deployed inefficiently. More worryingly, 91% of organisations admit that budgets have been wasted over the last 12 months as a result of poor data quality. On average, 12% of departmental budgets have been wasted – a situation that is true across all sectors surveyed.

These impacts boil down to one burning issue – profitability. Inaccurate data, by hampering efforts to both gain and retain customers, creates inefficiency which is directly harming efforts to drive profitability.

Given the economic climate and today's competitive landscape, these barriers to success must be addressed. It is all the more staggering to find that 43% of organisations globally still do not know how much budget they waste every year as a result of inaccurate data – a figure that rises to 50% in the UK.
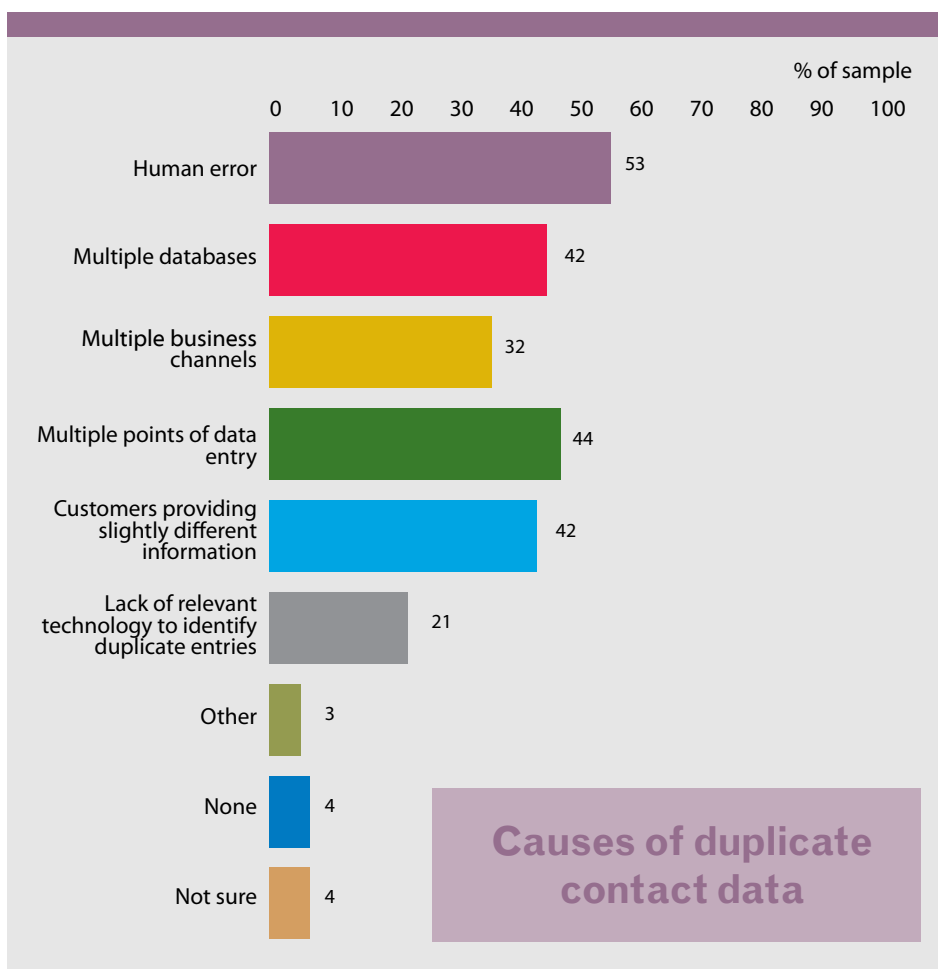
4.4. Cause and effect: Data inaccuracy drivers

When it comes to the main causes of contact data inaccuracy, three broad themes emerge from the Dynamic Markets survey.

1. A significant majority (65%) point the finger at human error, in particular issues such as spelling mistakes, failure to complete data entry and entering data in the wrong fields.

A factor that may contribute to the level of human error, though picked out as a cause in its own right, is a lack of internal manual resources (27%).

2. 26% suggest the blame lies with an inadequate data strategy. The fact that this figure very closely mirrors the group of organisations that do not know how much of their data is inaccurate may be coincidental.

3. Technology takes a share of the blame. Inadequacies in current technology are blamed by 25% of organisations, whilst a lack of technology is the culprit for 26%.

% of sample

Human error	53
Multiple databases	42
Multiple business channels	32
Multiple points of data entry	44
Customers providing slightly different information	42
Lack of relevant technology to identify duplicate entries	21
Other	3
None	4
Not sure	4

Causes of duplicate contact data

4.5 Cause and effect: Duplicate data

The picture around duplicate data is rather more complex. This is a significant issue that has affected 92% of organisations over the last three years. It features in the top three data errors for 42% of those surveyed.

The Dynamic Markets survey suggests that duplicate data errors are very much a function of today's multi-channel business environment. This area is

dominated by issues arising from complex infrastructure and business channels – 73% of organisations blame at least one such issue:

- 44% blame multiple points of data entry
- 42% point the finger at multiple databases
- 32% suggest that having multiple business channels is a significant cause of data duplication

On top of that, organisations with a large number of databases are, in general, more likely to cite the issues above as causing data duplication.

4.6 The six steps? Data quality performance

In last year's Global research whitepaper Experian QAS laid out 'Six Steps to Data Quality'– of which regular data accuracy checks, data cleaning and data suppression were critical elements.

But how are organisations worldwide performing when it comes to data management? Worryingly, the answer is: 'Not as well as they were this time last year'. Indeed, results are down almost across the board.

Fewer organisations use a dedicated point-of-capture software tool to guide data input and verify contact information as it is entered – 40%, compared with 49% 12 months ago. Similarly, 40% use dedicated back-office software to clean contact data after it is submitted to the database – down from 47% in 2011. 62% use one or other of these systems today, compared with 70% last year. Just 18% use both methods – significantly fewer than the 26% that did so only a year ago.

Conversely, the number of organisations employing only automated systems has risen, from 15% in 2011, to 18% today.

Interestingly, these apparent cut-backs in the use of automated systems do not signal a return to manual data checking techniques. Quite the opposite in fact – the use of manual data checking and management techniques is also down.

Today, 36% of organisations measure response and return-to-sender rates as a means of managing data accuracy, compared with 45% a year ago, while 40% carry out analysis of their data in Excel spread sheets – down from 47%.

Alarmingly, 27% still manually examine data by working through databases line-by-line, and 23% of large (1000+) organisations only carry out manual checks.

4.7 Greater controls needed: Public and not-for-profit sectors

Overall, the public and not-for-profit sectors are less sophisticated when it comes to data management – they use fewer channels to engage with their community, have yet to incorporate mobile and do the least to automate data quality management:

- Public sector and not-for-profit organisations interact with citizens and customers via three channels, compared with a cross-sector average of four – focusing on face to face, landline telephone and websites.
- They are the slowest to adopt mobile as a significant channel. Just 3% say mobile is the most important channel for 2013, and 21% collect data via mobile applications, compared with 50% of other organisations.
- 37% are using SaaS technology to manage data, compared with the cross-sector average of 60%.
- Public sector and not-for-profits are less likely to use automated tools to manage data accuracy - 33% use a dedicated point of capture tool, compared with 40% of the wider market.

- They do the least to manage data quality overall and it shows. Could this be because more than one third (36%) do not know how accurate their data is?
- This lack of control is reflected in the general understanding of budget wastage. 53% of public sector and not-for-profit organisations do not know how much budget is wasted due to data inaccuracies.

These latest figures demonstrate that a renewed focus on data quality is required by public and not for profit organisations to keep up with the standards set by the private sector - standards, which people have come to expect as the norm. Although these sectors are beginning to embrace change there is still a clear opportunity to improve. Improving data quality across the channels will help to deliver the intelligence needed to support insightful decision making which translates into improved service delivery and increased supporter value.

5. Mini whitepaper

Complexity, multi-channel engagement and an SCV.

This year's Dynamic Markets survey paints a fascinating picture of the state of data management. It tells us that the discipline is evolving fast, in response to a competitive, complex and multi-faceted business environment – but also that there is still much work to do.

The fact that more than 99% of organisations now have data quality strategies in place is encouraging, showing that more organisations are aware of their data quality issues. On the other hand, less is being done to manage data quality – both automated and manual data checking methods are less commonly applied than they were in 2011.

This disconnect between strategy and application is a serious issue. Doing less to manage data quality in practice makes it almost inevitable that data accuracy will be eroded over the course of the next 12 months, and the knock-on effects may be significant.

First and foremost, any organisation failing to maintain data quality risks incurring both direct and indirect costs. For instance, direct costs are likely to be higher because these organisations will ultimately have to carry out mass data cleansing programmes, to deal with suspect data prior to use. Indirect costs, meanwhile can be even more damaging – loss of credibility driven by the continued use of poor quality data, and compromised tactical decision making can both impact on revenue.

There is a longer term, strategic dimension to this issue too. That is, organisations the world over face a whole new set of challenges, driven by increasingly sophisticated customer behaviour – and accurate, consistent data is vital to addressing those challenges. Organisations failing to maintain data quality will be at a significant disadvantage when it comes to engaging effectively with sophisticated consumers.

As we will see, the ability to communicate consistently with customers across multiple channels is very much a feature of the modern business environment. Indeed, such multi-channel engagement is fast becoming a crucial element of customer retention and acquisition.

