

In this eBook we'll discuss some of the most common problems with an organization's customer data, and examine how these often build on one another to fuel poor business outcomes.

ARE YOU COMPETING ON CUSTOMER EXPERIENCE?



In 2016, Gartner conducted a survey in which 89% of all businesses participating indicated that customer experience would be their *primary* differentiator in the year 2017.

Think about that today, in relation to your business. Is it accurate?

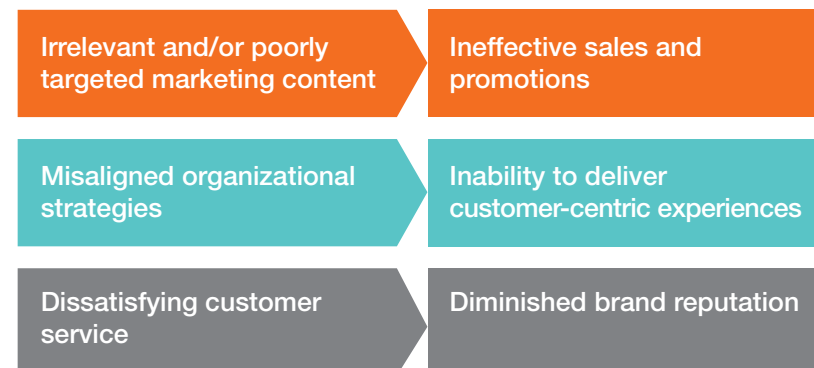
If your reaction is that it feels a bit too optimistic in retrospect, you're probably right. And you're not alone. The reality is that, for most companies, the execution of customer-centric programs hasn't yet reached that standard. One of the major reasons for this has to do with the way that businesses are storing, managing and maintaining customer data.

THE IMPACT OF DYSFUNCTIONAL DATA

That insanely large dollar figure in the side column? That's how much IBM estimates that poor data quality costs the economy per year. (Note: this figure only represents the United States).

It follows logically that the quality of your customer data bears a direct correlation with the health of your business. And customer data specifically plays an outsized role in your ability to execute programs that truly help you differentiate your business and compete on customer experience. To be more blunt, poor customer data can lose you – or prevent you from making – lots and lots of money.

Dysfunctional customer data harms your ability to build customer relationships, how you attract new customers, as well as your overall ability to perform proper analysis and plan strategically. All of the above leads to poor outcomes that impact your company's reputation and bottom line:



\$
3.1
TRILLION



THE DOMINO EFFECT

With such a clearly identifiable financial impact, you'd think that most companies would have a better handle on this by now. So why are so many still struggling with customer data quality?

The answer is that problems with data, generally, and customer data more specifically, are often like a set of slow falling dominoes. One small, seemingly innocuous action at the beginning often sets a chain reaction into motion that causes unforeseen data problems throughout your organization down the road. Pushing the analogy further, how you've arranged your particular playing surface can ultimately dictate how these problems will occur, and more importantly how much of a mess there will be to clean up afterwards.

Let's take a look at some of the dysfunction we're talking about.

DYSFUNCTION: CUSTOMER DATA SILOS

We start here, with data silos, because many of the other problems we'll cover often cascade from this one issue. Silos are frequently the first domino, if you will.

After all, few businesses make the conscious and harmful decision to store related, important information in disconnected systems. It is often just a natural byproduct as businesses grow, IT stacks expand and solutions are adapted across business lines to meet new needs.

