



The new rules of customer engagement

Northern Europe:
Summary Report

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DV Decisioning
Vision 2020

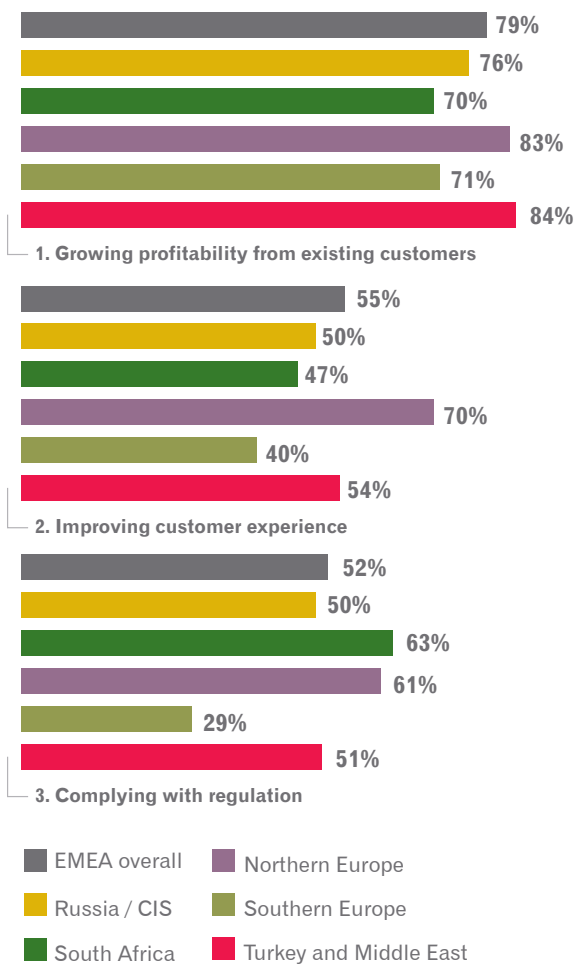
Introduction

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 Northern Europe (Nordics and Germany).

Northern European organisations follow the growing trend of developing a more customer-centric viewpoint. Organisations in the region know that they have to change their approach if they are to meet the varied challenges customer experience raises, and the next five years will be particularly important in attempting to gain a competitive advantage.

Key business challenges over the next five years



Northern European top business challenges

The increase in prominence of the 'self-directed' customer is impacting on the strategic landscape of Northern Europe. Indeed, growing profitability from existing customers (83%) is seen as the biggest challenge affecting the need for data and advanced analytics over the next five years. The importance of customer experience will be pivotal if organisations are to succeed going forward. Three-quarters (75%) believe customer experience will be the ultimate differentiator by 2020 (just below the EMEA average of 80%).

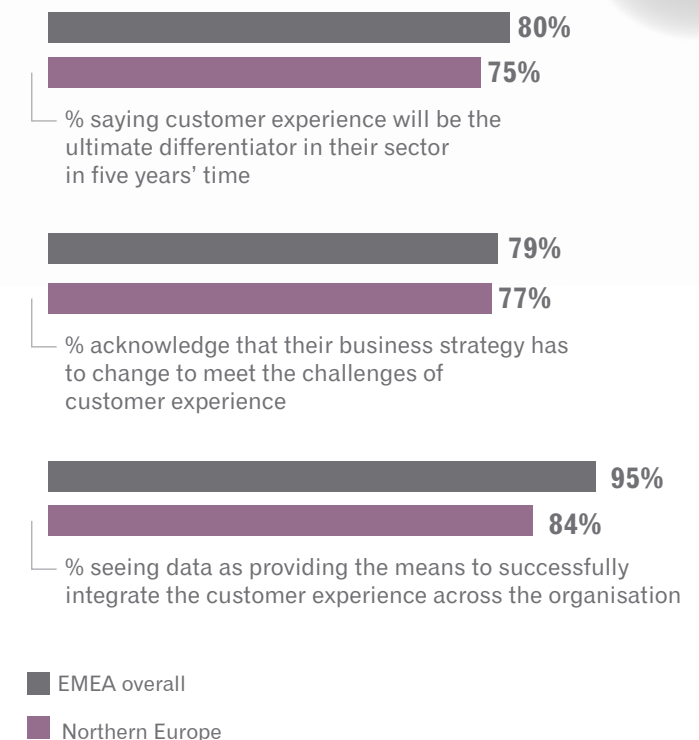
As is the case for other regions in the study, around three-quarters (77%) of Northern European organisations agree their business strategy has to change if they are to meet the challenges of customer experience. The role that data and advanced analytics has to play is vital in helping to achieve this business strategy. Three-quarters (75%) believe that big data in particular will help transform the customer experience model.