As a consequence, the ability to achieve a single customer view (SCV) is more important than ever - a prerequisite for effective engagement. However, the same complexity that is making the SCV so fundamental to success also makes delivering it more difficult.

5.1 In context: Data quality, management and complexity

We cannot say with certainty why organisations have removed focus from effective data management, but the consequences are clear – they are slipping back into an over-reliance on manual data entry and are doing too little to check accuracy, either at the point of capture or via back-office data cleaning.

This is evidenced by an increasing propensity to blame human error for inaccuracies. Two-thirds (65%) point the finger at manual data entry errors like spelling mistakes, failure to complete data entry and entering data in the wrong fields – a figure that has increased from 12 months ago.

Complexity

This is a undoubtedly a worrying trend, given that the complexities inherent in a multi-channel business environment are only likely to increase – putting ever more pressure on seemingly over-stretched manual resources to get it right first time.

In fact, the Dynamic Markets survey suggests that this is already a significant issue. Factors associated with multiple channels and siloed data are blamed by 73% of organisations affected by duplicate data.

What's more, the greater the complexity, the worse the situation gets. The survey finds that organisations with a large number of databases are, in general, more likely to blame 'multi-channel issues' for common data errors.

Mobile: The neglected mainstream?

There can be no doubt that mobile websites and applications are now part of the mainstream when it comes to the channels customers use to interact with organisations. But it seems the organisations themselves are struggling to keep pace:

- 50% of organisations now capture customer contact data through the mobile channel, compared with 59% last year.
- Just 13% now see mobile as a vital customer engagement channel.

> **"The fact that more than 99% of organisations now have data quality strategies in place is encouraging, showing that more organisations are aware of their data quality issues."**

New challenges: Sophisticated consumers

The challenges arising from this complexity are likely to be compounded by an apparent trend towards multi-channel approaches to customer and citizen interaction.

First, the range of channels via which organisations interact with customers is expanding. Indeed, the figures demonstrate that customer behaviour is more sophisticated – driven, in particular, by the proliferation of digital devices and channels.

The findings suggest that customers are more demanding than ever – and organisations are responding by engaging across more and more channels. Accordingly, whilst 'traditional' channels like websites (72%), face to face (61%) and call centres (53%) are still the most important, new channels are catching up fast. Today, customers are just as likely to interact via mobile as they are in a physical store or branch (42%), whilst 40% do so via social media.

This diversity in customer behaviour is reflected in organisations' own choices around the channels through which they communicate with customers. That is, organisations are now communicating with customers via many channels and no one channel dominates to the extent that has been true in the past.

The Dynamic Markets survey tells us that email remains the most important channel, but also that its position at the top of the tree is far less clear-cut. Just 34% say email will be the most important channel in 2013 compared with 42% last year – a drop of almost one fifth. It cannot however be undervalued.

Conversely, channels like mobile and social media are more important this year, which suggests that organisations are responding to customer behaviour.

This view is supported by the fact that, on average, organisations this year will interact with their customers via four channels.

5.2 A modern imperative: Multi-channel customer interaction

This need to keep pace with customer behaviour creates its own challenges. First and foremost, the ability to communicate consistently and accurately across many channels is paramount - as the Dynamic Markets survey found, failure to do so directly impacts on customer retention and acquisition.

With that in mind, there can be little doubt that communication must be multi-channel if it is to be truly effective in creating a competitive advantage.

That is, organisations cannot pick and choose the channels through which they interact with customers, they must now acquire the ability to interact effectively with customers wherever they are and by whichever channels they choose.

Why? The modern customer does not care about the complexities inherent in dealing with many channels from an organisational point of view –they simply want to use the channel that is the most convenient at the time.

What matters is that communication is consistent from one interaction to the next, drawing on an ability to recognise individual customers from one conversation to the next, and from one channel to another – there is no excuse for delivering repetitive, or worse, conflicting information simply because more than one channel is involved.

A Single Customer View

All of this brings us back to the matter of a single customer view (SCV). Enabling an SCV seemingly becomes more challenging, but more important, by the day as customer behaviour becomes more sophisticated and interaction becomes more complex.

It is clear from this year's Dynamic Markets survey that the growing importance of an SCV has not gone unnoticed. Well over four fifths (83%) of the organisations surveyed will eventually attempt to generate the ability to see an accurate and holistic view of each customer, regardless of

"The ability to achieve a single customer view (SCV) is more important than ever - a prerequisite for effective engagement."

whether their data is stored across different databases and business lines – whilst 63% are already doing so.

Worryingly, however, there has not been significant progress towards this aim over the last 12 months. Although 15% already have an effective SCV in place which is an improvement on last year's 8%, just 11% have an SCV strategy in place but admit it is not effective. Meanwhile 42% are in the process of implementing or formulating an SCV strategy – but that represents limited progress given that 39% said the same 12 months ago.

