The skinny on thick data

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TO KEEP UP with the quickly changing marketplace, many corporate leaders have been turning to data-driven decision-making, and leaders within the equipment leasing and finance industry are no exception. Financial institutions and software companies have been striving to use big data as a way to cut down on customer churn, reduce risk, and make accurate market predictions.

Gartner, Inc. is a leading information technology and research advisory firm. They define big data as “high-volume, high velocity, and high-variety information assets that demand cost-effective, innovative forms of information processing for enhanced insight and decision-making.” While big data has proven to be a gold mine of information, companies are quickly learning that simply being data rich is not enough.

To harness this information, corporations rely on Chief Data Officers to provide their organisation with the leadership to use the data produced through quantitative analytics. But it is not just big data that can provide a company with valuable information; useful information can be found in other ways too.

Thick data is quickly finding its way into conversations amongst thought leaders in almost all industries. Harvard Business Review describes thick data as “generated by ethnographers, anthropologists, and others adept at observing human behaviour and underlying motivations.” However, knowing how to use this information is only part of the solution. The other is having leaders in place that are willing to use all of the data that is available.

Big data. To keep up with increasing competition for market share, businesses need to make decisions based on continuous flow of information. Data analysis has become a driving force in major business decisions. Often, there can be so much data that a business does not always know the best approach in leveraging the information effectively.

However, once an organisation has their operation procedure in place, they can better regulate the various leasing channels. They can then create responsive and efficient lease and loan structuring, moving them beyond simply running a business.

According to an article published by the Equipment Leasing and Finance Foundation, expertly using big data can enable equipment leasing and finance firms to:

• Increase shareholder value
• Increase customer satisfaction
• Evaluate new market opportunities
• Develop new products and services
• Stay ahead of the competition

However insightful and plentiful the information, businesses are still struggling to leverage data assets and use data analysis to position themselves strategically in the market. Organisations can become complacent in their daily operations. They put blind faith into historic market trends that do not consider the technological

Table 1: Chief Data Officers (CDO)

According to our CDO Club global database, the following number of people held the title of Chief Data Officer

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of CDOs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>200</td>
</tr>
<tr>
<td>2014</td>
<td>300</td>
</tr>
<tr>
<td>2015</td>
<td>1,000</td>
</tr>
<tr>
<td>2016</td>
<td>2,000</td>
</tr>
<tr>
<td>2017 (Forecast)</td>
<td>3,000</td>
</tr>
</tbody>
</table>

Source: Chief Data Officer 2016 Year End Review
A Powerful Connection

ASPIRE, LeaseTeam’s end-to-end single system lease and loan management solution allows businesses to stop talking about front-end and back-end processes and begin talking about total transaction engagement lifecycle. LeaseTeam realizes equipment finance transactions are no longer linear; and therefore companies need a system that will provide an all-encompassing view of their business with the efficiencies of single system processing.
advanced that provide new and fast ways of communicating. They also rely heavily on nominal analytic information provided to them. This has them believing that the data points are going to have the answers for any of their future business decisions. What they do not realise is they only see a modest part of the bigger picture. So, what exactly is it that big data is missing?

**What big data misses.**
Big data misses the opportunity for businesses to get to know their customers and why their customers do something in the first place. It is a matter of understanding customers’ emotions and how those emotions affect business decisions.

Market trends do not change on their own; they are driven by customers’ wants and needs, one way to understand the complexity of such a vast and competitive market is to examine human behaviour.

Connecting on an emotional level has proven to be an excellent way to build and maintain client relationships. According to an article in the Harvard Business Review, “a major bank introduced a credit card for Millennials that was designed to inspire an emotional connection.” As a result, “use among the segment increased by 70% and new account growth rose by 40%.” While quantitative data can provide a company with an enormous amount of insight, major banks and other industry leaders are finding out that there is a place for qualitative data within the finance industry too.

**Thick data.** Ivan Pavlov once said, “Don’t be a recorder of facts, but try to penetrate the mystery of the origin.” In other words, a business should try to gain a deeper understanding of their customers’ mindset. Understanding a customer’s mindset is important to companies within the finance industry. These companies are working with more diversified financial products that mitigate the risk of market downturns.