Data sources to inform customer decisions

In line with the EMEA average, Northern European organisations are most likely to use internal data sources (69%) to help inform customer decisions. Half (50%) use socio-economic data as part of the decision process, a level only bettered by Turkey and the Middle East (53%). Similarly, just under half (45%) of Northern European organisations use unstructured data, such as social media data, with only organisations in South Africa (63%) using it to a higher extent.

Northern European organisations are looking to broaden their data sources over the next five years. Around half of Northern European organisations (48%) intend to use more transactional data by 2020 (compared with 52% for EMEA) to help inform decisions, with a similar level (45%) looking to use more external data (this is the highest level amongst markets, compared with only 38% for EMEA).

Customer experience priorities for Northern Europe



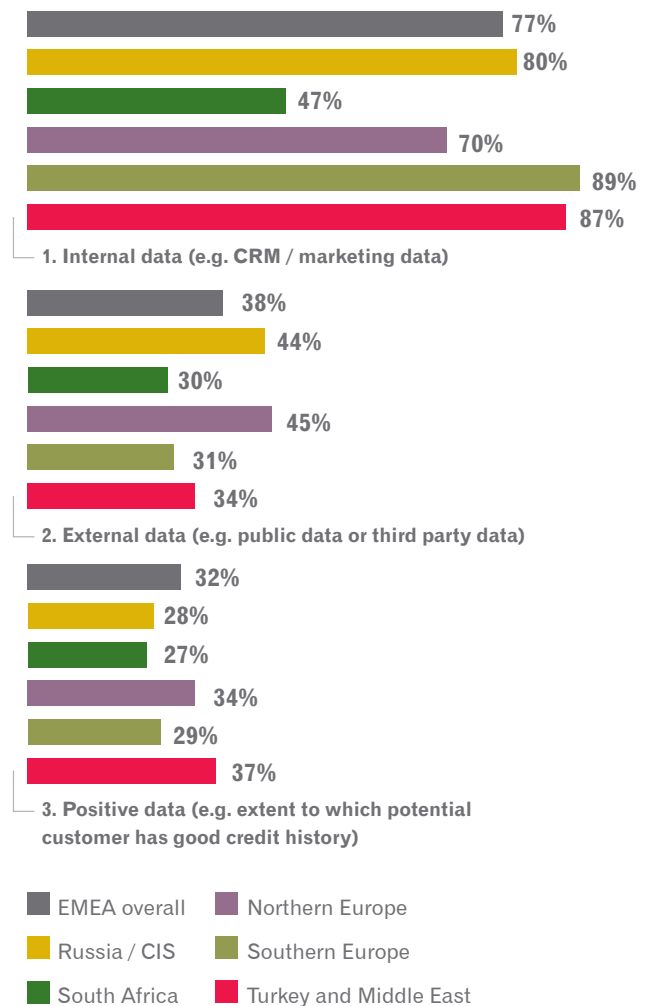
“With a similar level (45%) looking to use more external data (this is the highest level amongst markets, compared with only 38% for EMEA).”

The ‘data to decision disconnect’

Using and exploiting the right data is important for organisations when addressing the challenges across the customer lifecycle. The ‘data to decision disconnect’ is felt, although not as acutely within Northern European organisations as it is in other markets. Quality and usability of data is generally higher in Northern Europe than the EMEA average (particularly in terms of the usability of data during customer management, which is **86%** for Northern Europe compared with 68% for EMEA).

However, the availability of data is seen to be low across markets and this trend also occurs in Northern Europe, particularly in terms of protecting against fraud (**36%** in Northern Europe and **31%** for EMEA). The accuracy, speed, consistency and complexity of decisions tend to have higher levels in Northern Europe compared with other markets. However, performance is typically only at an ‘adequate’ level and so complacency cannot be allowed to set in.