Overall then, 85% do not have the right strategy, infrastructure and processes in place to deliver the SCV that is so crucial to multi-channel customer communications. In the UK, the situation is at its worst – only 11% of organisations claim to have the ability to achieve an SCV.

5.3 SCV and multi-channel engagement: Seizing the initiative

Clearly, the 15% of organisations that have successfully implemented an SCV now have a significant advantage over their rivals. They are equipped with the insight required to deliver multi-channel customer communication – meeting expectations through consistent, relevant engagement regardless of context and channel.

P&O Ferries is one such organisation. "SCV delivers competitive advantage to P&O Ferries," said Rani Tarumarajan at P&O Ferries. "the next stage is to capture more detailed customer comments; bringing our customers the experience they really want and P&O Ferries an ever-growing base of satisfied and loyal customers."

Organisations like P&O Ferries are ahead of the curve, but what of those playing catch-up?

The reality is that their inability to match their more advanced rivals will impact on customer satisfaction and on acquisition efforts – and in a tough economic climate, these are extremely important issues.

It is likely that their efforts to deliver an SCV are being hampered, or at least delayed by those same economic conditions. Specifically, we can deduce that investments in infrastructure and data management resource are being delayed and cancelled as budgets continue to contract - squeezed after five long years of economic uncertainty.

However, given that inaccurate data is known to impact profitability, by wasting budgets, creating inefficiencies and making it harder to gain and retain customers, this is surely a mis-guided view.

Indeed, the survey makes it clear that brave decisions must be made. Organisations must prioritise an SCV if they are to remain relevant, and therefore competitive, in this multi-faceted business environment.

Clearly, an SCV remains a long term, strategic goal, but the hard work has to start now – by investing in the systems and tools required to put in place the foundation on which an SCV must be built – accurate, consistent customer data. In short, improving and maintaining data accuracy should remain an absolute priority.

"The modern customer does not care about the complexities inherent in dealing with many channels from an organisational point of view."

6. Conclusion

The 2012 Dynamic Markets Global Research Report clearly highlights a period of flux and some uncertainty when it comes to managing data quality, the benefits it can deliver, and the new imperatives set out by a multi-channel business environment.

Over the last four years, the real business benefits associated with maintaining high quality data have been widely accepted, and that is reflected in the near universal implementation of data quality strategies.

It is helpful to note that the top four benefits associated with data accuracy, as highlighted by survey respondents, can be linked to profitability – efficiency, customer satisfaction, better decision making and greater market opportunity. It is not a huge leap of faith to suggest that this is behind the direction change in data quality that has taken place over the last four years.

This increased focus on developing and implementing data quality strategies has seemingly borne fruit. More organisations are aware of and able to quantify their data quality issues.

However, the effectiveness of those strategies is, of course, dependent on the people, processes and tools available to implement them, and this remains a cause for concern.

Insufficient manual resource, insufficient budget and inadequate technology are all cited as causes of inaccuracy, whilst the application of techniques – whether automated or manual – to check data quality appears to be less common than it was just one year ago. Whilst this issue does not yet appear to have significantly affected data accuracy, the story may look very different in 2013. Data quality decays over time, so it seems likely that inaccuracy, and the wider issues it causes, will become increasingly common.

This apparent reduction in data checking rigour, and the likely longer term effect on data accuracy, is thrown into sharp relief when viewed against the backdrop of an increasingly complex business environment – and one in which the customer, more than ever, sets the pace.

That is, the number of channels through which organisations interact with customers is increasing, and new channels defined by customer preference and behaviour – like mobile and social – are ever more important elements of the mix. However, those same organisations seem ill-equipped to engage across those many channels – at least in an effective manner.

In particular, an SCV, which is vital to delivering the insight required to engage with customers - consistently and across the right channels – remains on the drawing board for many. Just 15% claim to have an effective SCV in place, which means that 85% are simply not equipped to deal with a multi-channel world effectively – at least not in line with ever more exacting customer expectations.

The good news is that a significant majority claim that an SCV is something they are actively developing or planning. Given the highly competitive conditions that prevail across all sectors at present, this would seem a business imperative. It must be an area of focus as organisations endeavour to drive more value, and vital competitive advantage, from the data they hold.

However, a focus on a single customer view must not obscure the basics - no SCV can be effective if it is not built on accurate, consistent customer data. Accordingly, organisations the world over must rediscover their data quality rigor. First and foremost that means auditing their data to identify issues – but it also means addressing any related inadequacies in their data quality strategies, including investing in automated tools to ensure good data quality from the outset.

For more information on how to turn your customer contact data into a competitive advantage, contact Experian QAS.

We can help you...

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