QAS Global Contact Data Management Report
March 2008

Contact data: neglected asset seeks responsible owner

Foreword

Contact data: neglected asset seeks responsible owner

This research paper is the second in our suite focused on the global management of contact data.

In our first report released in January 2008, we looked at the financial impact of poor data quality and the compliance challenges of organisations around the world. We also looked at what elements of contact data organisations collect and the strategies and targets in place to manage this data. The research revealed that the majority of organisations recognise bad data affects the bottom line but less than half have a documented data quality strategy in place to help improve this. There was a similarly lacklustre approach to data quality targets and validation.

In this research paper, we lift the lid further on contact data management and look at the issue of ownership and who champions data quality within organisations. As we will see, the picture is far from clear. We also look at the impact that this lack of clarity has on the way that contact data is used. In particular, at whether it is being used to its full potential. Drawing on these

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findings, we then go on to assess how an unstructured approach to contact data management can impact an organisation, both financially and in terms of damage to its reputation.

The results of our investigations, like those in the first research paper: *Contact data: the profit maker of neglected asset?* don't make for particularly pleasant reading. Despite consumer concerns over ID fraud, junk mail and personal privacy, data is still seen as a low priority by many organisations. So low that they often don't put any sort of contact data management strategy in place, or push the message about the importance of data quality out through the organisation.

Only 50% of organisations say that responsibility for data lies with somebody that sits on the Board and there is also a lack of impetus to place contact data management higher on the corporate agenda or within the corporate budget. With no drive from the top, it is no surprise that only half of employees are bought into the importance of data quality. Utility, telecoms and financial services organisations fare slightly better, where there is usually more of a data quality culture, but even in these cases no more than 58% of employees are bought in to it.

Meanwhile, 52% of organisations are carrying out strategic analysis of this very data, information on their customers and prospects, on at least a monthly basis. They are making vital decisions about their marketing, product positioning, growth strategy, financial reporting and customer reward programmes based on data that they perhaps shouldn't trust.

As the credit crunch makes the current business climate more challenging, decisions about what makes a valuable customer are becoming bolder. Base these critical decisions on bad data and organisations risk alienating consumers and seriously damaging their brand.
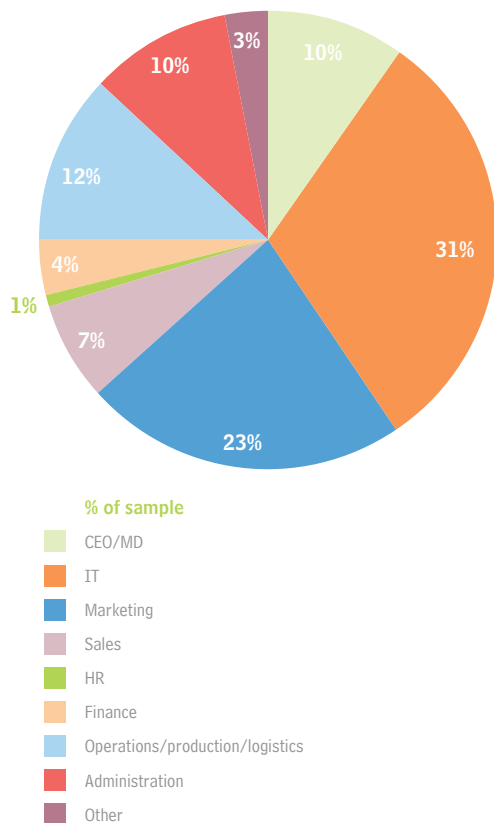
Jonathan Hulford-Funnell
QAS

Introduction

QAS commissioned Dynamic Markets to undertake a quantitative research study to investigate attitudes towards the integrity of contact data held within organisations. 2,078 organisations in six countries around the world are represented, with a varied focus of those operating in B2B, B2C or both markets. Each organisation has at least one customer or prospect database that is managed and maintained internally. The research was conducted by means of an online survey.

