Maximizing personalization

How to improve data insight for better consumer connections

Experian®
Data Quality

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Introduction

Today's consumer is more demanding than ever before. Consumers want to have a consistent experience across channels, whenever and wherever they prefer. This situation has created a new strain on marketers who are fighting to keep up with the changing pace of technology.

One area that is increasingly important as part of an omni-channel strategy is personalization. Personalization is defined as changing a user interaction based on data, such as purchases, demographics or preferences.

Personalization allows marketers to better connect with consumers for better engagement, ultimately leading to greater conversion and revenue generation. Through improved offers, marketers can maximize efforts with loyalty messaging or cross-sell offers, allowing them to work more efficiently and effectively.

While over half of businesses are currently leveraging this approach and many more are looking to implement personalization processes, 94 percent of companies have challenges related to personalization according to the new Experian Data Quality study. The biggest challenges are gaining insight quickly enough and having the data accessibility and accuracy required to make a program successful.

Further, while the majority of companies are making investments in personalization, many lack the data backbone to support this effort. These companies struggle with maintaining high-quality, consolidated information on clients that is essential for personalization.

This resource highlights the prevalence of personalization and analytics, reviews common personalization challenges and provides tips for improving the quality of information necessary for personalization efforts.
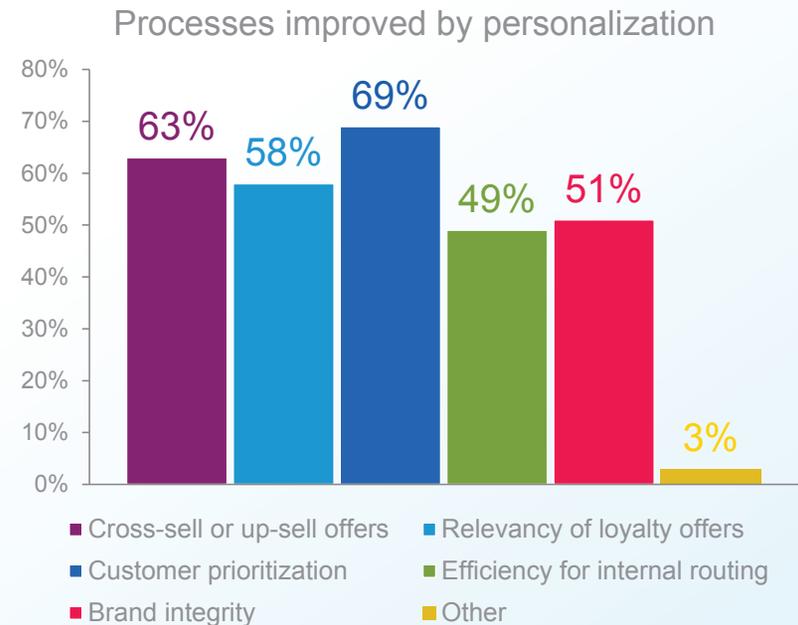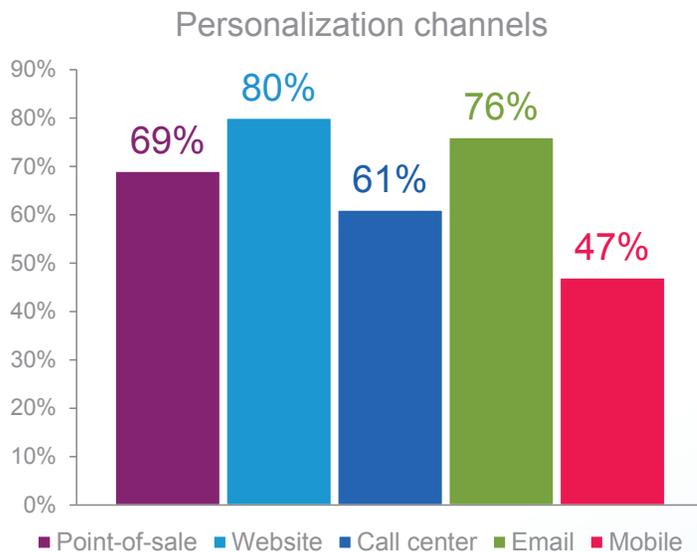
Key findings

Prevalence of personalization

The use of personalization continues to expand as marketers look to increase target messaging. Today, 46 percent of companies personalize across more than one channel. This percentage will continue to grow as 28 percent of organizations are in the process of implementing personalization and another 13 percent are looking to kick off a project in the next six to twelve months. Only four percent of companies have no plans to personalize.