Companies that market in multiple business channels and use the thick data that qualitative research provides can track credit decisions against asset class and deal performance, and assist in future weighted credit decisions. Furthermore, thick data analysis can control the levers of portfolio concentration, exposure, expansion, contraction, entry and exit plans for asset classifications and customer risk rated profiles.

The combination of big data with thick data gathered through qualitative research provides further insight into market analytics that big data cannot provide on its own. Numbers alone can’t be the determining factor for every decision because the numbers on a deeper level represent people that have thoughts and feelings, preferences and opinions. Qualitative research in the leasing and finance industry is achievable many ways, including:

- Focus groups
- Surveys
- Interviews
- Questionnaires

The humanistic nature of data is what makes thick data so critical to understanding customers’ quirks, trends, habits, and behaviours. A company can get an adequate view of the market trends by analysing big data. If the data analysis stops there, they are not connecting with people that ultimately drive the market.

Compare the business–customer relationship to a group of
individuals sitting around texting one another without engaging in verbal conversation. Big data is all of the information they are capturing from texting one another. Thick data is what they are learning when they look up from their devices and engaging in meaningful conversation.

Thick data provides more than just getting to know customers; it can also add insight into the new talent that is entering the workforce. According to the International Future Council, the emerging talent is envisioning the equipment finance industry to proactively focus on the customer and their behaviours. Furthermore, these individuals are also pursuing positions that offer a more creative environment to work in (IFC, 2016).

Progressively, companies are beginning to understand the value of thick data; however, that has not always been the case. In 2009, Technology Ethnographer, Tricia Wang was doing field research for Nokia in China to gain insight on the smartphone use within low-income communities. Wang discovered that despite all the data points provided by big data, low-income smartphone users would do “almost anything to obtain a smart phone.” She decided this would be a valuable target market.

Unfortunately, Nokia underestimated the value of the thick data that Wang had provided and focused solely on what their big data was telling them. As a result of their deliberate disregard to view the entire picture, Nokia was unable to keep up with the changing market, and the company’s reign ended. Tricia Wang’s insight into Nokia’s demise was summed up perfectly when she said, “That’s the cost of missing something” (Wang, 2016).

Due to this and countless other similar opportunities lost, many companies are seeking the expertise of anthropologists and ethnographers. Technology leader, Google employs anthropologists, and Microsoft is the second-largest employer of anthropologists in the software industry.

United States Managing Editor of the Financial Times, Gillian Tett has stated that “Anthropology can be extremely useful for understanding the contemporary financial world, because of all the micro-level communities – or ‘tribes’ to use the cliché’ term – that are cropping up around the financial system” (Tett, 2012). Tett is determined to bridge the gap between financial institutions and anthropologists, and she is not alone. Bank of America is among those with the largest accessibility to big data, yet they are actively seeking cultural insights from the qualitative research.

In their Fall 2015 issue of Better Money Habits, Millennial Report, “Bank of America and USA TODAY commissioned a survey of 1,320 millennials to explore millennials’ challenges, behaviours and attitudes related to achieving financial wellness” (Pepler, 2015). Bank of America and other industry leaders understand the value of this information in helping them know their customers on a personal and emotional level.

Despite the hype around big data, there is one thing that will remain an integral part of building a robust business relationship, and that is understanding one’s customers on a human level. Qualitative analytics answers the question, “why” that big data otherwise misses. Thick data offers the human element that is essential to business decision making because ultimately people do business with other people, not data points.

### Table 2: Thick data v. big data

<table>
<thead>
<tr>
<th>Thick data</th>
<th>Big data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relies on human hearing</td>
<td>Relies on machine learning</td>
</tr>
<tr>
<td>Reveals the social context of connections</td>
<td>Reveals insights with a particular range of quantified data points</td>
</tr>
<tr>
<td>Accepts reducible complexity</td>
<td>Isolates variable to identify patterns</td>
</tr>
<tr>
<td>Loses scales</td>
<td>Loses resolution</td>
</tr>
</tbody>
</table>

Source: Tricia Wang, Ethnography Matters

### Citations: