



Enriching the Customer Experience

An Information Difference White Paper

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TABLE OF CONTENTS

EXECUTIVE SUMMARY 3

WHY DATA ENRICHMENT MATTERS 3

CUSTOMER DATA..... 4

IMPROVING THE CUSTOMER DATA EXPERIENCE 4

ENRICHING THE CUSTOMER DATA EXPERIENCE..... 5

SUMMARY 6

BACKGROUND 6

ABOUT THE INFORMATION DIFFERENCE 6

EXECUTIVE SUMMARY

Improving the customer experience is increasingly of key importance to today's enterprises. At the heart of the modern digital enterprise is data about customers. That customer data is crucial to whether a customer feels happy and wants to buy from you, again and again. In this whitepaper we will see how data enrichment can play a vital role in improving customer data quality, and with it the whole customer experience.

WHY DATA ENRICHMENT MATTERS

We have all seen examples of bad data quality: we get duplicate letters from banks and utilities and become irritated by misspellings of our names on documents. Anywhere a human being is writing or typing in a name and address, there is potential for a data quality issue. Postal codes may get omitted from addresses in haste, and street names can get misspelt. Is that customer record with "Andy Hayler" the same as those ones with "Andrew Hayler" or "Andrew David Hayler"? There is a whole data quality software industry dedicated to fixing such issues, using tools with clever algorithms that spot common mistakes. Such tools know that "Bob" and "Robert" are usually the same name, and that "Catherine" may sometimes be spelt as "Katherine" or "Kathryn" or shortened to "Kate". Nonetheless, errors still creep in, and duplicate records inexorably get added to corporate databases. Patient records databases in hospitals typically have 10% duplication, according to the American Health Information Management Association, with all the potential consequences for misdirected or incorrect treatment that implies. Material master records in companies have typical duplication rates in excess of 20%.

This matters when it comes to the overall customer experience (or patient experience if you are in a medical setting). Existing customers may switch brands if they receive poor customer service, and new customers are much more likely to buy if they have a customer experience that feels tailored to their particular needs. These days the typical customer experience has a large digital component, through websites that allow customers to browse products, check prices and order directly, often without ever dealing directly with a human being. Consequently, it is crucial that customer data is accurate, complete and up to date, and not duplicated.

"61 percent of customers said they were more likely to buy from companies delivering custom content."

(McKinsey)

One technique to tackle data duplication is data enrichment. This just means "improving or enhancing raw data". If you are a sales representative on the telephone with a potential customer then you may ask for their name and address. This is important, but wouldn't it be more useful if that name and address came with background data about the potential customer: their age, their income band, their level of education, etc., which might help you understand their needs better? If they were a patient, wouldn't it be handy if the name and address were supplemented by the health region they were in, who their local primary care doctor was and where their nearest hospitals were? If you were selling household insurance, it would surely be useful to know if the address to be insured was within a flood plain. Adding this kind of supplemental information to a raw name and address record is data enrichment.

CUSTOMER DATA

In reality most customer data records are not in great shape, and do not magically come with all this useful extra information. Research shows that much customer data is incorrect or incomplete, with a mere 4% of companies describing their data quality as “excellent” in one Information Difference survey. Customers phoning up with a question or issue expect that the person dealing with them can see previous interactions that may have taken place. They want staff to be aware that they called before about the same issue, and to know what was supposedly being done about it. If customer records are incomplete, inaccurate or duplicated then it is likely that the conversation with that customer will be a bumpy one. Simply completing customer records with their date of birth or email (subject to country-specific regulations such as GDPR) and ensuring accuracy will smooth that conversation, as you won’t risk impacting their trust in your company by exposing that the information you hold on them is wrong.

The situation is the same if you are in a business to business (B2B) situation, just as it is if you are dealing directly with consumers. Corporate customers will likely have higher expectations of the interactions that they have, given that the sums of money involved may be much larger: people spending millions have elevated expectations. It can be more complex in B2B situations, since it’s likely that if you are dealing with a large corporation then there may be several different people to interact with, even if in theory there is a main contact point. Navigating a large enterprise brings with it its own data quality issues. Just

“Poor data quality and consistency has led to the orphaning of \$32 million in stock just sitting in the warehouse that can’t be sold since it’s lost in the system.”
(Information Difference customer)

finding out how much business you do with a global company may not be a trivial task: for example, if you are selling to Shell then it may be obvious that Shell UK and Deutsche Shell are Shell subsidiaries, but you may also be trading with Aera Energy, or Pennzoil or Bonny Gas Transport, which are every bit as much subsidiaries of Shell.

So, whether you are dealing with consumers or businesses, you need to “know your customer”. At the heart of this in the digital age is to have an accurate, up to date and complete picture of your customer, and this knowledge all relies on customer data.

