Data Enrichment: What It is and Why You Need It

by James Miller - Monday, April 22, 2019

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Collecting customer data has never been easier, especially on the internet. From automated email collection and automatic form fill to IP tracking, it's easy to gather raw customer data.

But, there's a problem: the data is raw. Using raw data is difficult. And there's often not enough data in the raw dataset to get true value from it. So, you need something to fill the holes in your raw data and add the critical information you need to use your data to its fullest potential.

That's what data enrichment is for. Enriched data helps you make better decisions and get more return from your data collection efforts. Without data enrichment, you're severely hobbling your business.

Here's everything you need to know about getting better data.

What is Data Enrichment?

First, the basics.

Data enrichment combines a first party dataset—the data you have—with a third party dataset—the data you need—to form an improved dataset. This improved dataset is far more useful than raw data.

Customer data is the most common target for data enrichment. Improving your customer data makes it more useful and gives you a complete view of your customers. Enriched customer data enables you to create more personalized marketing, reach customers through more communication channels, and segment your list better.

To use data enrichment, you simply need a piece of data that can be referenced by the third party database. For example, first and last names are great pieces of data to use. The names are associated with other contact information in the third party database like phone numbers, email addresses, and physical addresses.

A data enrichment provider takes your list of names and matches them to names in their database. Then, they add the associated information to your dataset. This is also called "data append" or "data enhancement" because information is added to the existing data.

Generally, there are two types of data enrichment: demographic and geographic.

Demographic Data Enrichment

Demographic data enrichment finds and adds demographic information to your dataset. This is usually things like median income, marital status, and gender.

Demographic data enrichment is most useful for businesses that need to vet potential clients for financial risk or so [criminal backgrounds](#) on new clients. This sort of data append is also useful for segmenting lists based on things like income and number of children.

Using this method to improve your data enables you to produce hyper-targeted messaging and determine potential customer values. While demographic data enrichment produces extremely useful datasets, it can be challenging to perform in bulk.

Geographic Data Enrichment

Geographic data enrichment helps you determine where people are. Location information is handy for any business that uses direct mail for marketing and customer communication.

However, you can also use it for targeting geographic areas with the highest average customer value, maximizing the efficiency of your bulk mailers, or determining the best location for a new retail store.

Geographic customer data also enables businesses to use digital information like email addresses and phone numbers to get physical information like mailing addresses. So, it's mandatory for omnichannel marketing.

Data Enrichment vs Data Cleaning

[Data cleaning](#) and data enrichment both improve the value of your data. But, they're nearly opposite processes.

Data enrichment adds relevant data to your dataset based on what you already have.

Data cleaning identifies corrupt or incorrect data and removes it.

Both are necessary for maintaining healthy, usable databases. Ideally, you'll clean your data before you enrich it. Otherwise, you could amplify the errors in your database by adding more incorrect data.

How to Enrich Your Data

The most important thing to know about data enrichment is that it's an ongoing process. Personal data decays very quickly. People move, change their phone number, and get new email addresses all the time. So, you need to consistently enrich and update your data.

To do this, you'll first need a [data enrichment provider](#). Your data provider is the authoritative, third party database that supplies the additional information. The best data enrichment providers collect data from millions of other databases, so they can most reliably append information to your lists.

There are two methods of data enrichment. Which method you use is a matter of how you connect to your data provider's database.

Data Integration

With data integration, you build the data enrichment process right into your data handling systems. Typically, you'll use an [API](#) to connect your CRM system or data management software to your data provider's database. This way, your software automates the process of finding and adding data.

Your system makes an API call to your data provider. Then, your data is enriched before you deploy it. An integrated enrichment process requires very little effort from you, and is usually transparent to your team and your customers.

Bulk Data Processing

[Bulk data enrichment](#) is a manual process. But it improves data in batches for better efficiency.

With bulk data processing, you simply pull your data out in lists—usually .csv, .txt, or Excel files—and upload them to your data provider. The process is simple, but not automated. Most data providers will return your results in a matter of minutes, unless your list is very large.

Once your data is improved, you'll reload the enriched data into your database for use. Bulk data processing is usually the only option for businesses that don't have good data integration opportunities.

Why You Need Data Enrichment

Data enrichment helps you with things that you do all the time. And, adding better data to your business enables you to do things that aren't possible with raw customer data.

Here's what data enrichment does for you.

Builds a Better Customer Experience

Data enrichment gives you a more complete picture of your customers. Therefore, it enables you to provide more personalized messaging and offer the best value to each customer.

Additionally, it eliminates the irritation factor for customers. With complete data, you'll rarely need to bother your customers with things like requests for updated information. And you'll avoid sending information or products to the wrong email or mailing address.

Shortens Lead Capture Forms

Shorter lead capture forms get more leads. End of story.

Data enrichment enables you to ask for just a few pieces of key information on your lead capture forms. Then, you complete the data behind the scenes. This reduces the work for the customer, and gets more leads for you.

Improves List Segmentation

Let's face it, segmenting a list of names and email addresses is impossible. There's just not enough information to differentiate any customer groups.

Data enrichment completes these contacts with phone numbers and mailing addresses, and turns minimal customer datasets into useful datasets that you can use for more targeted marketing. It can be nearly impossible to segment lists *without* data enrichment.

Enables Automated Lead Scoring

Lead scoring software will usually score incomplete leads very low. If you have just a name and phone number, your lead scoring software may stop a lead from being sent to your sales teams.

But, if you enrich the data first, your lead scoring system can evaluate the lead based on a complete profile. Now, that lead that would have gone into the bin gets forwarded to a sales representative. So, data enrichment helps you get more active leads from your existing database.

Adds More Personalization

Complete data profiles help you understand your customers better, and therefore deliver more personalized messages. Personalized marketing gets better results. So, data enrichment helps you get more ROI from your customer data.

Enough said.

Maximizes Machine Learning

If you've adopted chatbots and other customer communication tools, you know it helps you get more information. But, you also know it has limits.

People might be willing to give their email address to a chatbot. However, they're usually hesitant to offer more than that to a robot.

Data enrichment helps keep your chatbots unintrusive, without compromising your data collection. With the names and email addresses you get from your chatbots, you can build complete sales leads for follow up and omnichannel marketing.

As you can see, data enrichment enhances your business and sales operations at nearly every stage. It's simply more difficult to operate without [complete customer data](#).

If you need data enrichment, the first step is to find a data provider that offers data cleansing services. There's no sense in enriching bad data.

[Learn about data cleansing](#).

Or, if you're ready to start enriching your data, use a data provider that delivers dependable data, like [Searchbug](#).

[Learn about our data enrichment services](#).

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