Of those personalizing today, many different channels are optimized. The most popular channel is the company website, followed by email and then point-of sale. 47 percent of companies are personalizing across mobile platforms as well. For those within the marketing department, email was actually the most popular channel for personalization.

Personalization channels

Bar chart "Personalization channels":
- Point-of-sale: 69%
- Website: 80%
- Call center: 61%
- Email: 76%
- Mobile: 47%

Processes improved by personalization

Bar chart "Processes improved by personalization":
- Cross-sell or up-sell offers: 63%
- Relevancy of loyalty offers: 58%
- Customer prioritization: 69%
- Efficiency for internal routing: 49%
- Brand integrity: 51%
- Other: 3%

The increase in personalization is being driven by several key factors. First is customer engagement, cited by 84 percent of respondents as a top reason for prioritization. This is followed by revenue generation, prospect conversion and brand integrity.

From a tactical perspective, personalization is used to improve customer prioritization, upsell or cross-sell efforts, as well as the relevancy of loyalty offers. These areas ultimately tie back to customer engagement and other factors that benefit from a better consumer connection.

Generating analytics

Personalization is built on a foundation of data. To gain the insight needed for personalized messages and communication, organizations are investing in analytics and analytics professionals.

According to the study, 79 percent of companies have an analytics team. The median number of employees on an analytics team is 22.

The number of professionals did vary by size of business. As you would expect, those within small businesses have far fewer professionals, and by contrast, those in enterprise organizations have much larger analytics teams.

These individuals reside within different departments, depending on the organization. Most reside within IT, with 38 percent of respondents stating that analytics professionals sit within that department. Another popular department was marketing, cited by 16 percent of respondents.

However, 18 percent of companies state they have analytics professionals across multiple departments. Along with that theme, six percent say analytics is its own department. Most likely, those individuals are in a centralized place, but support many departments across the business.

In addition to staff, companies are investing hard dollar resources in analytics. On average, U.S. companies invest $137,000 on analytics efforts annually.

The level of investment, not surprisingly, also varied by size of business. The larger the business, the higher the investment in analytics. In addition, those respondents in IT thought they spent more on analytics efforts on average than other departments.

Origin of the analytics team

- Marketing — 16%
- IT — 38%
- Operations — 12%
- Strategic initiatives — 9%
- Multiple departments — 18%
- Own department — 6%
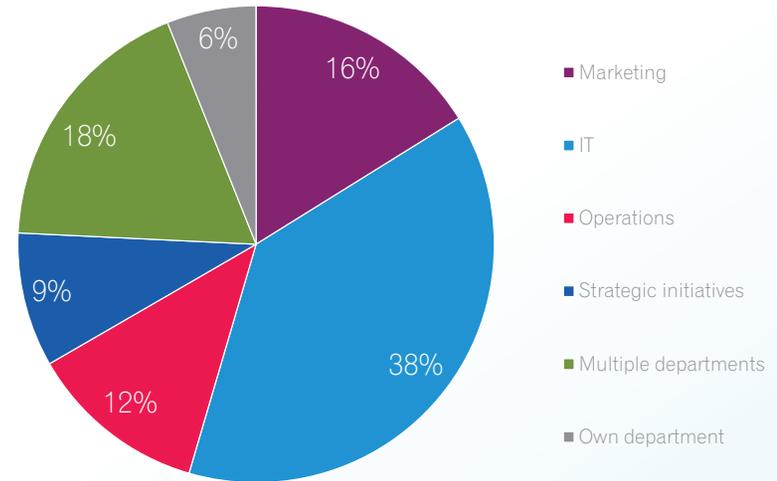
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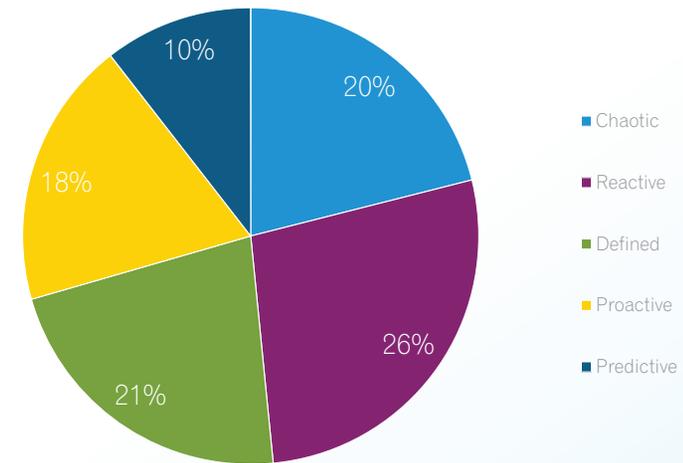
The personalization journey

While many companies have implemented or are in the process of implementing a personalization strategy, many organizations are at dramatically different levels of sophistication when it comes to personalization.

Below are the various phases of personalization. The percentage of companies in each phase is:

- 20 percent Chaotic
- 26 percent Reactive
- 21 percent Defined
- 18 percent Proactive
- 10 percent Predictive

The majority of companies are in the early stages of a personalization strategy. However, this is expected to increase as companies become more sophisticated in their omni-channel approach to communications.

Personalization stages

Legend:
- Chaotic
- Reactive
- Defined
- Proactive
- Predictive

Pie values: 20%, 26%, 21%, 18%, 10%

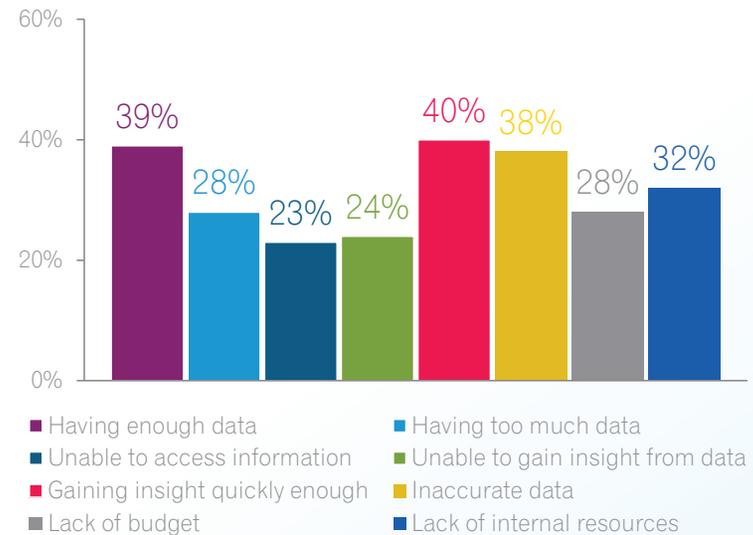| Chaotic	Reactive	Defined	Proactive	Predictive
A single channel approach where some historic off-site processing takes place and is mainly designed to verify users.	A multichannel approach with regular batch processing.	A multichannel approach with automated processing and batch processing. More automatic approach in terms of personalization.	An omni-channel approach where data is coordinated. Processing of customer information takes place upon input in addition to some regular processing. Profiling and monitoring of customer data takes place on a regular basis.	An omni-channel approach that has processing upon input, but is paired with profiling and monitoring improvements and the incorporation of predictive models based on data quality and behavioural and demographic data.

Personalization challenges

Even with all of the personalization advances, the improvement is not without its challenges. According to the recent study, 94 percent of respondents have challenges related to personalization. The biggest challenge is gaining insight quickly enough. This is followed by having enough data and inaccurate information.

These challenges directly relate to having accurate and accessible data. Few organizations have a single customer view, which is an aggregated, consistent and holistic representation of the data known by an organization about its customers. According to our survey, only 24 percent of companies say they have a single customer view today, however the majority of businesses are working towards it. The main challenges in creating a single customer view are an inability to link different technologies and poor data quality.
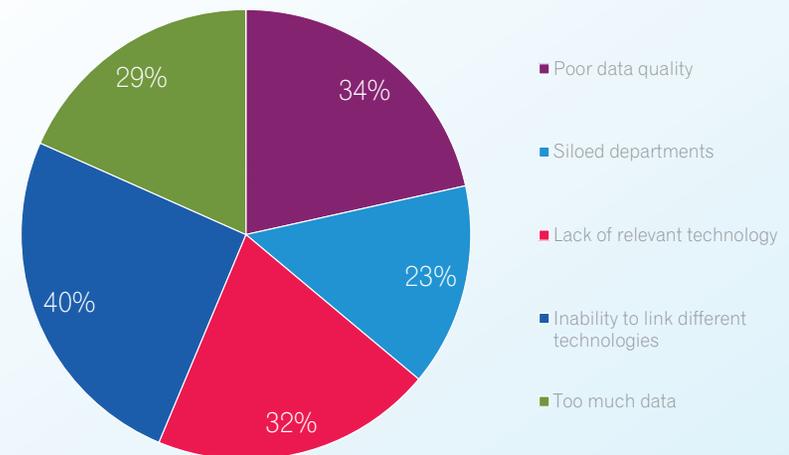
Another problem for organizations is linking information across channels. Today, 83 percent of companies struggle to link customer information across channels. The main challenges in linking customer information are inconsistent customer data collected in each channel and customer information not being collected in each channel.

