

Build a successful business case for Single Customer View

Understand the benefits of a single customer view and how to gain executive buy-in for a SCV project

An Experian white paper

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Foreword

Single Customer View — could it be magic?

It's clear that UK businesses are aware that they need to create a Single Customer View (SCV) if they are to thrive. However, as the Experian research profiled in this whitepaper shows, this is where the clarity ends.

An effective SCV gives you the platform from which you can do a great deal; detangling overwhelming information flows into a single, focused stream of business-driving data; uncovering deep insight into customers and their behaviours; and applying this understanding for targeted engagement that translates investment into demonstrable bottom-line returns.

It's alarming to note that, despite this potential, just one in six UK businesses report that they have an effective SCV in place. Given the gap between appreciation and realisation, you could be forgiven for thinking that achieving a SCV is out of reach.

The good news is that it isn't magic, and this whitepaper uses fact to dispel the myths and point you towards a

practical and effective business plan. It will take you through what a SCV can actually achieve, how to gain buy-in across the organisation and the practical steps you can take to create a business and data culture that fosters it. Essentially, the effort invested in building the SCV will be handsomely repaid in enhanced customer understanding and improved ROI.

Achieving a SCV isn't easy (good things rarely are), but it is there for the taking for those organisations willing to make the journey. And it's a road worth travelling; in the information age, attaining competitive advantage will rely as much on the quality of your customer understanding as it does on the quality of your products and services.



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1. Introduction

1.1 About this whitepaper

In 2012, Experian Data Quality commissioned independent market research company, Dynamic Markets, to carry out interviews with: 400 cross-sector UK organisations into attitudes and actions towards Single Customer View; and 2,000 consumers exploring their attitudes to engagement with businesses.

Questions covered areas including consumer responses to good and bad engagement approaches, and how organisations viewed performance with and without a SCV in place.

This whitepaper breaks findings down into three key areas:

- What a SCV can achieve and the costs of failing to implement one
- How an organisation can focus resources towards creating a business plan that achieves a SCV
- How organisations can build a culture that continually fosters a SCV

1.2 What is Single Customer View?

Before exploring the benefits and actions needed to achieve a SCV, it's important to be clear about what it is.

A SCV is a readily accessible summary of a customer relationship across different products, brands, businesses and channels, to enable personalised multi-channel engagement. Central to a SCV is capturing and maintaining high quality data, and effectively managing this data from disparate sources.

This relies on the creation of linkages between different data sources, or to put it another way, bringing all the organisation's interactions with a customer together — usually by matching name, address and date of birth and then, going forward, appending every piece of information relating to that contact to form a single view or record of that customer.

It's important to remember, however, that attaining a SCV is not an end in its own right — a Single Customer View alone will not suddenly transform your business effectiveness. The actionable insight you need to deepen your customer understanding, and allow you to engage with your customers in the ways they want to be engaged, only comes

from the application of analysis, technologies and smart thinking.

“ Central to a SCV is capturing and maintaining high quality data, and effectively managing this data from disparate sources.”

2. With or without you - the benefits of SCV

2.1 The customer's perspective

When it comes to data, the Experian survey picked up some clear messages from customers on how they respond to their treatment at the hands of organisations. There are some important lessons to learn for businesses wanting to retain and grow their customer base.

LOSE (their attention) — LOSE (their custom)

Well over 84% of consumers would take their custom elsewhere if they experienced the negative effects of poor customer understanding. These effects cover a variety of sins, with customers walking away if they are: faced with companies that don't listen (84%); bombarded with marketing messages for irrelevant products (52%); contacted through channels they have specified as out of bounds (45%).

The stark reality is that, if an organisation fails to engage appropriately with its customers, customers will simply refuse to engage with the business. The information age is a double-edged sword; while customer data is easier to gather, failure to learn from it means that it's far simpler for customers to access and engage with competitors that do. In essence, if you lose a customer's attention, you lose their custom.

WIN (their trust) — WIN (their business)

The survey shows that the reverse of this customer experience delivers far more desirable outcomes. Three quarters of all customers would take positive action in response to experiencing the benefits of a SCV — and this rises to 80% in the more affluent AB social demographic grouping.

Positive responses encompass a range of actions, including: recommending the company if asked (57%); pro-actively engaging with others to tell them about their experience (45%); leaving a positive review on the company website

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(26%); and forwarding email offers from the company to family and friends (12%). Around one in 10 consumers would proactively post recommendations on social media sites such as Facebook and Twitter.

Benefits from SCV engagement continue, with customers actively signing up to company communications (44%), including loyalty schemes (32%), promotional emails (22%) and newsletters (12%).

Generating a consumer feel-good factor also generates sales. More than 40% of consumers surveyed said that they would either seek out these companies to purchase goods in future, use them as their first port of call when looking for new products — or both.

2.2 The business perspective

Business is built on its customers and if customers are unhappy, business is going to suffer. UK organisations are aware of the benefits of achieving a SCV and alert to the dangers of not.

A bad day at the office

Signs of organisational fear of failure around achieving a SCV are evident throughout the survey. In the past 12 months, 85% of companies report that they have experienced problems that could have been avoided had a SCV been in place. These problems are significant and directly related to business success: close to three quarters of respondents report adverse effects that lead

to financial implications; over half (58%) see that it results in inefficiencies; half (49%) believe that customers have suffered; almost a third (29%) see that poor customer insight delivers poor decision making; and a fifth (22%) have fallen foul of regulators.

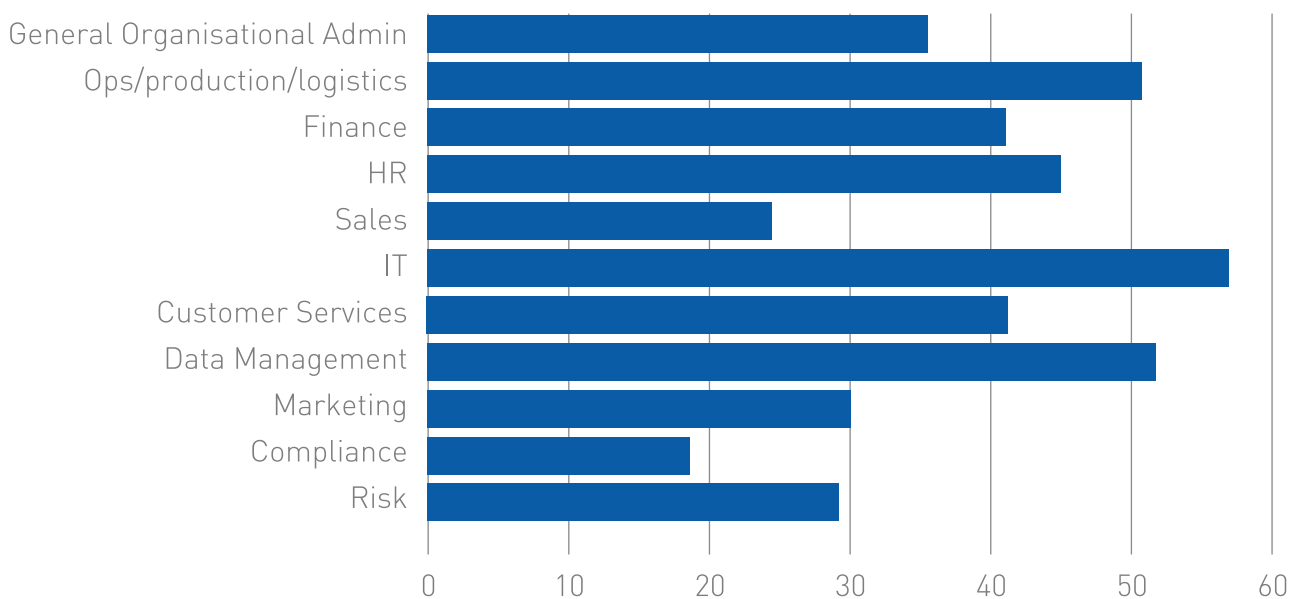
Inefficiency is a recurring theme, with costs and time each cited by roughly a third of the companies surveyed. Lost opportunity is also a price of a failure to implement a SCV, with 18% believing that they have failed to capitalise on cross and upselling opportunities.

