EBOOK

Customer Retention from Data to AI.

A positive response to macro challenges.

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Sneaker sale

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Customer Profile

Zack Jones

80%

Contents.

Why prioritise loyalty and retention?

Macro conditions are tough. Customers across Europe are feeling the pinch.

If they haven't already, your boss will soon be shaking your budget hard to listen for loose change and efficiency gains too.

In this hard market, as a marketer, you will know your customer retention strategy is critical to securing and growing your revenues.

It makes sense to focus on earning more business from the customers you know. They're already on your side, and you should have a good instinct for what makes them tick. Delighting them is a great way to invest in your brand promise and build customer loyalty.

55% of CEOs believe that the downturn will be worse than the global financial crisis (Guerzoni, Mirchandani, & Perkins, 2023) and they are focused on protecting their businesses from further margin erosion and losses. But we know they know customer retention is key - investing here is a top-3 priority that marketers can harness.

It's no surprise that improved customer loyalty is a focus. When money is tight, we tend to face a shrinking pool of customers in every sector. To maintain margin your organisation will need to differentiate, and increase share of wallet and customer lifetime value (CLV). You need to know precisely when and why customers drop out of your journeys.

This is the core strength marketing brings to any crisis, but only a capable, well-resourced, data-enabled marketing team can offer the business a way to turn strategies into action.

So, what does it take to design a meaningful experience for loyalty and retention?

2023 CEO priorities:

32%
boost customer loyalty using technology to optimise product suite/services

29%
maintain/improve performances and margins in an economic downturn

Source: CEO pulse survey, EY, January 2023

How to design experiences that build loyalty.

Building a perfect experience is not something you can do by guesswork. It's only possible by knowing your customer – the whole customer, and their whole experience of you. Job one: good quality data.

With the right real-time data and insight, good things can start to happen for customer journey optimisation and orchestration, and marketing talent can flex its full creative potential. When you understand the customer holistically, in different moments of their journey, you'll know exactly what to try next to keep them coming back. When you know, you know, and your customer will, too.

From good data flows great insights - ones capable of creating meaningful experiences for each customer. But if you only know their email and website clicks, you don't have the data from inbound, or from their bricks & mortar touchpoints, you'll never know the whole story. To get it right every time, you need a customer data platform (CDP) that can support you with three core tasks. Let's look at each one:

- Creating a Single Customer View (SCV)

- Connecting omnichannel data

- Activating your insights

In a highly complex world that's hard to understand and with experiences that lack originality, we need richer, more human and more visual experiences to truly connect with people. Meaningful experiences are like a relationship: the more I give, the more I get. We need to design experiences that are truly giving something, where we are authentic, transparent and personal. Experiences that can be truly magnetic."

Lisa Lindström
EY Global Innovation
and Experience
Design Leader, Stockholm

We're able to show results and do things that we couldn't do as seamlessly or easily as before, which honestly gets people excited. You find people want to get in there and play with the data. So, we're starting to see a shift in the way we think, the way we work and collaborate."

Meghan Heather
Senior Director, Global Tech Comms
and Planning, The Coca-Cola Company

Creating a Single Customer View (SCV).

With your SCV comes more robust GDPR compliance. Without a golden customer ID, you can't guarantee your ability to fulfil customers' requests to discard their data, across silos - a right they enjoy under GDPR.

You will maximise the full value of Artificial Intelligence (AI) and Machine Learning (ML) when you can feed them with these large, high quality data sets. Great platforms apply AI/ML to the work of ingesting and refining that data, in real-time.

This 360° customer view also allows you to store and manage the large amounts of data required for AI initiatives. To realise the full benefits, you need the capabilities in place to activate this data in real-time. Doing so requires sophisticated, predictive Machine Learning and AI to inform your marketing decisions.

Adobe Real-Time Customer Data Platform equips you with privacy-ready consumer and account profiles that update automatically based on behavioural, transactional, and operational data, without manual data stitching. Data collected from across channels and systems is normalised into a standard taxonomy with person and account-level identity resolution, governance, segmentation, and activation in milliseconds. Its ML and AI-powered predictive propensity scores and contextual insights let you understand your customers better to create meaningful experiences at scale.

