DATA DRIVEN MARKETING

cynozure
brilliance in data



DATA AND ANALYTICS ARE THE FOUNDATION FOR MODERN MARKETING IN RETAIL

The role of anyone involved in marketing is to convey the core values of a business, as well as the benefits of it's products and services. This is best done in a meaningful way that demonstrates how the business meets and exceeds customer needs and expectations. Increasingly this means getting the right messages in front of the right people before, during and after a purchase or engagement.

Analysing the data associated with those purchases and engagements has become massively valuable to marketers and they are therefore becoming the leaders in using data and analytics. Those delivering the most value have invested in the skills, technology and best practices in this space.

CHANGING PLAYING FIELD

48% OF CONSUMERS SPEND MORE WHEN THEIR EXPERIENCE IS PERSONALISED

Source : smartinsights.com

Many retailers are trying to get a handle on the rapid evolution of how customers engage, purchase and make their buying decisions. With customers being less loyal to specific retailers and spreading their purchases across brands it's harder than ever to attract and retain an audience.

Once you've got the attention of an audience, understanding their interactions over multiple touch points online, through social media and physical space becomes a challenge. And with tech giants and disrupters creating new business models the base proposition around delivery, returns, sizing and so on needs to be as strong for retailers as their ability to get a real handle on customers experiences and feelings towards the brand.

The lines between traditional marketing channels and how you market to a customer are blurring. No longer can the direct mail, eCRM, mobile marketing, social, digital marketing and web personalisation teams make siloed decisions about the offer to give a customer or the content to serve up. It creates confusing customer experiences.

DATA IN SHARP FOCUS

Alongside that, the increase in the number of customer interactions and the growth in mobile and e-commerce has created an explosion of data. This creates massive opportunity for retailers to get under the skin of customers and create new products, services and experiences that map closely to the needs of their customers.

This will increase exponentially in the coming years as we see the convergence of technology platforms, increases in subscription service models, sharing models and marketplaces for products and services.

We will continue to see supply chains get shorter and closer to the customer and the try, buy and return cycle get easier and quicker for customers. The real time, always on, agile retailers will be able to satisfy the pace of customer buying decisions and journeys through the use of data.

This will certainly create opportunity and change for marketers in how they define campaigns and how they deliver messages through the various channels at hand.





BELIEVE THE HYPE



Many retailers have struggled to build centralised data warehouses that contain all the data needed and be agile enough to consume new non-traditional data sources. They've struggled to balance both the reporting and analytical needs across the business using traditional methods, the costs of storing the vast amount of data now available has been a blocker to progress. Equally the skills needed to develop and exploit this new world have been hard to find.

The ability to hold and store all types of data has improved - traditional structured data such as sales transactions, unstructured and large data sets such as browsing unstructured and large data sets like browsing data or full RFID tag stock tracking. It is now possible to store and manage all this data at a very granular level in the same place ready to use for insight and analytics.





It's all very well being able to store and analyse this data but this is only worthwhile if you can extract insight and true value from the vast sets of data. Being able to track everything at a very granular level to find nuggets of information amongst it is where the hype becomes a reality. Furthermore, those that are able to plug the results of that insight into the operations of the business in real-time can start to truly turn itself into a data-driven business and not just one that looks at metrics and reacts accordingly.

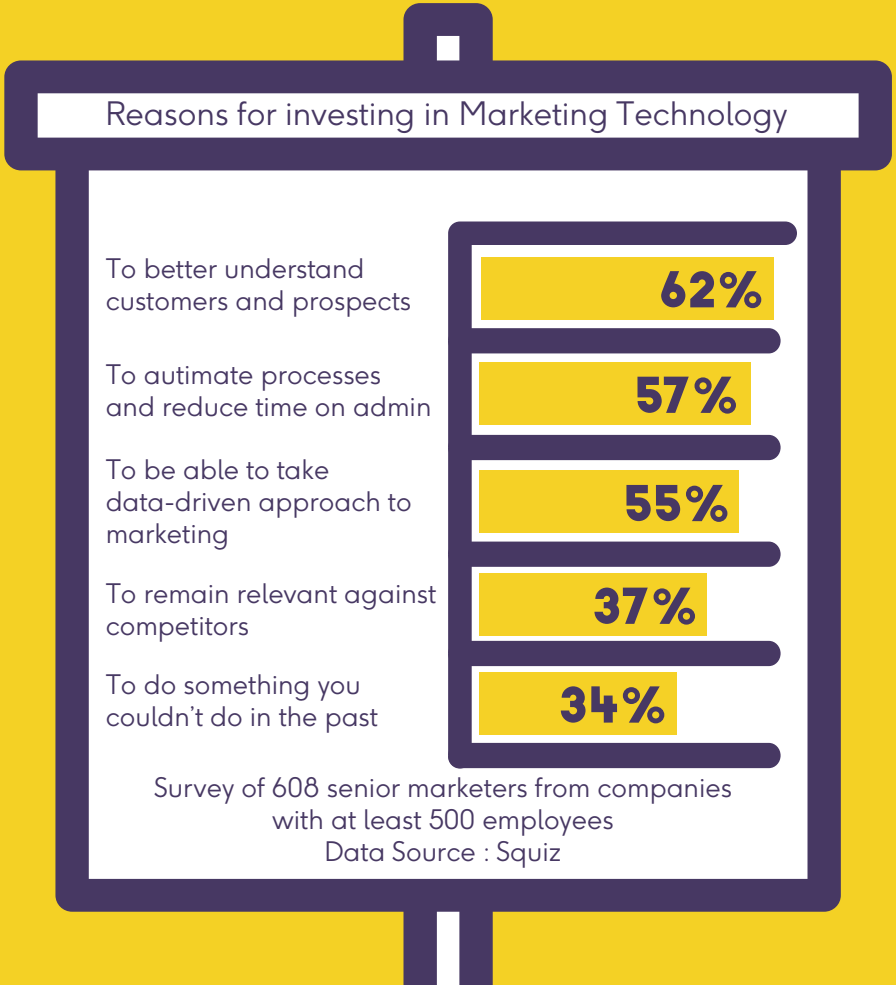


IMAGINE A WORLD...

...where a customer can ask their digital personal assistant to find them some jeans for the coming weekends night out



"Hey Google, can you grab me some jeans for this weekend please". Based on the data held about that customer, such as previous jeans purchased, colours they like, location of their night out, their usual price point for jeans, the types of jeans they wear shown in pictures on social media accounts and the sizes they usually go for - the retailer sends three pairs of jeans later that afternoon that fit the bill, the customer tries them on, sends two back and keeps one pair and is charged for the one they keep.



What was returned, what was kept is then captured to make an even better prediction of what they would like next time they need to buy jeans. Imagine all that happened based on a night out booked in the diary without the customer even asking their personal assistant.

This type of predictive and proactive selling/purchasing is made possible only by a hugely rich understanding of the specific customer and the behaviour of the masses and segments of people that behave in a certain way. It's reliant on models than can learn human behaviour and make predictions about the types of purchases they are likely to make, what they've purchased and returned previously.

GET TO KNOW YOUR CUSTOMERS AND RESPOND

Data can be used to reduce the cost of acquiring customers in the first place by developing buyer personas (from your known, existing, current set of customers), then using that knowledge to target your acquisition marketing via digital, social or email channels based on those buyer personas. This helps to lower the cost of acquisition, be more efficient with your spend, and also increases the chances and lowers the cost of converting to a purchase and not just traffic.

14% **IMPROVEMENT IN CLICK-THROUGH RATES WITH PERSONALISED EMAILS**

Source: Aberdeen Group

Once customers have some level of engagement, the data enables retailers to more accurately track types of customers over a lifetime and use that to predict the future lifetime value of acquired customers. This gives a more accurate steer on which customers will deliver the most profitable business for the retailer, those that can be persuaded to stay loyal and give a bigger share of wallet and those that are unlikely to stick around and become a VIP customer. Off the back of that knowledge retailers can fine tune their offer and messages to facilitate a win-win relationship that gives customer products, services and an experience they are likely to engage with and the retailer a valuable and profitable set of customers.

The digital experience delivered by retailers for customers can be supercharged with data. The level of personalisation and recommendations you get with services from Netflix and Amazon are only possible through great data sets and models. Retailers are well placed to be able to tailor the digital experience and outbound marketing to reflect the wants, needs and desires of the customer. If you are looking to drive targeted offers and content that is relevant and resonates then that needs to be underpinned by data and predictive models. Through that personalisation and targeting, retailers are able to start to drive up the frequency with which customers visit and purchase. Real-time offers and content can also start to drive up the size of the basket.



74% OF CONSUMERS GET FRUSTRATED WHEN CONTENT HAS NOTHING TO DO WITH THEM

Source : smartinsights.com

Retailers can now bring together the facts (purchases, returns, clicks), with the things that might happen (a customer's likelihood of buying something or liking some content) and what customers actually say (comments on a product review, social media comments, transcripts of contact centre calls).

This combination helps retailers to understand the context of customer behaviour better than ever before. They can now understand why a customer did or didn't do something as opposed to just knowing the fact it happened and through this retailers can start to enable a truly personal experience. Through browsing data, we know if a customer didn't buy something when they came online, through store transactions we know when someone made an actual purchase. But it's through direct feedback, such as a product review they left online or in-store or a tweet they made online, that could tell us the reason they purchased or returned a product.

SMART AND AUTOMATED

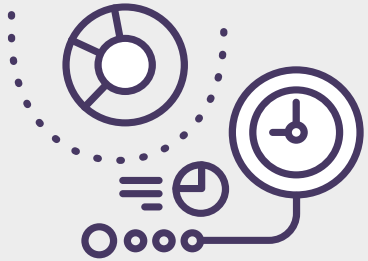


Plugging data sets and various marketing platforms together has long been a challenge for customer insight and campaign management teams. One-off exercises to bring together data, build a model and improve a business outcome are fantastic but where we really start to see a difference is in making that repeatable, supportable and operational.