IMPROVING THE CUSTOMER DATA EXPERIENCE

There are some stages that an organisation needs to go through with its customer data in order to set the basis for an enhanced customer experience:

- **assessing and fixing customer data quality,**
- **enriching that customer data, and**
- **ensuring that staff are trained in how best to use this enriched data.**

The first stage is necessary but not sufficient. You need to understand the state of your customer data and then fix issues that are found. Most data quality tools provide the capability to take you on this first step of the journey. “Data profiling” or examining the data tells you how many records you are dealing with and gives you statistics that will help you assess the scope of the

problem. Profiling can tell you how many records you may have with null values, illegal values, missing values and potential duplicates. Such analysis is more complex when customer data is held in multiple places rather than in a single customer master file or where there is a single customer view. In reality almost all enterprises have customer data scattered across multiple applications, both in-house and packaged. Information Difference studies have found that an average organisation has six different systems generating customer data, and some companies have hundreds. You can buy in customer lists from data brokers, but not all lists are created equal, and many such lists have inaccuracies or are outdated; you need to know the extent of such problems.

Once you have an idea of the scope of your quality problem then you need to improve your customer data. Modern data quality software can help spot common misspellings, highlight potential duplicate records and attempt to fill in missing data using defined business rules. Some things will require manual intervention, but software can try to correct common errors automatically and merge duplicate records according to rules that you can customise and tune. Some things will be harder than others. Filling in a missing postal code or checking the format of a phone number is uncontroversial, but getting three different departments to agree on a common format for classifying customers will be trickier and require significant engagement with business contacts from across the enterprise. Such “data governance” initiatives can be politically tricky but will need to be put in place in order to resolve data duplication issues that span different business lines within your organisation. You also need to consider how processes can be improved to minimise the chance of new errors being introduced, rather than seeing data quality as a one-off exercise.

A police force in the UK had a duplicate data problem. Automated merging helped, but there were many records that didn't contain enough information to merge. They used enrichment software to append date of birth to records to help solve that problem. They estimated that the issue would have taken a data quality clerk ten years to solve.

(Case study)

When you have your customer data in better shape then you have the basis to move to the next stage, which is to consider what additional data will be useful in improving the overall customer experience. This will clearly vary by industry, as the customer data insights needed by an insurance company are different from those of a retailer or a bank. Whatever those specific needs are though, this is the time when you want to have data quality software that supports a wide range of enrichment possibilities. Your sales staff may want to be able to pull up a customer record and see immediately the customer's credit rating, or what their age is. If you are selling to a business then it may be useful to see how many employees are at that business address. Whatever data enrichment activities are undertaken, it will be important to train staff properly in the best use of that additional data, and to ensure that the use of customer data complies with appropriate regulations, which may vary significantly from industry to industry or by geography.

ENRICHING THE CUSTOMER DATA EXPERIENCE

What benefits are there to be gained from improved customer data quality and enrichment? McKinsey state that leaders in customer experience can expect to see revenue gains of 5%–10%

and achieve cost reductions of 15%–25% compared with their current baseline within three

“Customer experience leaders are 80% more likely to retain customers.”

(McKinsey)

years. For a large company such benefits will translate into quantified financial benefits that will get the attention of any executive or shareholder. It is therefore important that you select data quality software that is capable of supporting such initiatives

all the way through this journey. You should be evaluating software not just on its ability to do profiling and de-duplication, but on its capabilities when it comes to data enrichment. As we have seen, many levels of data enrichment are possible when it comes to customer data. Your data quality needs to be able to take you all the way to your destination on your customer experience journey, not just transport you part of the way and leave you on the roadside.

SUMMARY

Improving the overall customer experience is a key area of competitive differentiation, and one that is heavily dependent on the underlying quality of customer data. Companies that wish to excel at customer experience need to carry out an assessment of the quality of their customer data and institute a process to improve that data, not just as a one-off project but on a continuous basis. Once this higher quality customer data is in place then they have the opportunity to get ahead of their competitors by enriching that base data significantly, the exact form of data enrichment depending on the industry in which they operate. When selecting a data quality technology to help in their journey to improved customer experience, they need to consider the depth of enrichment capabilities that the software has. Merely correcting basic customer data quality issues is not going to cut it any more if you really want to get to know your customers and turn them into happy customers.

BACKGROUND

The Information Difference was sponsored by Experian to write this research paper.

ABOUT THE INFORMATION DIFFERENCE

At the Information Difference (www.informationdifference.com) we offer in-depth analysis of the master data management (MDM) industry. We offer in-depth profiles of the MDM vendors, assessments of the marketplace and white papers discussing key issues and best practice. If you are contemplating an MDM project, we can advise you on strategy, vendor selection and best practice. We carry out primary market research and can help you with MDM project justification and return on investment.