



The new rules of customer engagement

South Africa:
Summary Report

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DV Decisioning
Vision 2020

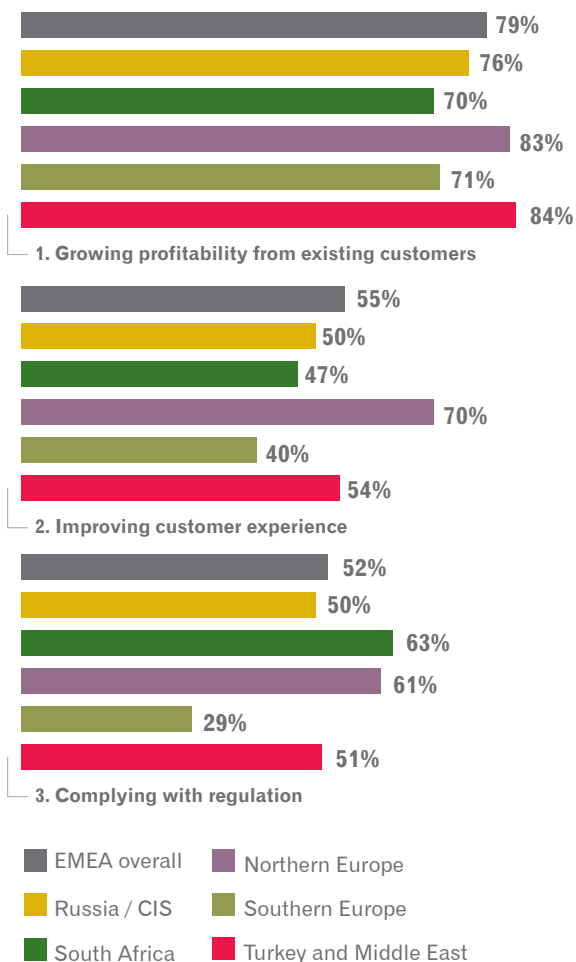
Introduction

How do you know if your business model is fit for purpose today, let alone in five years' time? Greater access to information, facilitated by the rise in technology, has allowed a more empowered and 'self-directed' customer to arise.

Experian commissioned a study among EMEA Financial Services and Telecoms companies to better understand the role data, analytics and decisioning will have in meeting this challenge over the next five years. This report is a summary of the results for South Africa.

On the surface, South Africa appears to be ahead of the curve in its decision-making. However, organisations must be cautious over the next five years. The needs of an increasingly empowered customer are often susceptible to change and, as such, organisations must have the flexibility and capability to react to this evolving environment. With the right data and advanced analytics in place, South African organisations stand a better chance of success.

Key business challenges over the next five years



South Africa's top business challenges

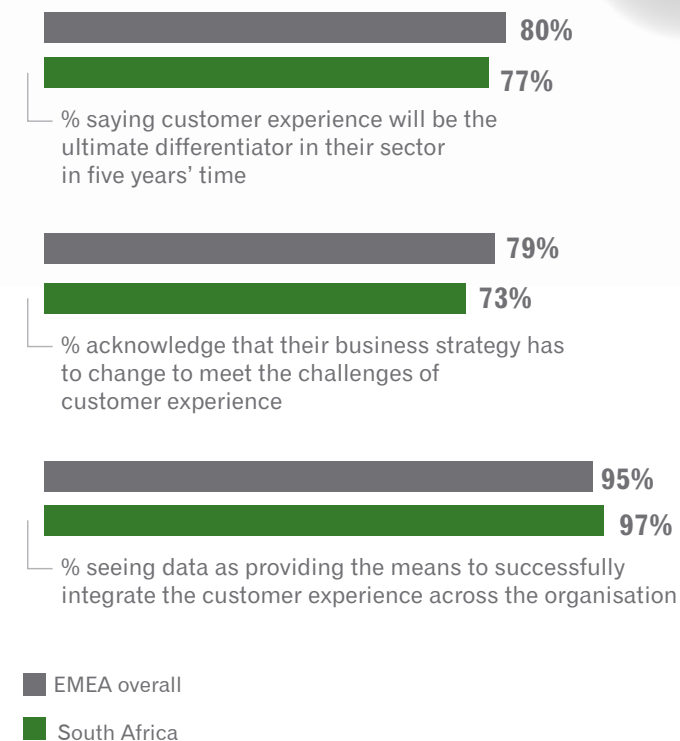
South Africa, compared with other regions within the study, is primarily focused on cost. The key business challenge impacting the need for data and advanced analytics over the next five years is reducing cost (77%), far exceeding the EMEA average of 51%. Acquiring new customers (67%, compared with 49%), proactive fraud management (63%, compared with 43%) and increasing market share (60%, compared with 26%) are also much more prevalent challenges in South Africa than elsewhere within EMEA. Over three-quarters (77%) believe that customer experience will be the ultimate differentiator for South African organisations in their sector in five years' time.

