



The new rules of customer engagement

Southern Europe:
Summary Report

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DV Decisioning
Vision 2020

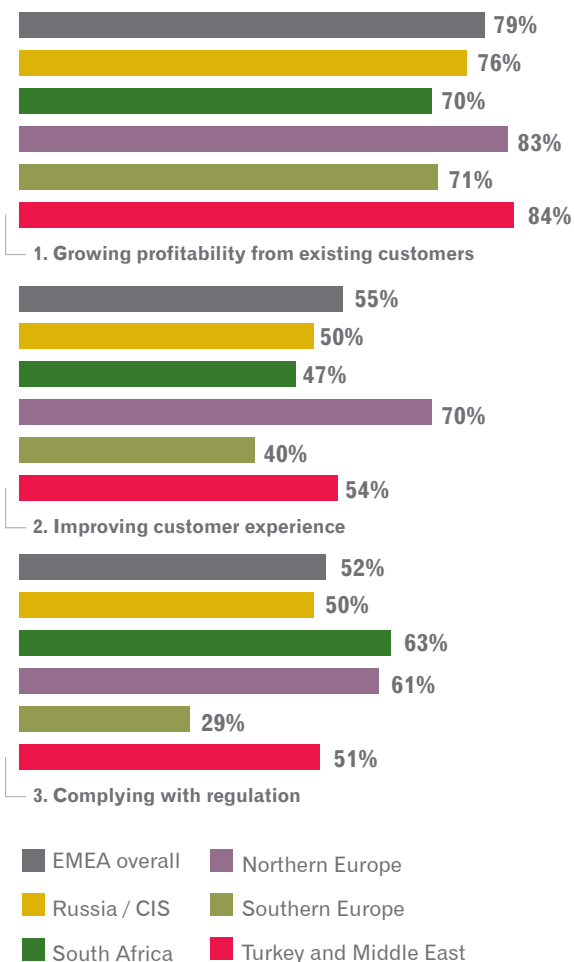
Introduction

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 Southern Europe (Italy and Spain).

Southern Europe is embracing the need to become more customer-centric. Over the past five years, traditional 'cost-driven' challenges have been replaced by new challenges focused on customer service, personalisation and experience. However, a customer-driven model requires the right data and advanced analytics at each point of the customer lifecycle. Organisations must therefore exploit and utilise all available data sources if they are to make better-informed decisions and, ultimately, build or maintain a competitive advantage by the year 2020.

Key business challenges over the next five years



Southern Europe's top business challenges

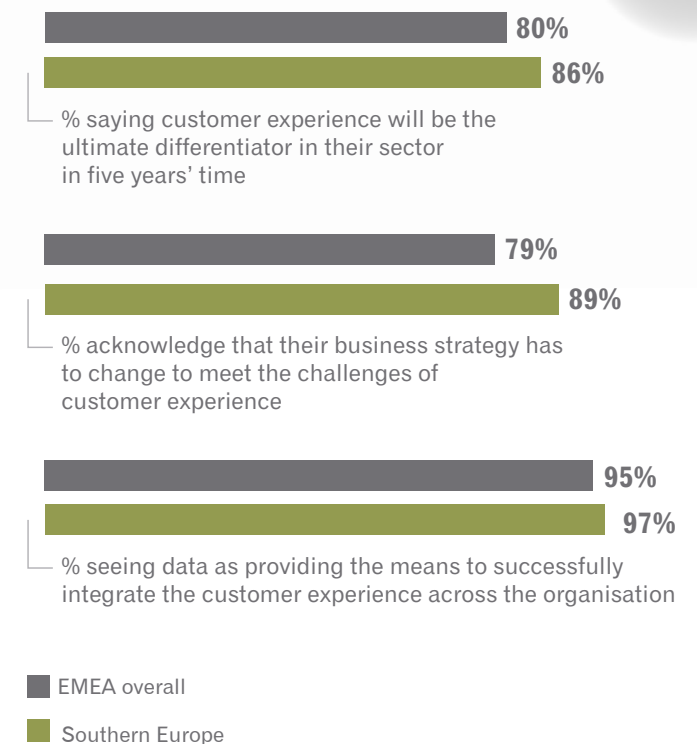
With customers becoming increasingly informed and decisive within Southern Europe, organisations acknowledge that only an exceptional level of service will deliver business success. Eighty-six percent believe customer experience will be the ultimate differentiator in five years' time, slightly higher than the EMEA average (80%). Achieving this competitive edge, however, requires a different way of thinking. Eighty-nine percent of organisations in Southern Europe – the highest proportion in EMEA – believe their business strategy has to change in order to meet the challenges of providing an excellent customer experience.

If organisations in this region are to succeed in the customer-driven world of 2020, then they must place the customer at the heart of everything they do. Indeed, 94% believe they could be more customer-centric as an organisation. Critically, data and advanced analytics provide the means for organisations to successfully integrate customer experience across the business. However, just 40% believe improving the customer experience impacts the need for data and advanced analytics over the next five years.

Data sources to inform customer decisions

As seen across the rest of EMEA, internal data (91% compared with 76% across EMEA) is the most likely source of data used to help inform customer decisions. But Southern European organisations must draw upon other data sources if they are to build a complete picture of the customer. Only 40% use socio-economic data, compared with over half of Turkish and Middle Eastern organisations (53%). Yet, a greater proportion of Southern European organisations show a desire to use more sources over the next five years. By 2020, organisations in this region intend to use more unstructured data (66% compared with 47% within EMEA), fraud data (51% compared with 31% within EMEA) and socio-economic data (49% compared with 38% within EMEA) when making customer-driven decisions.

Customer experience priorities for Southern Europe

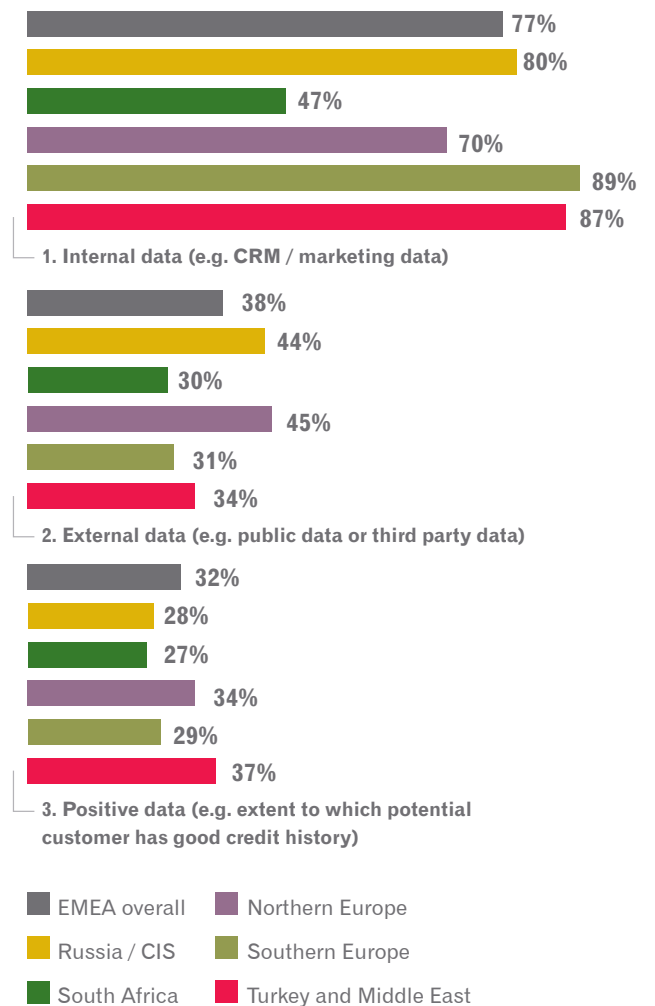


“Just 38% of Southern European organisations are satisfied with the accuracy of their compliance decisions, significantly lower than the EMEA average of 49%.”

The ‘data to decision disconnect’

Southern Europe typifies the EMEA region with its shortfall of available and scalable data. This shortage of data is most noticeable when acquiring customers (23%, compared with 30% within the EMEA region) or collecting payment (23%, compared with 31% in EMEA). A lack in the volume of data is also hampering fraud protection (26%, compared with 43% within EMEA) and compliance within the business (21%, compared with 43% within EMEA). Overall, problems with data mean that the quality of decisions is undermined and organisations have a limited view of customers. Just 38% of Southern European organisations are satisfied with the accuracy of their compliance decisions, significantly lower than the EMEA average of 49%. And it takes longer to make decisions, particularly regarding customer acquisitions (40%) and collections (40%).