Customer data silos contribute to overall dysfunction, but often manifest in these two specific symptoms:



Operational
inefficiency that
harms strategic
efforts

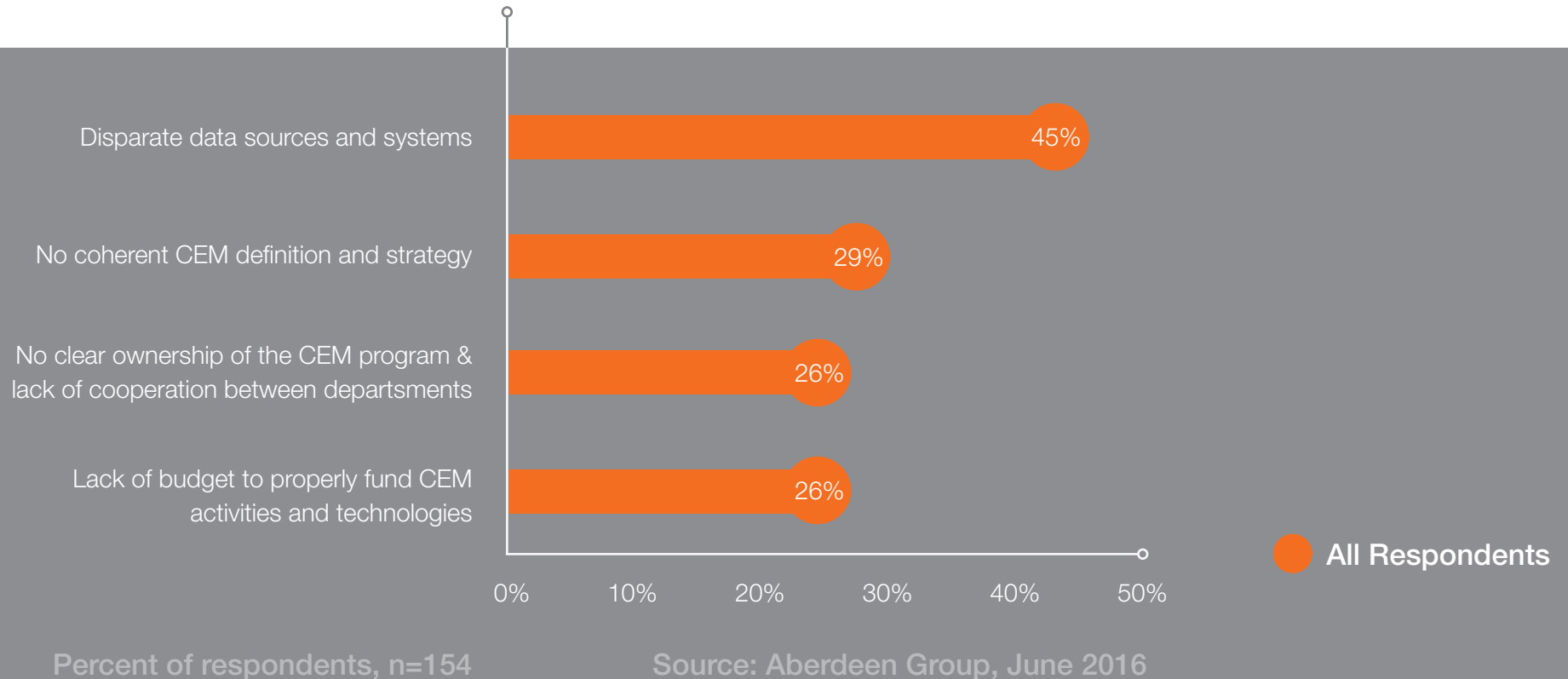
Higher IT costs
to manage and
maintain multiple
systems

Have you ever noticed that the universal cylindrical symbol for “database” bears more than a passing resemblance to an actual farm silo? Unlike stored grain, however, data becomes more valuable when it is shared and connected to with other types of data. Instead of approaching data this way, though, many businesses manage customer data across multiple departments and lines of business, splitting their enterprise customer data into disconnected silos and making it nearly impossible to create a centralized customer view.

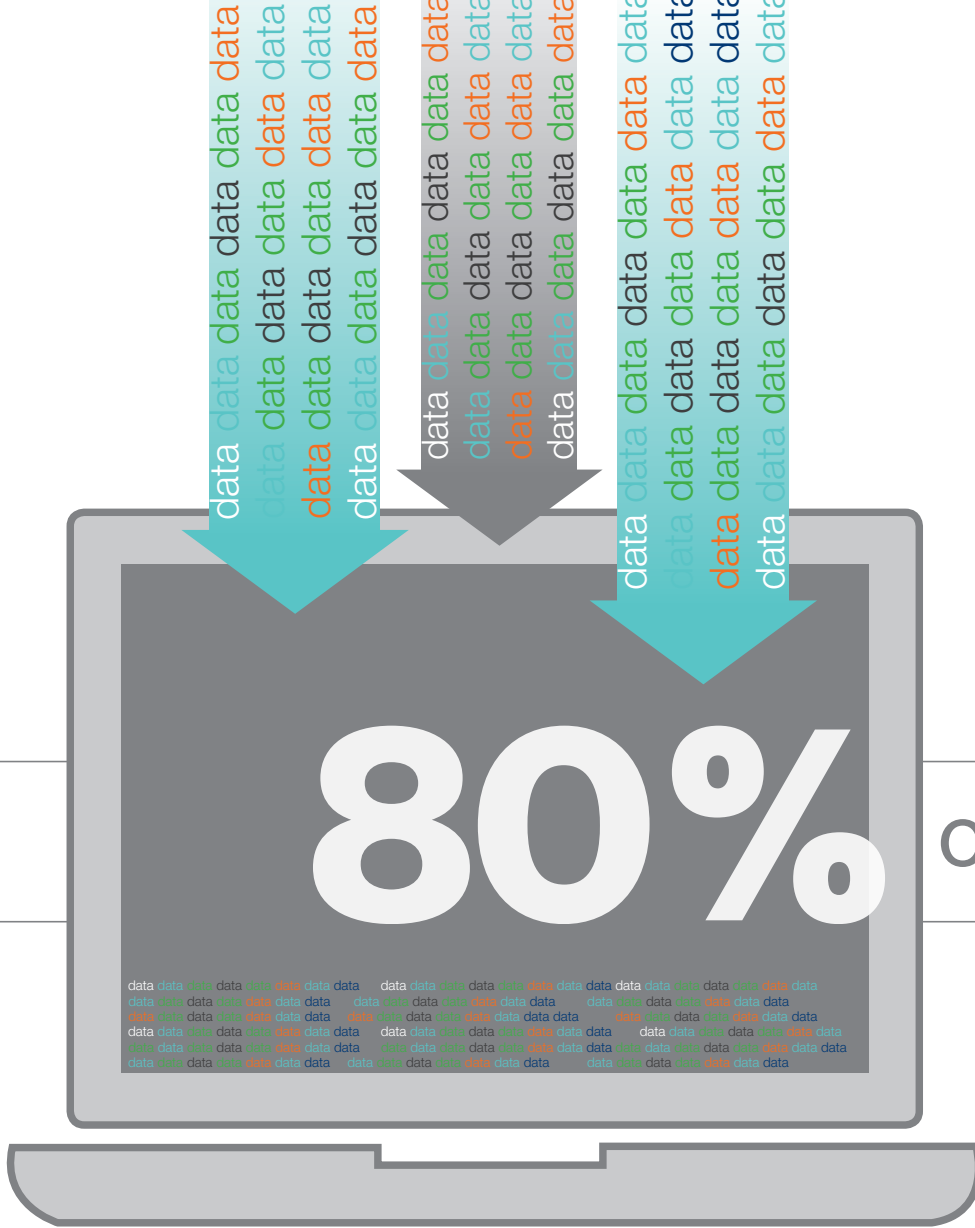
IT'S A
big PROBLEM



A 2016 SURVEY BY ABERDEEN GROUP IDENTIFIED DATA SILOS AS THE TOP HURDLE TO CUSTOMER DATA MANAGEMENT:



As data becomes more and more important to the future of most organizations, businesses that operate in data silos will spend far more time wrangling their data than they do determining and acting on its value.



According to one study, data scientists indicated that they spent nearly 80% of their time gathering and preparing data for analysis—not exactly the most efficient of use of highly skilled man hours. Further, more than 75% of those same data scientists said data preparation was the least enjoyable part of their work.

OF THE TIME GATHERING DATA

But imagine if that time was spent integrating data across your business to make everyone's job more productive. Like many ailments, the best cure is typically not to start the behavior that led to it in the first place. Given how widespread data silos are throughout the business world, each organization's solution to the problem is going to be unique based on a multitude of factors.

DYSFUNCTION: DUPLICATE RECORDS

We started by discussing how data silos often set dysfunctional inertia into motion and duplicate customer records is often one direct result.

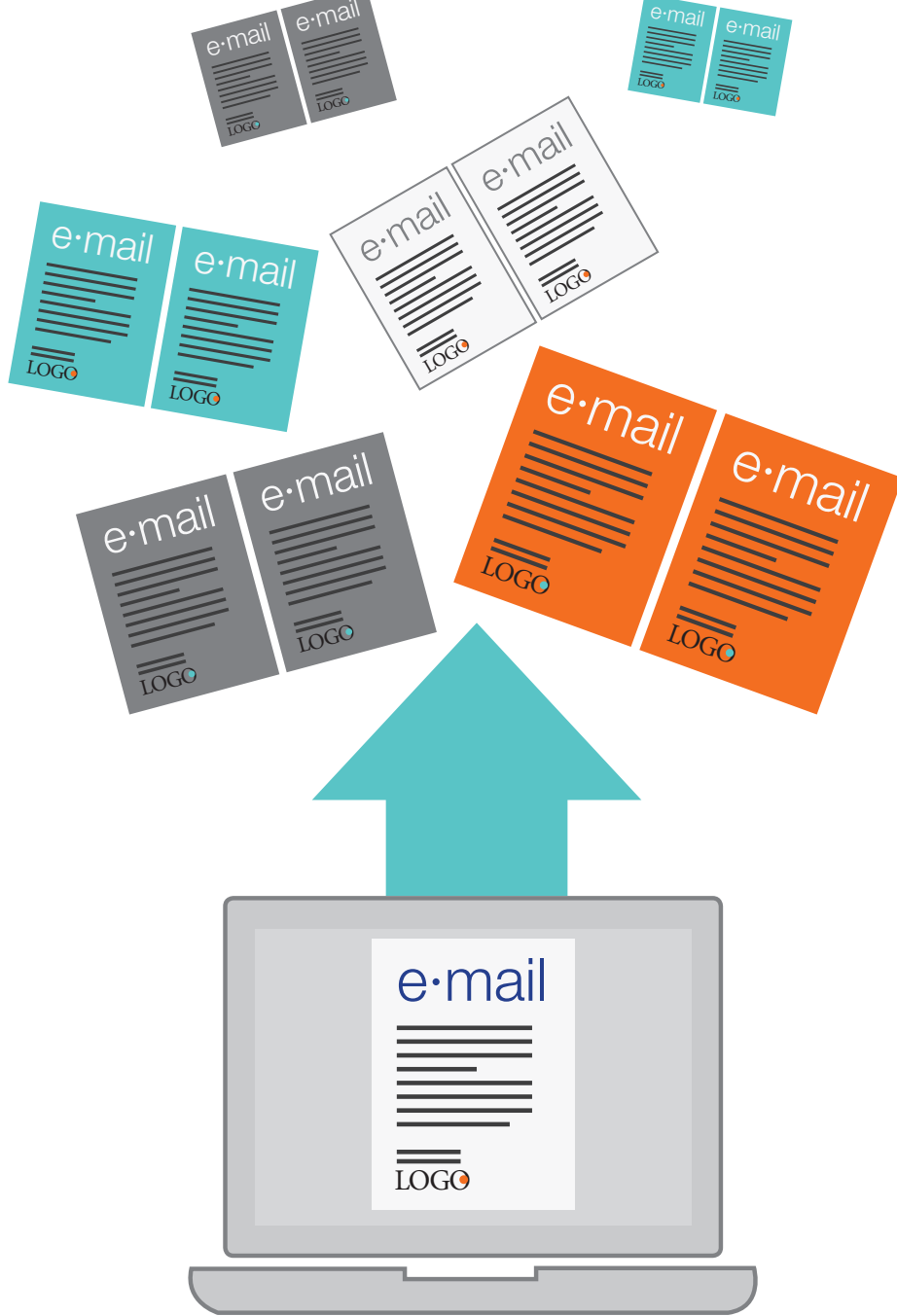
Have you ever received the same piece of direct mail twice from a business that you've spent money with in the past? Does it make you want to shop or give them more business? Or have you ever found yourself in the frustrating situation of possessing two separate online accounts with the same company, all due to an honest but small typo?

These are just some of the problems that duplicate data records can beget.

Wasted labor costs to manually identify, fix and resolve duplicate records

Harmful to brand reputation





While the problem of duplication has diminished somewhat in recent years, a recent study by Dun & Bradstreet found that about 10% of the businesses they surveyed still had a significant problem with data duplication.

In the report, D&B also states:

“The increasing number of marketing technologies that are consuming and generating contact and company data, increasing mergers and acquisition activity as well as the expansion of digital marketing channels creates a situation where record duplication can proliferate ...

We continue to believe that the wider adoption of marketing automation technologies and the growing ecosystem of data service providers for those platforms are easing the management of duplicate data.”



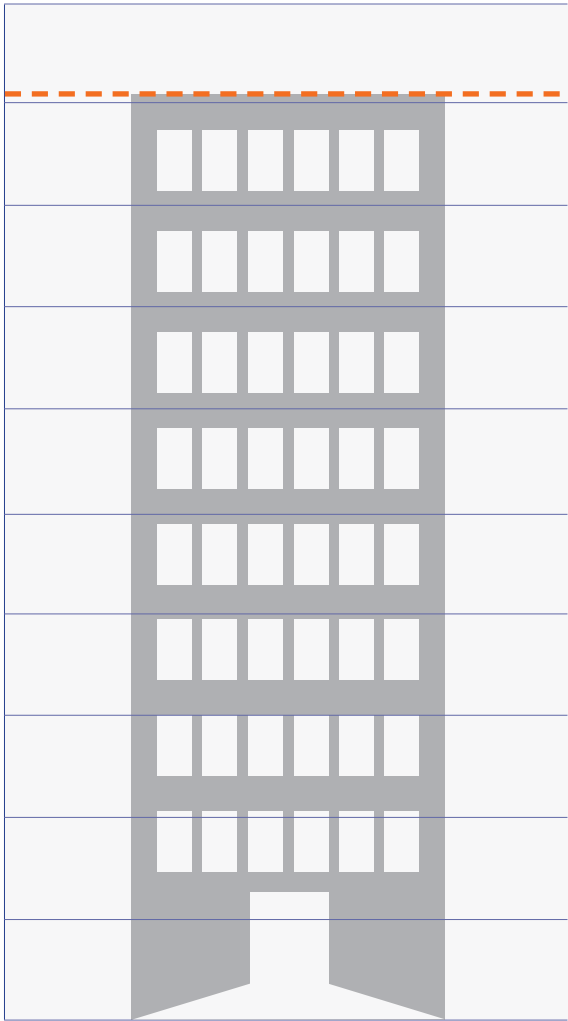
DYSFUNCTION: INCOMPLETE CUSTOMER DATA

No one should have to track down clues and manually update records just to execute a targeted marketing campaign. Neither marketing, sales, nor customer service should require extensive detective work in order to do their job.

A close cousin to the duplicate record, incomplete customer profiles can present a problem even if your company doesn't have any meaningful data silo issues to speak of. It can harm marketing effectiveness, and result in a poor overall customer experience. Likewise, incomplete data can wreak havoc on proper analytics and analysis.

- Ineffective marketing and promotions
- Poor customer service and experience
- Poor data compliance
- Missed market opportunities

100%



91%

businesses with more than 11 employees have adopted a CRM

While proliferation of CRM system has had an overall positive effect, it has also created additional complexity that needs to be managed. The average customer profile typically includes dozens of data attributes that need to be filled in order to be considered “complete”, leaving plenty of opportunity for missing information.

Regardless whether it’s a technology or integration problem, the manner in which the data was collected and imported, or just simple human error, these issues won’t let you achieve the “complete view” of your customer if you’re not meticulous about their profile details.

0%

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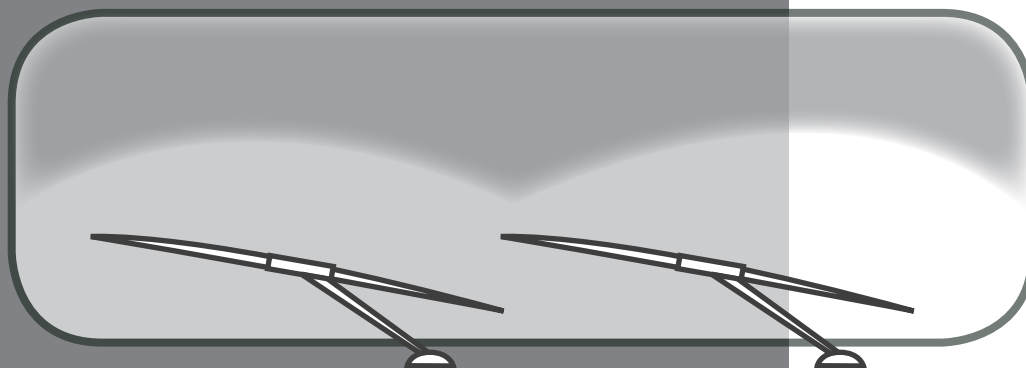
Ultimately, poor data quality is like dirt on the windshield. You may be able to drive for a long time with slowly degrading vision, but at some point, you either have to stop and clear the windshield or risk everything.

Ken Orr, Cutter Consortium

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REVERSING THE MOMENTUM

In addition to being a tremendous visual, the quote to the left powerfully captures the slow and insipid creep of dysfunctional customer data throughout many organizations. No one starts out with the goal of having poor data, nor the accompanying bad outcomes. But the reality is customer data that is fragmented, siloed, duplicated or incomplete ultimately harms your company's performance, reputation and profitability.





Your approach to fixing one or more of the issues mentioned here will be completely unique to your business goals, company culture and resources, among other variables. But there are some general principles that all businesses can apply:

START WITH THE END IN MIND

You have to know where you want to go before you can map out a trip. Try to envision what your business will look like in both the short and long term and plan accordingly.

Plan for companywide governance and data quality programs that make sense for your business, to ensure both internal and external compliance. Utilize automation where possible in your plan to avoid human error.

CONSIDER THE BIG PICTURE

Just as creating that initial separate CRM instance had only a negligible impact at first before building on its dysfunctional momentum, so too can well-intentioned problem-solving lead to unintended consequences. If your problem is data silos, the last thing you want to do is plan their solution in the very same silos. Include stakeholders from all parts of the business to identify and understand the full scope of the problem, as well as how initial solution concepts will impact your employees and their existing processes.





EXAMINE THE TECHNOLOGY LANDSCAPE

Technology problems are typically going to require technology solutions. But how that will manifest for your specific business is reliant on what the previous two sections dictate, among many other variables.

Perhaps you take a phased approach and begin by trying to reduce the number of CRM systems your IT department needs to manage. Or you may be ready to adopt an integration platform. You could need to replace a number of aging systems that don't play nicely with others. Or it could be time to invest in an enterprise-wide customer master data project.

FIND YOUR PATH FORWARD

No matter how you proceed, there is no one set path to success. But the businesses who prosper now and in the future are more than likely to be the ones who are willing to take a customer-centric mindset to solving their own internal customer data dysfunctions.

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