Costs down — revenue up

With an effective SCV in place, however, nine out of ten companies believe that they will be able to reduce costs across at least one area of their business; a quarter of these believe savings will be made across five functions or more. The table below details the percentage of respondents, broken down by department, who saw a SCV as a cost cutter (Fig. 1):

A SCV is not simply an efficiency driver, however. UK organisations see it as a revenue generator, driving greater value from customers. More than eight out of 10 companies believe that a SCV will help them to increase sales, cross and upsell, and improve customer retention. And this additional value is quantifiable, with the average expected increase per customer, per year of more than 70%.

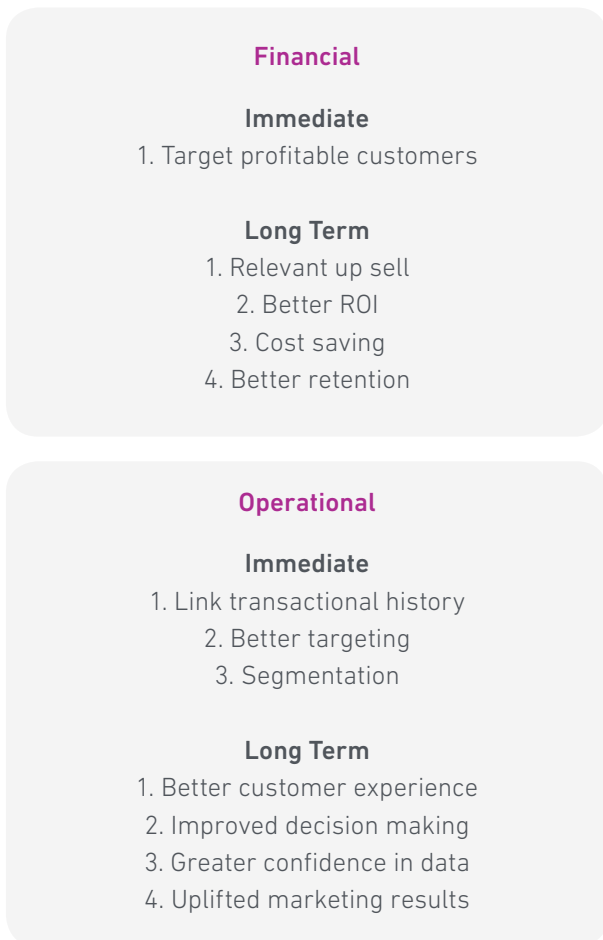
Fig. 1 – Respondents, broken by department, who saw a SCV as a cost cutter (Fig. 1):



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The benefits of a SCV will bring UK companies competitive advantage, with lower costs, higher customer value and increased income generation (Fig.2).

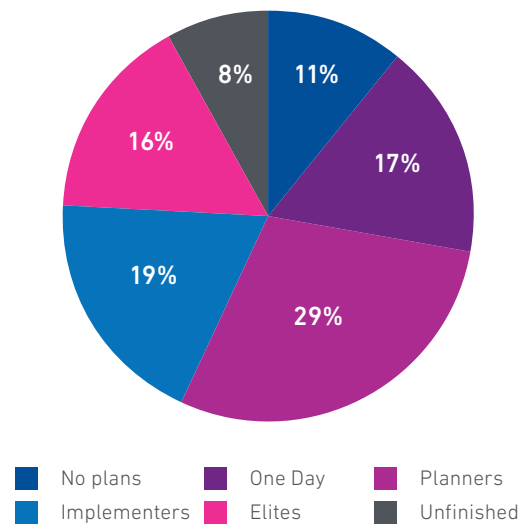
Fig. 2 – Benefits of a SCV



2.3 SCV in the UK

Despite the obvious rewards, the picture around the pursuit and attainment of a SCV across UK organisations is mixed. More than half of the organisations surveyed (57%) have yet to take any action beyond the planning stage and just a quarter (24%) have a strategy in place. Organisations' stages of implementation can be broken down into six distinct groups: No Plans; One Day; Planners; Implementers; Unfinished; and Elites (Fig. 3).

