

Transform your data to increase CRM effectiveness

An Experian Paper

Paper

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1. Customer Relationship Management continues to grow

To succeed in the ‘age of the customer’¹, organisations continue to adopt and invest in Customer Relationship Management systems.

Yearly figures published by research and analyst firms such as Gartner and the IDC, show a year on year increase in the amount of IT spend on implementing or upgrading to a new CRM system. Computer Economics estimates that over 51%² of organisation to-date deploy a CRM system and that the majority of spending is predominantly being driven by firms looking to improve Sales, Marketing, and Customer Service related processes and functions. Although the adoption of what are considered to be cheaper SaaS based CRM options as well as Mobile CRM and Social CRM are also on the rise.

Consider this:

The Total Cost of Ownership (TCO) of a mid-tier CRM system implementation can range anywhere from hundreds of thousands to millions of pounds, yet despite the high level of spend, a startling 55%³ of all CRM projects fail to meet expectations and deliver the expected level of return. Numerous studies and research have been conducted on the topics of what makes a CRM system successful, both during the course of the implementation and over its lifetime. This report highlights two of these key factors, the data and processes, which form part of a comprehensive CRM strategy that delivers the most value from the application. So exclusive of whether an organisation is considering a new CRM system or evaluating and assessing an existing system, it’s critical to take a look at the role that data and processes play and to understand what optimisation can take place in order to ensure CRM application success.

2. Data plays a key role

Customers now are using an array of devices to engage with a business across multiple touch points. This means that right from the point of acquisition, customer data flows into the CRM from multiple channels and touchpoints and in different formats. Our research has shown that on average data is coming in from 3.44 sources with websites, face-to-face sales, and call centres used most frequently. This creates plenty potential for inaccuracy and from there, poor quality data continues its journey around the organisation, and as it travels it impacts multiple stakeholders and

the day-to-day support activities in the areas of marketing, sales, service and business operation.

The CRM application data journey



2.1 The marketer’s dilemma

Customer data flows into the CRM application and forms the basis for most marketing deliverables and programs. It’s no surprise then that 67%⁵ of marketers rely on CRM data to segment and target customers. So when CRM data is poor, inaccurate and incomplete, the impact of marketing campaigns and activities may be greatly reduced resulting in specific challenges such as:

- Inability to communicate effectively with customers
- A less than optimal multi-channel experience
- Decreased profitability from marketing campaigns

2.2 The sales person’s challenge

Most organisations will also use their CRM application as a customer contact management system, where information is used in connection with contact planning and administration, such as recording contact history, appointment making which later may expedite into sales order management. Common data errors such as duplicate accounts and out-of-date information may mean that sales teams are using outdated, inaccurate information to develop customer relationships. The long-term impact of which may result in:

- Account ownership conflicts and frustration for the customer
- A drain on sales resources and disillusionment with the CRM application
- Reduced sales effectiveness and lost sales

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2.3 The underperforming customer support centre

Often call centre phones and customer support portals will link into the CRM application; this could extend further to customer order management, tracking and delivery, which some organisations choose to link in as well. Providing a high quality service is imperative in the customer support environment, however if customer information is not accurate, unavailable or dispersed across the CRM system rather than as a single entity, the interaction with the customer may be sub-optimal resulting in:

- Reduced customer satisfaction
- Brand damage: a negative perception or feeling towards the brand
- A loss of customer loyalty, potentially translating into detraction

2.4 Business and operational challenges

The analytical side of the CRM system focuses on the preparation of analysis and reporting that will be used by functions such as Finance, Operations and Senior Management to drive informed business decisions. It collects the information gathered from marketing, sales and the customer service centre and analyses these to deliver valuable findings about the customer, company performance and future trends. An abundance of poor quality data means analysis and key performance indicators used to guide the organisation's strategy and inform decision making are potentially flawed. In the long term the impact may result in:

- Inconsistent management reporting
- Operational inefficiencies and wasted budgets
- Decreased revenues from lack of insight and customer understanding

As we have seen data plays a key role within the CRM application, more importantly accurate and complete customer data, can be attributed to increased CRM effectiveness. Yet, if the processes used to gather, link and maintain quality data are partially in place or not in place at all then the one cannot operate without the other and CRM performance will be diminished.

3. Customer driven process

The processes surrounding the CRM system manage the end-to-end acquisition, servicing and assistance of customers and therefore should be driven first and foremost with the customer experience in mind.

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However the journey that the customer data takes around an organisation will typically involve a number of internal processes, which may be disjointed and inefficient. Thus making it difficult for the organisations to see the bigger picture and be proactive to the customer's expectations and requirements. In addition process silos can create confusion, as to which item of data is accurate and represents the most legitimate and up-to-date version. Automating and connecting these together will help improve CRM application efficiency.

As an example, looking at the way by which customer data enters the CRM system, our recent report identified that nearly 53% of organisations to-date still rely on manual processes to handle valuable customer data. The result which will mean a large likelihood of inaccurate, error ridden information, that enters the CRMs system and takes the journey downstream to be used by other business functions such as marketing and customer support who will engage with the customer using that exact incorrect information. Processes that automate and manage data capture and collection must be put in place to minimise the likelihood of errors and ensure accurate insight into customers and prospects.

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Below we have highlighted the knock-on effects of manual data errors at the point of capture.

Manual data error at point of capture

e.g. Call centre, web form etc



Effect

Marketing

- Incorrect recipient of marketing communications
- Poorly targeted messaging
- Lack of customer insight

Sales

- Internal - Confusion, wasted time, ill feeling and time implication of incorrect follow up
- External - Reputational damage of contacting the wrong customer

Finance

- Issues with the invoice/credit process
- Failure to comply with regulatory legislation

Logistics

- Wasted revenue and time due to incorrect deliveries
- Reputational damage of lost or delayed deliveries

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4. The recommendations

4.1 An end-to-end data quality 'firewall'

This report has talked to some of the key challenges faced by CRM application users, as a result of poor quality data and processes. The following recommendations have been

proposed to help organisations begin to address these issues in order to drive CRM effectiveness. Organisations can negate the negative effects of inefficient, manual processes and bad data by integrating an end-to-end data firewall for the CRM. In particular, they should look at tools that actively protect the integrity of data, both at the front-end and back-end of the system. Effective data quality tools will address customer data standardisation and validation, as well as duplicate record matching and merging. They can also extend to help the organisation add additional context around the customer, by appending information such as demographic details, which will help drive better understanding and may highlight previously hidden opportunities.

4.2 A holistic view of the customer

Outside of the CRM application many organisations today will hold a collection of customer data in several systems and databases owned by different departments, collected through various workflows and processes. Legacy systems may be interlinked with the CRM application, allowing disparate customer data to flow in and out and downstream. Some CRM applications may promise to provide a Single Customer View, however the more separate databases the organisation holds, the harder it becomes to achieve that single version of the truth. Without full visibility of the customer's actions and engagement, marketing, sales and the service centre will not have all the necessary information to make their impact. In this instance achieving a complete Single Customer View that feeds into the CRM application may be necessary and the organisation may choose to engage in a project that will integrate and consolidate customer data from all external sources.

4.3 Evaluating your data quality strategy

In most organisations the CRM application will be underpinned by some sort of CRM strategy. If this is a comprehensive CRM strategy, it should already highlight many of the data and process gaps identified in this report. However if this is not the case, then incorporating a coherent data quality strategy within the overall CRM strategy, will help the organisation to move to that next level of maturity. A data quality strategy will allow the organisation to understand the current state of data and process flows and will align these with the priorities of the business and the various stakeholder groups identified in this report.

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

We can help you...

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“Experian Data Quality has a range of integrations targeted at different CRM suites, designed to embed data quality technology into the heart of the application driving a seamlessly automated experience for the user.”

— Analyst research firm - CIC

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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

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