Data sources to be used more over the next five years



Key challenges across the customer lifecycle



Acquire profitable customers

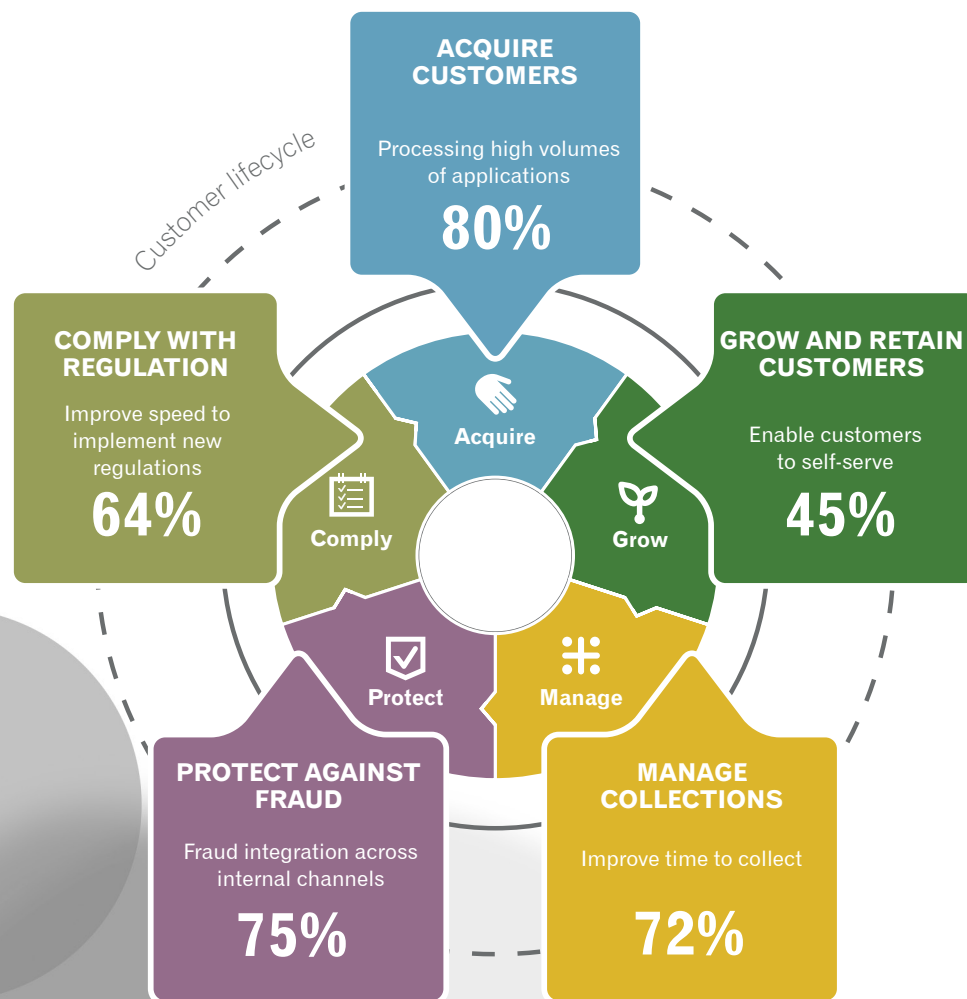
As is the situation at the EMEA level, during customer acquisition, organisations in Northern Europe are immediately concerned about processing high volumes of applications (**75%**). However, in five years' time, there is also increased focus on improving the overall customer experience (**78%** compared with **44%** currently).



Grow and retain customers

Northern European organisations looking at growing and retaining existing customers believe they are best placed to understand individual customer profitability (**80%**) and generate a single view of the customer or household (**70%**). Nearly four in ten (**38%**) believe providing a consistent multi-channel experience is not a focus area for them now or in five years' time (similar to the level for EMEA – **37%**). Which indicates a disconnect between the way the digital era is headed and the way customers want to be serviced.

Customer lifecycle challenges in five years' time for Northern Europe



Manage collections more effectively

Around seven in ten Northern European organisations see time spent chasing late payment as a key challenge (**72%** now and **72%** in five years' time), slightly below the EMEA average (**78%** now and **75%** in five years' time). As is the case for EMEA overall, Northern European organisations are focusing on improving the collections experience over the next five years. There is a notable shift in focus in Northern Europe, rising from three in ten businesses currently (**31%**) to over seven in ten (**72%**) by 2020.



Protect against fraud risk

Fraud protection is a widespread challenge in Northern Europe, although not to the same extent as in other regions. Although more than seven in ten (**72%**) have experienced online fraud in the last 12 months, this is slightly below the EMEA average (**78%**). The threat to data security will still cause challenges in the future in Northern Europe. Over the course of the next five years, fraud integration across internal systems (**75%**), keeping up with the latest fraud techniques (**73%**) and safeguarding the business whilst optimising the customer experience (**70%**) pose the greatest challenges for Northern European organisations.

“As is the case for EMEA overall, Northern European organisations are focusing on improving the collections experience over the next five years.”



