

Why data is more important than ever to customer experience

By  Brent Haumann

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In today's world, the margin between businesses that thrive and those that merely survive is growing increasingly narrow.



Image credit: Chris Liverani on Unsplash.

Competing on factors such as price, availability and quality is difficult, leaving customer experience (CX) as one of the best ways for a business to stand out.

In fact, customer experience is expected to overtake price and product as the key product differentiator [by the end of 2020](#).



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1 Jul 2015



And when it comes to the management of customer experience, the pivotal role that data plays cannot be stressed enough.

In fact, the entire CX ecosystem is dependent on having access to accurate and useful information.

Concepts such as a [single view of the customer](#) (SVOC), hyper-personalisation and micro-segmentation are all key to an organisation's ability to build and create the kind of personalised products, services and communication that customers expect.



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At the core of all of these is data.

But data shouldn't just inform how businesses approach their client relationships, it should also underpin a modern organisation's product, CX and communication strategies.

What is a single view of the customer and why is it important?

A single view of the customer means making all data about an individual available for other systems to customise that customer's interaction with the company. SVOC is important, not to know what a customer has done in the past, but to predict what a customer will need in the future.

Having that kind of insight is vital to providing great CX. To use a practical, everyday example, would you feel more comfortable shopping at an online store that repeatedly serves you ads for the product you just bought or the one that uses your buying history to make recommendations for useful future purchases?

Small wonder then that [86% of buyers](#) are willing to pay more for a great customer experience and [49% of buyers](#) have made impulse purchases after receiving a more personalised experience.

In order to foster this kind of behaviour, organisations must pull together a range of different data types.



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These include, but are not limited to:

- **Information about the person:** at the core is a system that identifies each individual client. This system should store identification data alongside contact information, geographic location, basic demographics, communication preferences and data processing consents
- **Information about what the person does:** supplementary information that is found in other internal data sources – such as ERP, sales, communication – need to be either integrated into a central warehouse or accessible to the system that is creating a single view
- **Big data:** external sources of data are valuable in refining the shape of the customer. These can be structured (which adheres to a pre-defined data model and is therefore straightforward to analysed) or unstructured (that is, information that either does not have a predefined data model or is not organised in a pre-defined manner)

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A step in the CX journey

It's important to note, however, that no organisation is going to have a single view of every customer from the start.

Getting to that point, as is the case with CX as a whole, is a journey – not a destination.

For immediate, measurable improvements, a great place to start is with digital communication. It's something that doesn't even require you to collect new data before you use it as a CX improvement strategy.

Instead, you simply have to understand the data you already have and how it can be used to personalise communication.

Something as simple as a customer's preferred communication channel can make a significant difference. Track engagement with each communication, and use this information to further personalise the next communication.



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With every engagement, you'll build a more complete view of each customer.

At the same time, it's important to run concurrent workstreams to develop access to other internal data sources. As these are added to the mix, you can further improve the relevancy of individual communications.



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Building relationships

Ultimately, good CX is about building relationships with customers. And the more you know about someone, the easier it is to build those relationships.



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But, just like real-life relationships, you can't expect to know everything there is to know about someone all at once.

It takes time to get a complete picture, but the organisations that invest time and effort smartly will reap the rewards.

ABOUT BRENT HAUMANN

Brent Haumann is the Managing Director at Tilt.

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