The six countries represented by the sample are the UK, the Netherlands, France, North America, Australia and Singapore. Sectors represented by the sample include transport & travel / retail / financial services / utilities & telecoms / education / manufacturing including construction, agriculture and mining / charities & membership / and other public sector and not-for-profit organisations.

The respondents include CEOs and Managing Directors, plus executives from IT, marketing, sales, human resources, finance, administration, and operations /production / logistics functions.

Global summary

Responsibility for contact data management varies vastly from organisation to organisation. Only half (52%) of respondents said that data quality was the responsibility of somebody that sits on the Board and the day to day championing of data quality seems to rest across a wide range of different job functions, from CEO (9%) to Head of IT (15%). Worryingly, in some cases no-one (5%) seems to be taking responsibility for data quality. This fragmented approach to data ownership and responsibility is perhaps reflected in the fact that on average only 52% of employees across the globe are bought into the importance of data quality.

In contrast, the frequent use of data for strategic decision - making is widespread. Almost one quarter of those surveyed (23%) use it for this purpose every day, with another 13% weekly and another 16% monthly. North America is leading the pack, with 31% of organisations using the data on a daily basis, whilst France is trailing behind with only 13% of organisations admitting the same.

What is universally recognised (96%) is that poor data management costs organisations financially.

Figure 1:
Job titles / functions included in the sample

% of sample

- CEO/MD
- IT
- Marketing
- Sales
- HR
- Finance
- Operations/production/logistics
- Administration
- Other

Progress or not

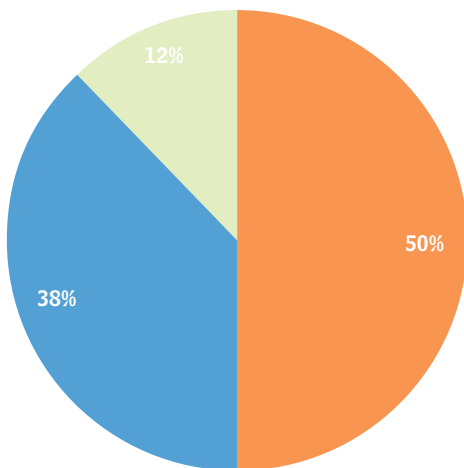|	2005	2007
Percentage of businesses that say a Board member takes ownership of their databases	34%	50%
Percentage of employees totally bought into data quality	47%	52%

Key findings

To try to establish where contact data management sits on the corporate agenda, we asked respondents to tell us who takes ownership of, and champions, data quality within the organisation.

Is contact data management a Board-level issue?

Firstly, we asked organisations whether responsibility for customer and prospect data quality rests with someone who sits on their top-level management team or on the Board. Back in 2005, 34 per cent of respondents had answered 'yes'. In two years, this figure has risen to 50 per cent. Whilst this is a positive shift, 38% still indicated that responsibility did not rest at such a senior level, and 12% admitted that they didn't know.

Many of the reports that the Board uses to make decisions around company strategy and to measure performance are based on analysis of customer and prospect data. It is therefore surprising that Senior management is not keeping a closer eye on data quality.
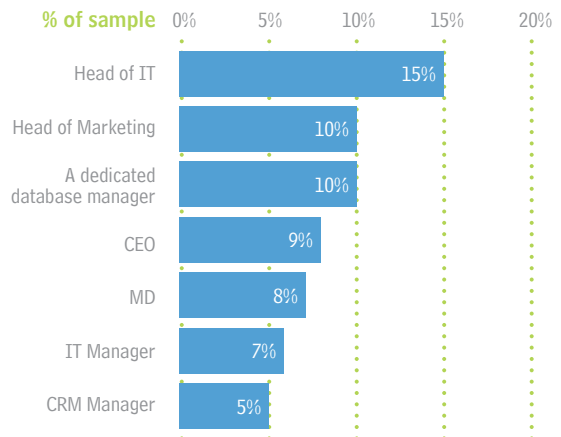
Who is responsible?