Data sources to be used more over the next five years



Key challenges across the customer lifecycle



Acquire profitable customers

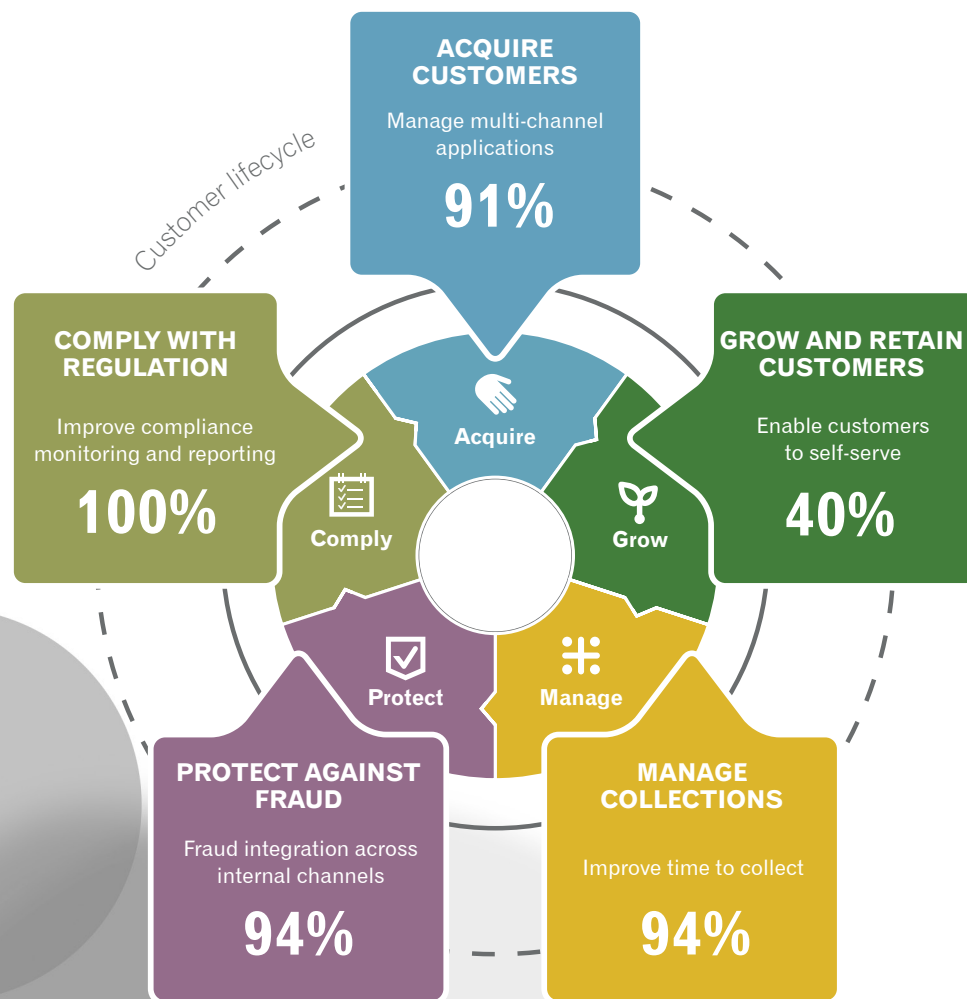
When acquiring customers, Southern European organisations are primarily focused on processing high volumes of applications (**97%** compared with **78%** in EMEA). As with the rest of EMEA, though, a top challenge facing organisations in this region is expected to shift to improving the overall application process, rising from **14%** currently to **77%** by 2020. With this comes a greater focus on improving the quality of customer experience: the most common challenge in this regard is managing multi-channel applications over the next five years, cited by **91%** of respondents. This is much higher than the EMEA average of **69%**.



Grow and retain customers

More organisations in Southern Europe believe they have the ability to build a complete view of the customer (**69%** compared with **33%** in South Africa, the lowest within EMEA), coupled with an understanding of their lifetime value (**69%**). However, if Southern European organisations are to deliver exceptional customer experience in the years ahead, they must develop their customer management strategy. Under a third (**31%**) are able to provide a consistent experience across all customer channels, compared with **41%** within the EMEA region, suggesting service provision isn't seamless.

Customer lifecycle challenges in five years' time for Southern Europe



Manage collections more effectively

Nearly nine in ten (**89%**) believe time to collect is the biggest challenge currently facing the collections process, compared with **78%** within the EMEA region. However, with the challenge of collection times on the rise (**94%** by 2020), there is a greater focus on building a better understanding of the customer to help prevent late payment. Indeed, **43%** believe the inability to predict who is likely to default on payments will be a collection challenge by 2020, a significant rise from **17%** currently.



Protect against fraud risk

By 2020, online fraud (**100%**), along with 'friendly' fraud (**71%**), identity theft (**60%**) and third party fraud (**49%**) are expected to have risen from current levels. With organisations becoming more exposed to these and other threats, Southern Europe is presented with numerous challenges when it comes to fraud protection. In fact, **94%** of organisations, a notable jump from **78%** within the EMEA region, believe fraud integration across internal channels will be a top challenge to managing fraud by 2020.