Automation between the data, the targeting or predictive models and your campaign management engine means your marketers and analysts can spend time on understanding customers, defining exciting and innovative campaigns and, most importantly, evolving the models so they don't become stale. This requires smart ways of thinking about the end-to-end design of the marketing platform. If you get this right the cost of delivering this service within a business can be reduced and the time from idea to execution can be massively improved.

SMART AND AUTOMATED

The modern data and analytics led marketing platform allows your analysts (and the models they build) to make predictions about how customers will behave e.g. this segment of customers will spend 10% more than the control group. They can then test those hypotheses through simulation models or by running the marketing activity to a small group. They can take the learnings, iterate and improve the models and then push them out to a wider group. Once proven, then automate the activity and make it hands free.



COMPANIES THAT USE AUTOMATION HAVE 53% HIGHER CONVERSION RATE THAN THOSE THAT DON'T

Source : smartinsights.com

DELIVERING ON THE PROMISE



Retailers have long dreamed of a world where they can truly understand customer behaviour and drive their marketing and contact strategy around that. The explosion of touch-points and data has made that harder but also opened up massive potential to deliver incremental growth. The tools and technologies exist to be able to deliver on the promise.

The data platform is fundamental to that opportunity and, if designed correctly and integrated in the right way to marketing and digital execution platforms, can give real firepower to marketing efforts improving customer experiences and making retailers more profitable.

This capability allows you to tell the truth about the success of marketing campaigns (email, digital or otherwise) and quickly learn from their relative success or failure and pivot as needed. This fluid and agile world requires a change in mindset. The modern retailer needs the collaboration of IT, data, marketing and analytics teams to ensure they are focused on delivering coherent and considered contact strategies across all channels.

THE MODERN DATA MARKETING PLATFORM

9 steps to building out your data driven marketing platform



1. DATA PLATFORM

Have a single, integrated data platform sat at the heart and intersection of traditional marketing channels, digital marketing and the digital experience.



2. BRING CUSTOMER DATA SOURCES TOGETHER

Ingest all data sets that can help you get a better picture of customers - traditional structured data sets and new unstructured data sources. Your point-of-sale, online orders, returns, mobile transactions, browsing data across devices, social media tweets, comments and likes, product/service reviews, contact centre call transcripts, campaign history and offer redemptions.



3. EXPLOIT EXTERNAL DATA SETS

Identify gaps in the market to go after that play to your strengths and keep you innovative by combining your internal data sources with external market data for new angles on insight and business opportunities
For example, weather data, market intelligence, 3rd party data

4. MODEL THE DATA TOGETHER



Old, traditional methods of modelling data that covers any question a retailer may have is no longer needed, but it is necessary to put some structure to it. This allows the messy data sets to be given some sense and to make it easy for marketers and analysts to focus time on insight and analytics rather than mapping/ wrangling the data.

THE MODERN DATA MARKETING PLATFORM



5. DEVELOP INSIGHTS

It goes without saying that just putting the data in one place will only lead to a stale 'data lake' and deliver limited value. The insight and models built on top of that data about transactions, interactions and behaviours is where the value is unlocked. Data scientists need to spend time delivering incremental business value - improving acquisition, customer retention, redemption rates on offers, personalisation and so on as discussed earlier.

6. BUILD A LAB & FACTORY

It's important to build your data platform in such a way that allows both live data sets and models to exist alongside the data for dashboards and most importantly the area for analysts to experiment, innovate and test and learn. This can be delivered through a lab and factory method where the factory contains the champion models and the lab contains the new challenger models, all pointing at the same set of underlying data.





7. IMPLEMENT CROSS CHANNEL DECISIONING ENGINE

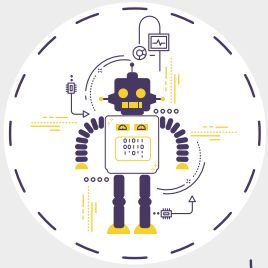
With data and models in one place it's also important to consolidate decisioning across channels. Retailers can get more value if they consolidate the brain that sits behind their digital marketing, campaign management and web personalisation. As opposed to a separate DMP, campaign management data platform and personalisation engine. Integrating the data and analytics platform to the various execution engines will create better, not isolated, decision making capability.

THE MODERN DATA MARKETING PLATFORM



8. MAKE IT REAL-TIME

Batch decisions about the right next offer are great in lots of cases but often a real-time decision can tip the balance between an interaction with the retailer and a lost opportunity. Across the channels implement fast and streaming data to get the data into the business and out to a call to action to the customer.



9. EXPLOIT MACHINE LEARNING & ARTIFICIAL INTELLIGENCE

This can be used to predict likely success of customers, analyse customer journeys, work out marketing attribution and develop new KPIs. Put into action new services through chat bots and personal assistant can be rolled out to customers.The capabilities in this space are improving all the time and having an underpinning data and analytics platform and capability will accelerate retailers ability to exploit machine learning and artificial intelligence.

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Follow us or get in touch with our CEO to talk more about becoming a data driven retailer

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