Despite the more significant challenges identified by South African organisations, it is interesting that they are the least likely region in the survey (73% compared with 79% within EMEA) to agree that their business strategy has to change to meet the challenges of customer experience. And while comparatively reluctant to see a need for change, they are also less likely than the EMEA average to agree that big data will transform their customer experience model (73% compared with 81%). However, there is a strong acknowledgement that data is still critical to achieving a seamless service: 97% believe data provides the means to successfully integrate customer experience across the organisation.

Data sources to inform customer decisions

Unique to South African organisations today is the usage of particular data sources to inform customer decisions. Rather than relying on internal data (60% compared with 76% within EMEA), there is a greater reliance on non-proprietary data sources such as unstructured data, including social media (63%) and external data (50%). However, looking five years ahead, South African organisations show less desire to further exploit key data sources. Intent to use more internal data (47% in South Africa, compared with 77%), negative data (37%, compared with 56%) and unstructured data (33%, compared with 47%) in informing customer decisions is far less than the EMEA average.

Customer experience priorities for South Africa

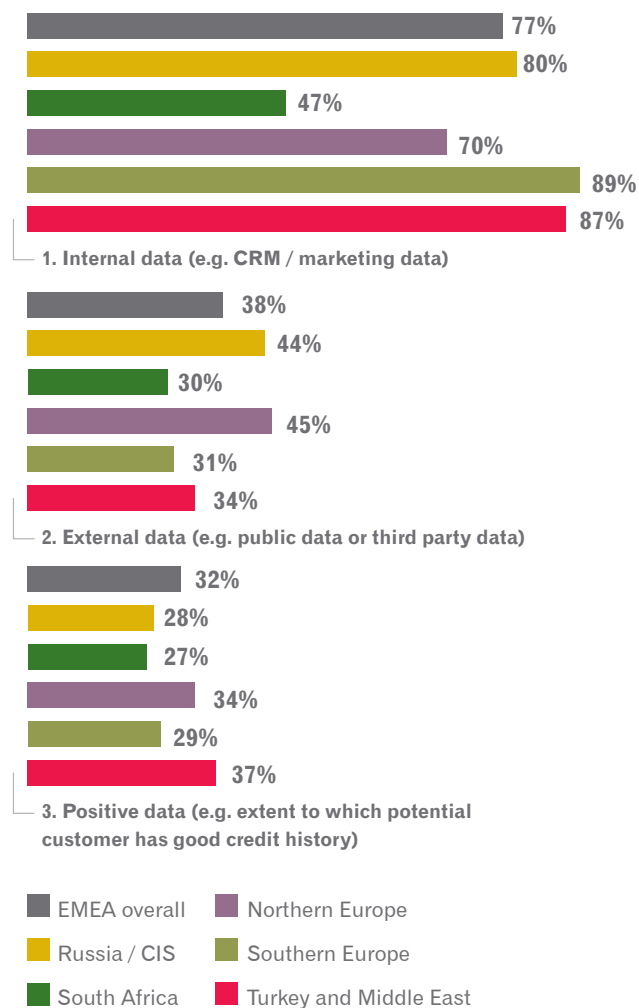


“80% of South African organisations are confident of data availability during customer management – a marked difference from the EMEA average (38%).”

The ‘data to decision disconnect’

The bridge between data and decision is strongest within South Africa compared with all other regions monitored in the survey. Organisations in this region feel confident they have the quality, availability and scalability of data to support their decisions across the customer lifecycle. Indeed, **80%** of South African organisations are confident of data availability during customer management – a marked difference from the EMEA average (**38%**). Similarly, **79%** are satisfied data scalability can support their compliance requirements; comparatively, just **21%** of Southern European organisations feel the same. Subsequently, organisations in South Africa feel more confident in the decisions they make. The quality of decisions made during customer acquisition (**73%**, compared with **55%**), growing existing customers (**93%**, compared with **58%**) and managing collections (**83%**, compared with **57%**) are rated significantly higher compared with the rest of the EMEA region.