Comply with regulations

In Northern Europe, the flexibility and speed to implement and apply new regulation (62%) presents a key challenge for business compliance today. Over the next five years, concern levels within Northern European organisations (64%) mirror the EMEA average (64%), although within Northern Europe it is seen as the key area for focus, along with the capability to enforce compliance across the business (64%). Enhancing compliance reporting capabilities is not seen to be as much of a key focus in Northern Europe as it is at the EMEA level (60% compared with 75% for EMEA).

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



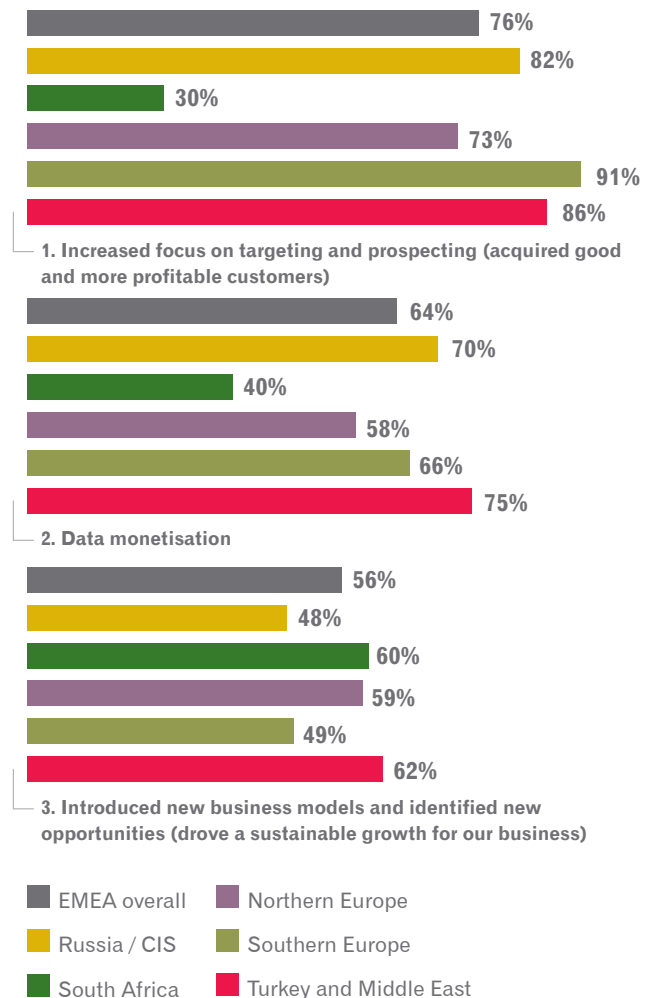
Moving forward: Decisioning in 2020

In order to generate a meaningful relationship with customers, bridging the data to decision gap is important. Nearly nine in ten (**89%**) Northern European organisations feel real-time decisions will improve the overall customer experience (compared with **83%** for EMEA).

Organisations also need to better implement advanced analytics if they are to improve the quality of decisions. Two-thirds (**66%**) of Northern European organisations believe more collaboration between different customer-facing departments is needed in order for data and advanced analytics to become more widely used by 2020, in line with the situation at the EMEA level (**67%**).

For Northern European organisations, increased investment in data and advanced analytics tools is important, although still slightly less so than at the EMEA level (**72%** compared with **79%** for EMEA). Organisations are in line to be rewarded for investment in data and advanced analytics with nearly three-quarters (**73%**) foreseeing an increased focus on targeting and prospecting between now and in five years' time. Nearly six in ten believe they will introduce new business models and identify new business opportunities (**59%** compared with **56%** for EMEA) and achieve data monetisation through the use of data and advanced analytics (**58%** compared with **64%** for EMEA).

Future achievements through data and advanced analytics



Conclusion

Organisations within Northern Europe place a great deal of importance on the role data and advanced analytics plays in achieving customer centricity.

Northern European organisations know they need to change in order to respond to the demands of the customer now and in the future. Big data is important in how organisations service their customers, and the continued use of a variety of data sources will be important in informing customer decisions. Concerns about processing application volumes and the overall customer experience will need to be addressed in order to continue to improve customer acquisition levels.

It is recognised that there need to be improvements in their decision-making processes. Indeed, there is high awareness that having real-time decision-making abilities will result in an improved customer experience overall. In order to better use data and advanced analytics, a more collaborative approach is required between customer-facing departments and this needs to improve quickly in order to maintain competitiveness.

Decisioning Vision for 2020:

In order for Northern 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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