Digging deeper, we then asked which job function champions the issue of data quality within the organisation. The results in figure 3 were revealing. Businesses as a whole seem unable to decide where day to day responsibility for data quality lies. Only three job functions, Head of Marketing, Head of IT, and "a dedicated database manager", scored double figures, with the highest, Head of IT, only reaching 15%.

Other job functions championing the issue of data quality included the CEO (9%), the MD (8%), CRM Manager (5%), and Sales Manager (2%). Everyone seems to get a look in! 5% of respondents said there was no-one within the organisation championing data quality, while 8% said they did not know who was responsible.

This is a similar picture to 2005, when it was revealed that the responsibility for data fluctuates between IT and marketing. However, whereas only 3% of organisations had a database manager back then, this has now risen to 10%. Also, it is now encouraging to see that more senior level contacts are involved in the management of data which was too often the responsibility of an administrator two years ago (see figure 3).

Figure 2:
Board-level responsibility for customer and prospect data quality

% of sample

■ **Yes** - the responsibility does rest with someone in the top-level management team / Board

■ **No** - the responsibility does NOT rest with someone in the top-level management team / Board

■ **Don't know**

Figure 3:
Data quality champions

Key findings

Low levels of employee buy-in

As a result of this scattergun approach to data ownership, with responsibility for data falling at various levels, the degree of employee buy-in is low. On average, organisations say that only 52% of their employees are bought into the issue of the importance of data quality.

This has risen from 47 per cent back in 2005 but still indicates that nearly half of employees don't value data quality. And almost a quarter (23%) of organisations admit that they don't know what proportion of their employees are bought-in.

Sectors faring the best in relation to employee buy-in are utilities & telecoms (58%) and financial services (56%). Larger enterprise organisations within these sectors, that have large databases and send out high volumes of mail, are more likely to have database managers and a data quality culture, with greater importance placed on data quality (53% of larger organisations have a data quality strategy). However, as the figures indicate, this certainly isn't the picture across the board.

With top-level commitment often missing, and no real consensus on who should be responsible for data quality, it is no surprise that it's often not on the employees' radar. So what's the impact of this rather random approach to contact data management?
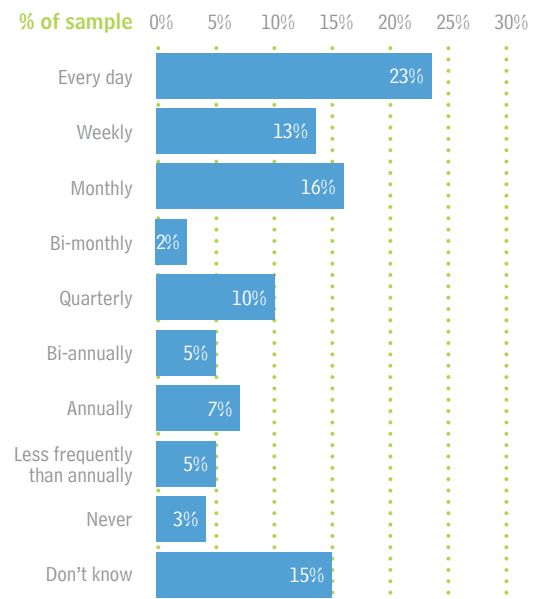
Impact on data usage

First, the good news. No-one can accuse organisations of collecting data for data's sake. 97% of organisations surveyed say they use the analysis of their customer and/or prospect databases for strategic planning and decision-making. Indeed, almost one quarter of those surveyed (23%) use it for this purpose every day, with another 13% weekly and another 16% monthly.

Overall, that's 52% of organisations carrying out strategic analysis, based on the contact data they hold, on at least a monthly basis.

There's not a great deal of variation geographically, but in North America 31% of organisations use the data on a daily basis, with 61% using it at least monthly. France is the worst-performing country in this respect with only 13% of organisations analysing customer and/or prospect data daily, and only 38% at least monthly.

52% of organisations carry out strategic analysis of their customer and/or prospect data on at least a monthly basis.

Figure 4:
Average percentage of employees bought into data quality - sector

Sector	Average % of employees
Manufacturing	47%
Transport & Travel	45%
Retail	51%
Financial Services	56%
'Other' services	56%
Utilities & Telecoms	58%
Education	53%
Charities & Membership	48%
'Other' public sector and not-for-profit sector	50%

Figure 5:
Use of database analysis in strategic planning and decision making

% of sample	
Every day	23%
Weekly	13%
Monthly	16%
Bi-monthly	2%
Quarterly	10%
Bi-annually	5%
Annually	7%
Less frequently than annually	5%
Never	3%
Don't know	15%

Conclusion

Placing trust in data

It is positive that many organisations are using contact data to underpin their strategic decision making. However, the burning question is can they really trust the data on which these vital decisions are made? Especially now that we know data quality has a low profile within many businesses and is only supported by half of the workforce.

Despite the number of organisations analysing customer and/or prospect data on a regular basis for decision-making purposes, 96% of respondents do not believe that their organisation is using its data to full potential. On average, respondents believe that they are using this asset to just 57% of its full potential.

Interestingly the same proportion of respondents, 96%, believe that inaccurate and incomplete customer or prospect data costs their organisation in terms of either wasted resources, lost productivity, or wasted marketing and communications spend.

Clearly, there's a feeling that neglecting data quality is hurting the organisation somehow. But is this feeling justified?

The bottom line on poor data management

Without a doubt, poor data management hurts organisations financially. If you're sending marketing communications to someone's old address, you're not only wasting the cost of the mailing pack, you're also missing a sales opportunity. If you're not updating your database to take account of people who have moved house, then you run the risk of not keeping in touch with your contacts. If you are not managing duplicate records, then you are unlikely to have a true picture of your customer numbers and their value to your business. If you are not paying attention to database-related regulations, then you run the risk of a fine. The list continues.

96% of respondents recognised these issues and said that poor data management cost them money. The question for organisations now is: having recognised that the problem exists, how much longer can they afford to ignore it?

An opportunity to get it right

One of the most revealing findings of our research was the fact that there is no clear agreement about who should take responsibility for data quality. It seems to be one of those issues that organisations find hard to assign ownership. Is it an IT thing? Or Marketing? Or something for the Board? As a result of this confusion, there is often a low level of buy-in to its importance among employees.

What is clear is that good business decision making relies on good quality data. Good quality data requires effective management, with the right people assigned to it with the right level of responsibility and a firm idea of objectives and direction. This helps prevent some of the classic business concerns that result from poor data management, such as damaged brand reputation, poor customer service and inaccurate reporting.

While contact data management can seem like a problem, it's actually an opportunity. Organisations that understand the importance of data quality, assign it an owner and give it Board-level priority stand to improve their reputation with customers and prospects. They will also save money on wasted communications, and ensure compliance with all current and future data legislation.

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Next steps

Plans for the future

The message is clear. It's time to stop paying lip service to data quality, and start taking it seriously. There are some simple steps that organisations can follow to get their contact data management on track. It is important to start by looking at the current state of the data, how it is used at present and what improvements the organisation expects to see in the future. These objectives should be agreed at Board-level and should tie in to items already on the Board-room agenda, such as improving customer satisfaction.

Figure 6:
Contact data management maturity model
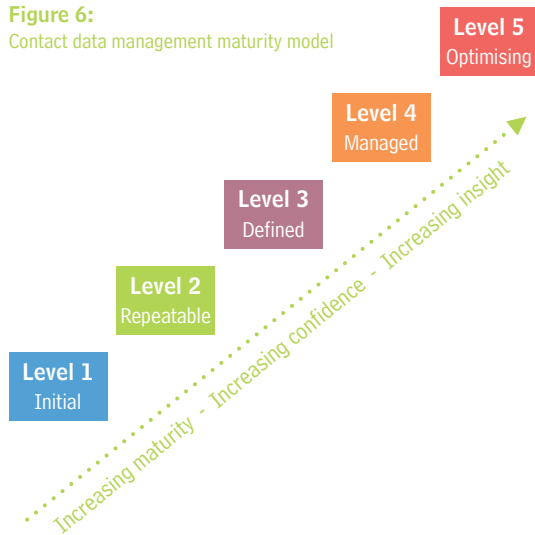
Experian's data integrity experts, QAS, work with over 10,000 customers around the world and one of the tools we use to benchmark organisations is the Contact Data Management Maturity Model (see figure 6). Within this model organisations can fall into one of five categories, depending on their level of sophistication. QAS provides data audits that help businesses analyse how well managed their data strategy is at present and the steps they need to take to move up to the next level.

Level 1

▶ Little executive level interest in Contact Data Management (CDM)
▶ Multiple databases and data formats
▶ Excessive amounts of redundant data
▶ Absence of CDM rules and processes
▶ Random and unmeasured changes to data made
▶ Lacks tools, training and systems to manage data quality

Level 2

▶ Adherence to formal CDM policy
▶ Organisational support for CDM
▶ Policy invariably not institutionalised
▶ Rules exist for structures, creation, change and management of data
▶ Data management usually allocated to IT
▶ Business meaning of data quality understood but not documented
▶ Reactive data quality monitoring

Level 3

▶ CDM seen as core process component
▶ Business meaning of data quality understood and documented
▶ CDM function to complement IT roles
▶ "Data is a business asset" as stated in a formal policy
▶ Proper utilisation of data management tools
▶ Proactive monitoring of data quality
▶ Data strategy is enforced and tested to ensure quality requirements are met

Level 4

▶ Data as a corporate asset has Director-Level buy-in
▶ CDM process improvement recognised as competitive differentiator
▶ Benchmarking
▶ Staff access to what data exists, where
▶ Advanced tools to manage data quality and databases
▶ Audits to gauge production data quality, data flows and associated business processes

Level 5

▶ Continuous improvement once level 4 has been reached

Unsure where your organisation sits within the maturity model, or wondering how to reach the next level?

Contact our Professional Services Team for a FREE audit, on 0800 197 7920 or e-mail info@qas.com.

Top tips to improve your data quality

Build a business case

Measure the current impact of data quality within your organisation. What type of data do you collect? What is it used for? Look at the financial implications. If data quality improved by just 1%, what impact would that have on your customer acquisition and retention, marketing campaigns and customer satisfaction?

Devise a data quality strategy

Look at the type of data that you want to collect and measure going forward. For example, if you operate in the B2B space, wouldn't it make sense to append employee numbers/turnover to your data so you know the scale of the organisation you are working with? Tie in your objectives with the strategic objectives of your organisation so you're all working to the same end gain. Set SMART targets around how complete, accurate and up to date your contact information is so that you can use them to monitor your effectiveness.

Secure buy-in

Many data quality projects fail because they don't have support from all the necessary stakeholders. Typical stakeholders include the Board, senior management and IT. Education is vital to get everyone on board and explain what's in it for them. You should discuss the options available to improve existing processes and manage control. Having a well communicated, formal data strategy will also help ingrain data quality into your organisational culture.

Make the technology work for you

Effective finance, CRM, HR and Business Intelligence systems rely on good data. If you put poor data in, you can expect poor data out which can have a serious impact on decision-making. Using software tools to control the data entering these systems, and manage data quality within, ensures that you get the most from your technology.

Don't do it alone

Technology alone is not sufficient. Merging data from multiple sources, for example, can be a risky process. Pitfalls can appear along the way if the project is not managed correctly, so try not to tackle it alone. There are many organisations that can provide professional expertise to ensure that the project runs smoothly.

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