Data sources to be used more over the next five years



Key challenges across the customer lifecycle



Acquire profitable customers

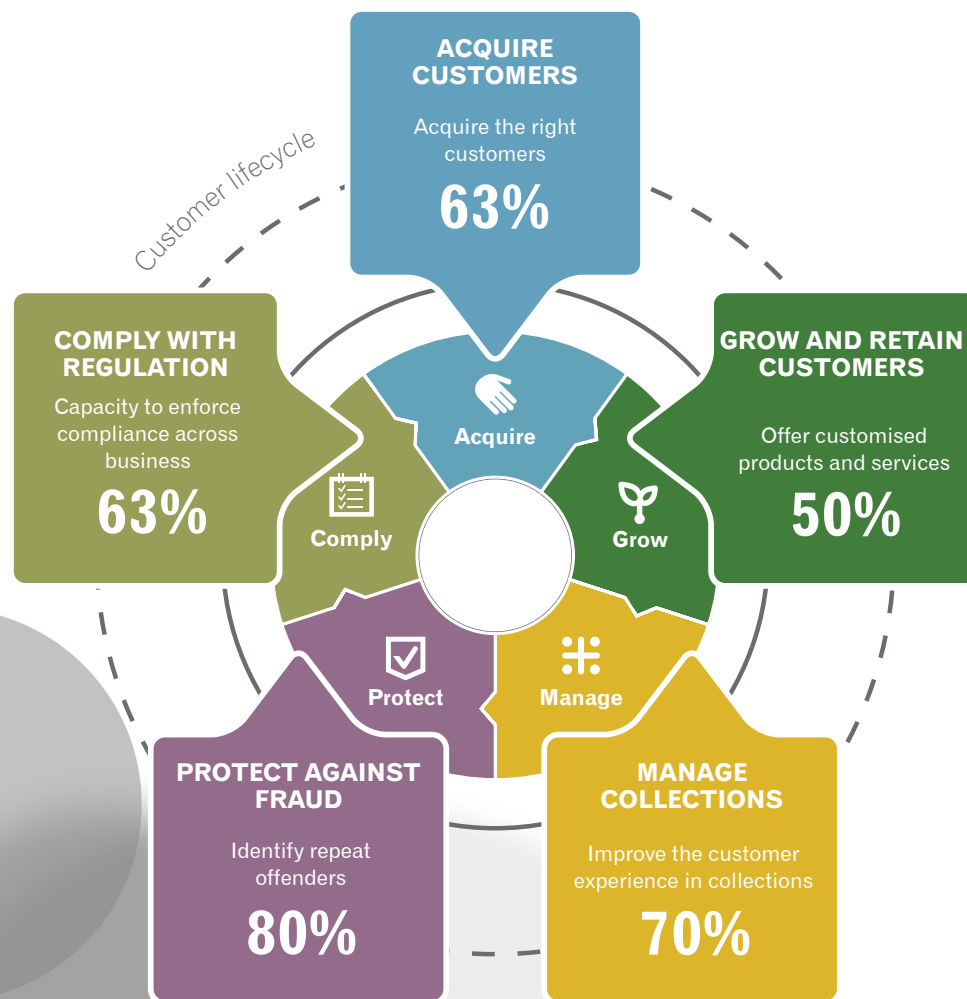
While notably behind the EMEA average, processing high volumes of applications is the biggest challenge currently facing South African organisations within acquisition (**50%**, compared with **78%**). And while a top challenge for South African organisations (**60%**), improving the overall application experience is significantly less of a concern compared with the rest of EMEA (**80%**). Instead, over the course of the next five years, organisations in South Africa are more likely to be concerned with fraudulent applications (**53%**, compared with **37%** within EMEA).



Grow and retain customers

Whereas the rest of the EMEA region, when it comes to growing existing customers, is looking at ways to enable customers to self-serve (**47%** can currently do this), South African organisations are better placed to deliver this already (**60%**). South Africa is clearly taking a lead in developing customer experience, but greater focus is needed to understand the customer. Generating a single view of the customer (**33%**, compared with **64%**) and predicting customer behaviour (**37%**, compared with **55%**) are notably behind the EMEA average.

Customer lifecycle challenges in five years' time for South Africa



Manage collections more effectively

South African organisations are predominantly cost conscious when collecting payment. Reducing provisions (**63%**) and cost to collect (**60%**) are the greatest challenges currently facing them when managing collections. However, over the course of the next five years, the focus shifts to tailoring the collection process to suit the needs of individual customers. Indeed, by 2020, **70%** believe the collection experience will be a key challenge facing their organisation, rising from **50%** currently.



Protect against fraud risk

Protecting from fraud and upholding the customer experience can be a difficult balancing act, and this is no different in South Africa. Ninety percent believe tackling fraud can negatively impact the overall customer experience if not managed properly. However, just **33%** believe identity theft, the most frequent threat in South Africa, will increase over the next five years. Nonetheless, the risk of fraud still presents many challenges for organisations. Notably for South African organisations, identifying repeat offenders (**80%**, compared with **69%** within EMEA) is the biggest challenge over the next five years.

“Organisations in South Africa are more likely to be concerned with fraudulent applications (53%, compared with 37% within EMEA).”