Fig. 3 – SCV maturity amongst UK businesses



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3. Gain executive buy-in to build a SCV culture

Experian Data Quality Managing Director, Joel Curry, explores how linking benefits with business priorities and aligning people, data and processes drives SCV success.

3.1 Gain executive buy-in

Experian research suggests that UK PLCs understand the value of the SCV, but are not quite so certain as how to achieve it. With Gartner suggesting in 2012 that 50% of all new programmes fail to meet their business objectives, it's important to understand the pitfalls, best practice and its real-world results.

When I'm presented with a business plan proposal, I have a personal A-B-C of 'must haves' before I'll commit my support:

A is for achievable

The first questions I ask are: does the plan make me confident that we can actually achieve this; is it simple, well-thought through and is there adequate resource? This is a crucial first step, simply because everything else, including potential rewards, count for nothing if the plan doesn't stack up.

There are very few boardrooms in the land that aren't focused on cutting costs, increasing revenue and retaining and growing their customer base. By demonstrating the clear link between a SCV and these three goals, it's far more likely that the board will fund, support and help to drive its implementation.

The project may be complex, but develop a simple, logical narrative that people can follow the story from beginning to end, is a crucial first step.

B is for bottom-line benefit

Obviously, the outcomes for the project need to be explicit and measurable. Bottom-line metrics are crucial because, if people within organisations are to own and take responsibility for a SCV project, they have to understand how it brings them benefit.

Whilst most people would agree that data accuracy is important, it will tend to drop off the agenda when faced with day-to-day business realities. If, however, it can be shown that data accuracy relates directly to business benefits such as increased sales and budget efficiencies, it

ceases to be an abstract concept and becomes integral to the way the organisation operates.

C is for commitment

Whilst implementing a SCV is most definitely not a top down process, gaining board ownership and a high-level individual with the power to sponsor the idea is a critical success factor. Your board will need to know that someone is driving this project and will ultimately take responsibility for its delivery.

Gaining this board-level support takes some thought and it's wise to look at — and demonstrate — how its benefits will help to drive wider business objectives. Take the time to explore the board's priorities and see where a SCV can bring value.

The buck stops with the board, so they will want reassurance. It's important that a SCV project is measurable, demonstrating success at various points and, wherever possible, is tested to prove the efficacy of the project's methodology.

Step-by-step

Boardrooms are busy places and are presented with many projects clamouring for funding and sponsorship. The best way to ensure that a SCV business case sets itself apart from the competition is to deliver a systematic presentation: take the board on a step-by-step journey so that they can see how and when a SCV will deliver the competitive advantage they are looking for.

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STEP 1:

Identify the business strategy and the stakeholders for the project. These stakeholders usually include the business process owners, IT enablers and the financial stewards.

STEP 2:

Select and define the business performance metrics to support the strategy being pursued.

STEP 3:

Calculate baseline (current) performance so that success can be measured and, where possible, benchmark performance against that of industry peers.

STEP 4:

Describe the project's capabilities in terms of the business processes measured by the performance.

STEP 5:

Negotiate targeted improvements to your baseline performance levels as measured by the metrics selected.

STEP 6:

Convert the projected improvements to baseline performance into financial results.

STEP 7

Develop the total cost of ownership (TCO) to calculate the ROI.

3.2 Building a SCV culture

Once you have the buy-in, now comes the small matter of implementation and the Experian survey provides some valuable pointers on how to do this successfully by addressing the top three reasons why many SCV projects fail.

People: more than two thirds of respondents (67%) identified people-related problems as the primary sticking point, which encompasses issues such as lack of resources (29%), insufficient testing and poor project scoping (23%).

Data: data complexity is the next biggest barrier, with 52% of companies recording this as a primary reason for failure. A third of companies list having too many sources of customer data to manage effectively and another third the poor quality of the data they hold.

Process: Just under half of those surveyed identified process problems, including the wrong implementation process (17%) and dealing with legacy applications (16%).

When building an organisational culture that allows a SCV to flourish, we must consider those same common points of failures to mitigate risk.

Your people

This is primarily a case of assessing organisational readiness: establishing an honest benchmark of where you are now, compared to where you need to be to achieve a SCV. In having a reliable understanding of your start point and an accurate picture of the end point, identifying the steps you need to take to achieve a SCV becomes clearer and more manageable.

With this information to hand, you can begin to assess if the right people are assigned to the right roles and set about re-balancing where necessary. As well as skillsets, it's imperative that your people both accept, and are given, the responsibility they need to deliver a SCV project.

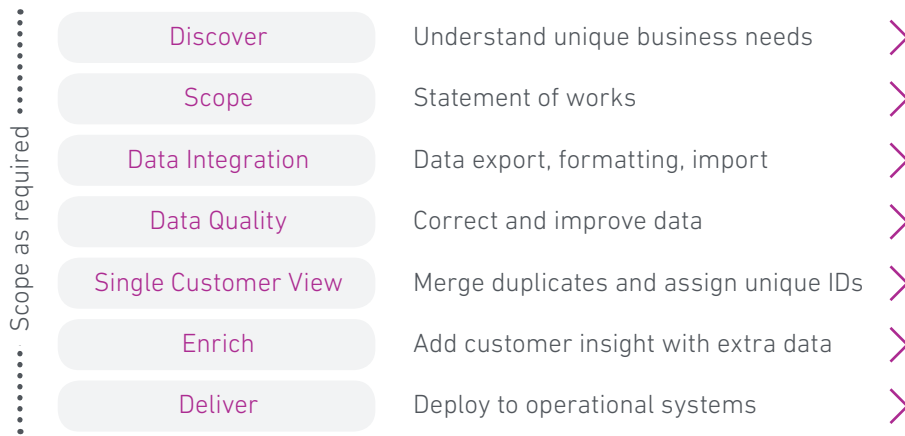
Stakeholder management is also a part of this benchmarking exercise, ensuring that support is in place to drive the project through to its conclusion and overcome the opposition that is almost inevitable with any change management process.

Your data

The primary task is to ensure that data is fit for purpose — a SCV and its benefits will only ever be realisable if it's built on a robust and reliable foundation.

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Fig.4 – Experian's seven stage process for SCV



As with the overall SCV business proposition itself, transforming data must be systematic, and Experian has developed a seven stage process to achieve this (fig.4):

Your processes

As with so many aspects of human endeavour, the devil is in the detail, and meticulous planning at the beginning of a project will bring rich rewards in terms of successful delivery.

Assess risks throughout the lifecycle of the project. Having a realistic understanding of what's coming, and implementing mitigating measures before problems arise, will be much easier than having to deal with the unforeseen whilst the project is in motion. And it's worth remembering that, with accurate data and the right people in place, this planning will be much easier.

4. Conclusion

Well, it pays to revisit some of the figures from the Experian survey: 90% of companies believe a SCV will help them to cut costs; 80% believe it will drive sales; and the average anticipated increase to customer value is 70% per year.

The answer, then, is an emphatic yes.

Even ignoring the monetary benefits, the simple fact of the matter is that if your company isn't building a SCV, your competitors are. And as the survey also shows, customers will migrate to the companies that listen and respond to them in intelligent ways.

The benefits of a SCV can transform a business, but the business must first transform itself. It calls on: the latest thinking in data collection, integrity and analysis; genuine support across the business; and a very clear understanding — again, across the company — as to how it will deliver tangible business benefits.

The Single Customer View is within reach, but it's not something that can be simply bolted on to existing organisational practices. It takes time, it takes commitment and it takes specialist data, technology and know-how. Investing in these, however, will pay measurable dividends.

Now may be the time for your organisation to become part of the SCV elite, because very soon a SCV won't be seen as an optional extra, but rather the key that unlocks competitive advantage.

“ The Single Customer View is within reach, but it's not something that can be simply bolted on to existing organisational practices.”

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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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