Finally, a large percentage of information is inaccurate. 94 percent of survey respondents suspect their customer and prospect data might be inaccurate in some way. On average, 33 percent of customer and prospect data is believed to be inaccurate.

Challenges with personalization

- Having enough data — 39%
- Having too much data — 28%
- Unable to access information — 23%
- Unable to gain insight from data — 24%
- Gaining insight quickly enough — 40%
- Inaccurate data — 38%
- Lack of budget — 28%
- Lack of internal resources — 32%

Single customer view challenges

- Poor data quality — 34%
- Siloed departments — 23%
- Lack of relevant technology — 32%
- Inability to link different technologies — 40%
- Too much data — 29%

Improving data management for better insight

Solving personalization challenges companies relates directly back to their ability to manage information and collect high quality data. To solve the top three challenges related to personalization, companies need to improve the basic information that provides insight and analytics. Without accessible, complete and accurate information, companies are left struggling to gain consumer insight.

1. Gain insight quickly

The biggest challenge related to personalization is gaining insight quickly enough. On average, companies are operating with six different databases, making it challenging to maintain a single customer view.

To alleviate this problem, information needs to be consolidated into a single source. To compile information, organizations should start by identifying all of the sources of information that should be consolidated.

Next, information should be cleaned and standardized. Contact data is also a consistent source of information within a record. These details can be utilized to identify and consolidate each client into a single record.

Finally, software can be used to identify duplicates. While manual processes are tempting, the majority of companies have too much information to manually review each record and accurately consolidate files.

2. Gather enough data

While a lot of first party information is available, sometimes desired information can't be obtained from the customer or available data can be hard to manipulate.

To fill this gap, 88 percent of companies purchase data sets from third parties. Appended information can add valuable insight to businesses, but it can also be a waste of resources if not used properly.

Organizations should first look at the information contained within their own records to see if insight can be gathered internally. When information is unavailable, then look to third parties.

It is important to keep in mind that if too much data is appended, it can be overwhelming and hinder the end goal of personalization. Enhance customer files with relevant data sets that are specific to your given objective. In addition, look to model information right away to ensure it fulfils its given purpose.

3. Maintain accurate data

With a third of information thought to be inaccurate, analytics and insight are hindered. There are several steps organizations can take to ensure reliable information.

First, look to standardize and cleanse information. While this may have already taken place when data sources were consolidated, basic cleaning of information can go a long way in gathering insight. Poor quality information can be flagged and fixed with the customer later on.

In addition, organizations should look to validate information as it is entered. The majority of inaccuracies within a database relate to human error. Put software tools in place to validate information as it is being entered across channels, especially for key customer information.

Conclusion

As companies obtain more client data, gathering compelling customer information at high volumes, it is important that they maximize this valuable asset. Personalization is one of the by-products of having more customer insight, allowing companies to better engage and connect with consumers.

However, if the customer information gathered is not complete, accurate or accessible, it can be difficult to leverage data for its intended purpose. Companies need to not only invest in analytics, but they also need to invest in data quality solutions and third party insight to maximize customer insight.

Methodology

In June 2014, Experian Data Quality commissioned a research study to look at current approaches to personalization. This report, 'Maximize personalization with improved data insight,' reviews the prevalence of personalization and analytics and the challenges associated with those efforts.

There were 250 respondents in the U.S. that took part in the research, produced by GMI for Experian Data Quality. Individuals in marketing, data management, customer service, IT, sales, finance, management and operations departments all took part in the survey who had knowledge of data management practices. Small to large enterprise businesses were included. These individuals came from a variety of industry sectors, including manufacturing, automotive, retail, financial services and travel responded to the survey.

About Experian Data Quality

Experian Data Quality is a global leader in providing data quality software and services to organizations of all sizes. We help our clients to proactively manage the quality of their data through world-class validation, matching, enrichment and profiling capabilities. With flexible software-as-a-service and on-premise deployment models, Experian Data Quality software allows organizations around the world to truly connect with their customers by delivering intelligent interactions, every time.
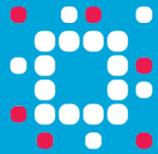
Established in 1990 with offices throughout the United States, Europe and Asia Pacific, Experian Data Quality has more than 13,500 clients worldwide in retail, finance, education, insurance, government, healthcare and other sectors. For more information, visit http://www.qas.com.

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