“By 2020, 88% of Southern European organisations believe their decision tools will still fail to have compliance integrated into them.”



Comply with regulations

As with the rest of the EMEA region, enhancing compliance reporting capabilities (**96%**) is the primary compliance challenge for Southern Europe. However, organisations within this region are notably held back by their ability to implement compliance in decision tools (**63%**, compared with an EMEA average of **47%**). If the customer experience is to be improved, or at least maintained, organisations must be confident they are making informed and legitimate decisions at each stage of the customer lifecycle. Yet by 2020, **88%** of Southern European organisations believe their decision tools will still fail to have compliance integrated into them – a much higher proportion than the EMEA average of **60%**.

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



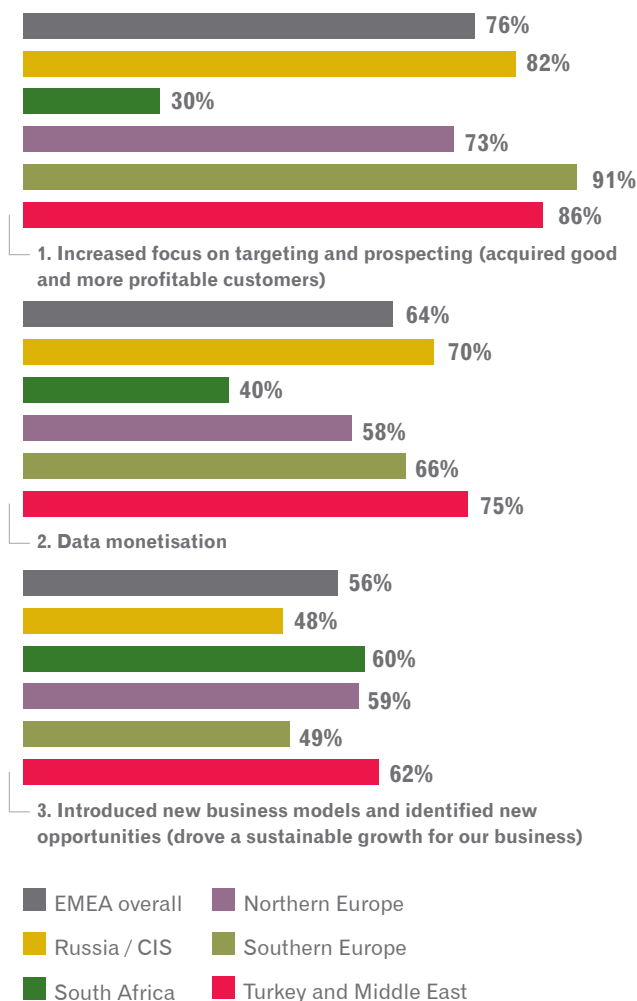
Moving forward: Decisioning in 2020

Despite the varied challenges facing Southern European organisations over the next five years, they seem better placed than their EMEA counterparts to fix the ‘data to decision disconnect’.

Organisations in this region recognise the role data and advanced analytics play in improving their decision-making. Eighty-nine percent – the highest proportion in EMEA – believe big data will transform their customer experience model. As such, data and advanced analytics has a greater prominence within these organisations. Over half (57%) believe more support from leadership is needed if data and advanced analytics are to become more widely used, however, significantly more than in EMEA overall (49%).

Southern European organisations have a clear understanding of what is needed to evolve the use of analytics within the business. And 71% believe their organisation must use new sources of data in order to improve the overall decision-making process. What’s more, 60% believe they must use scalable decision-making tools if they are to truly push the use of data analytics forward, markedly higher than South Africa (37%, the lowest in EMEA). They also appreciate the potential rewards on offer, should they succeed. By 2020, organisations in this region believe they will have acquired good and profitable customers (91%) and increased their market share through data and advanced analytics (69%, compared with the EMEA average of 53%).

Future achievements through data and advanced analytics



Conclusion

Southern European organisations acknowledge that an exceptional customer experience will deliver a competitive edge. However, whilst they recognise the work needed to achieve this, there is still a long way to go in making this a reality.

Poor customer management and an increasing vulnerability from the risk of fraud means that current service models are not future-ready. These organisations recognise the need to change though, and are taking steps to better prepare themselves over the next five years. They intend to make better use of new data sources and invest in data and advanced analytics capabilities and tools to ensure they have a holistic view of customers, are making the right customer-driven decisions and providing a consistently exceptional experience. With Southern European organisations making better quality and quicker decisions about their customers, they are confident they will reap the commercial benefits in 2020 and beyond.

Decisioning Vision for 2020:

In order for Southern European 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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