Comply with regulations

Integrating compliance processes across the business (58%) and the ability to implement compliance in decision tools (58%) are currently the most pressing compliance challenges. By 2020, the capability to enforce compliance across the business (63%) will become the biggest concern. However, for South Africa at least, developing compliance risk assessment processes is a noteworthy concern. Half (50%) see this as a challenge by 2020, markedly higher than both Russia / CIS (17%) and Southern Europe (21%).

Improving the customer experience model



1. Tackling fraud can negatively impact the overall customer experience if not managed appropriately



2. Big data will transform our customer experience model



3. Real-time decisions will improve the overall customer experience



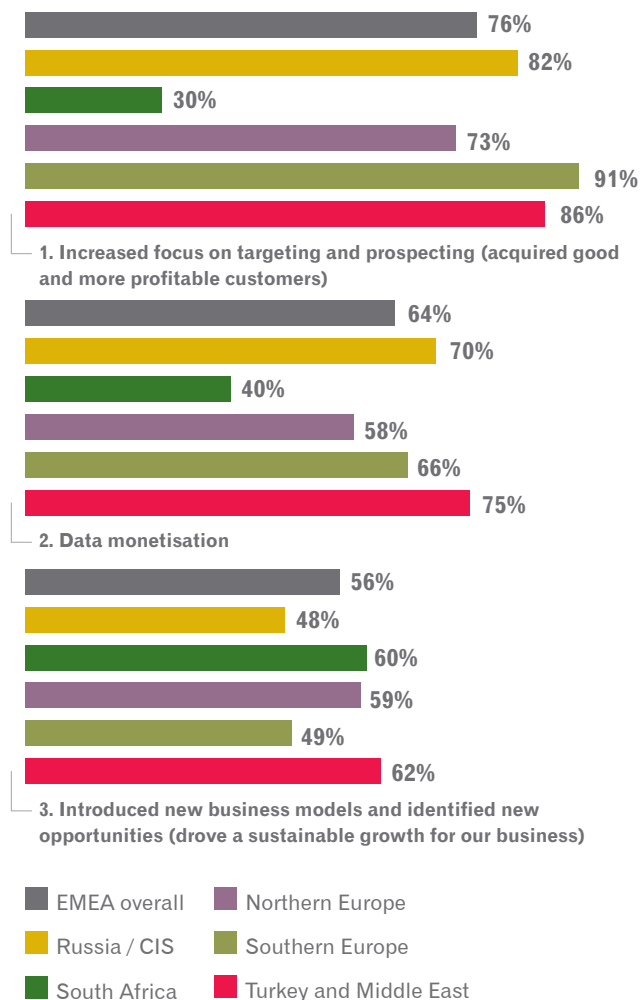
Moving forward: Decisioning in 2020

Data-centric priorities in South Africa vary notably from those in EMEA. Quick and reliable decisions are still critical, but how they achieve this is vastly different.

Indeed, **73%** believe real-time decisions will improve the customer experience, albeit less so than the EMEA average (**83%**). Over the course of the next five years, investment in decision automation (**67%**) and multi-channel decision automation (**63%**) are the main ways in which organisations are looking to evolve their data and advanced analytics. However, the outsourcing of data analytic tools to third parties is more prevalent in South Africa (**57%**) than EMEA as a whole (**18%**).

Organisations are seeking greater clarity over who is responsible for their data. Over half (**57%**) believe clear ownership of decision-making strategy is needed if data and advanced analytics are to become more widely used across the organisation, a clear difference compared with **47%** in EMEA. Ultimately, **63%** believe better alignment is needed between IT and business units. Should organisations succeed in standardising the use of data and analytics across the business, they stand to gain from improved upselling and cross-selling opportunities over the next five years (**63%**).

Future achievements through data and advanced analytics



Conclusion

South Africa is a region characterised by strong confidence in decision-making capabilities. Organisations acknowledge customer experience will create a competitive advantage in the years to come and believe they have necessary data and tools to help support key decisions along the customer lifecycle. However, they must be careful not to become complacent.

Despite prioritising the need to become more customer-centric, just a minority of organisations are looking to use more varied data sources over the course of the next five years, and the ability of South African organisations to generate a single view of the customer or predict customer behaviour is notably behind the EMEA average. With customers already enjoying a certain degree of power, organisations that do not fully understand and meet customer expectations will inevitably pay the price. Organisations must have the confidence to make decisions throughout the entire business, and those with the right data and advanced analytics in place will be in a strong position for 2020.

Decisioning Vision for 2020:

In order for South African organisations to achieve the ultimate customer experience, they must refocus their priorities on five key areas:

- Attain multiple and new sources of data
- Achieve a holistic view of customers
- Provide real-time, consistent and pre-qualified decisions
- Use multi-channel automation across all customer touch points
- Embrace advanced analytics across the entire organisation

Read the full EMEA research report or benchmark your business with our interactive tool at **www.decisioningvision.com**. Or join in the conversation on Twitter **#dv2020**



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