Connecting omnichannel insights.

In a digital-first world where our customers interact and transact in both physical and digital environments, web analytics alone are no longer enough. Use AI-powered data consolidation and predictive analytics to interpret customer behaviour across online and offline channels to determine next best action. Omnichannel insight is vital for the savvy marketer, to see the whole journey for each customer, to understand the effect of each journey, to design truly exceptional and meaningful customer experiences.

Adobe Customer Journey Analytics makes it simple to explore the customer journey with full context to discover cross-channel insights in real-time. You can also improve segmentation, get objective attribution, and apply AI to investigate anomalies. Drag-and-drop queries and instant responses transform the way your team can test and innovate.

Activating your insights.

Finally, you need the capability to activate the insights in your rich 360° omnichannel customer view. The hypotheses, journey designs and audiences you've developed in analytics should flow freely across into execution. It should be simple to test and iterate rapidly, to deliver the right content to the right customer in the right channel - at just the right time. Precision targeting is transformative for customer retention.

Adobe Journey Optimizer takes campaigns and audiences from insight straight to execution. Orchestrate and automate customer journeys in response to real-time behaviour, contextual changes, or business signals. Select the next best offer with intelligent decisioning in response to real-time customer behaviour.

The Gap in Data Practices between leaders and laggards.

Leaders – 8

Intermediates – 5

Laggards – 2
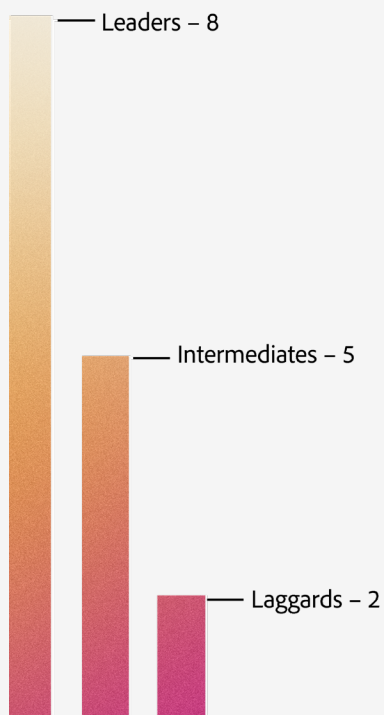
Creating a Single Customer View (SCV):

Data lake with all relevant data accessible

Privacy Management

Categorise and label data to effectively manage and enforce privacy

Create segments using predictive models

Collecting omnichannel data:

Real-time availability of omnichannel customer data

Aggregating data across channels and business units into a single customer profile

Cross-functional data governance

Create and manage segment centrally pushing out to activation channels

Activating your insights:

Measure and analyse customer-level interactions and respond

Create segments using predictive models

Comprehensive set of AI/ML predictive models

Source: Forrester Report, June 2022

How to harness data to drive loyalty.

What's the first step towards building the capabilities you need to deliver personalised retention marketing? Most likely, it's to establish common understanding between marketing and the analytics team, with use cases.

It's helpful to articulate your data needs in terms of use cases. They give the analytics team what it needs to build a robust data foundation that's fully aligned to your goals. Any misunderstanding at this stage can lead to the wrong solutions being proposed (Lupton, 2022).

Consider prioritising these five use cases, from Asplen-Taylor's Data Periodic table. You might find it helpful to share these with your analytics team to align around the data you need for customer retention:

Intelligent re-engagement.

USE CASE
Improved real-time offers and interventions.

DETAIL
Intelligently and responsibly re-engage customers who have abandoned a conversion before completing it. Apply the full potential of AI, with empathy, to design personalised, human experiences, not just transactional reminders.

OUTCOMES
Customers feel recognised for how they prefer to relate to your offer. A light touch makes them more likely to return.

> **Analytics teams looking to derive measurable value from their data initiatives will make excellent partners for marketing teams, because data projects fail when they are siloed as purely technology projects."**
>
> **Simon Asplen-Taylor**
> Author, CEO DataTick

One European auto manufacturer enjoyed a significant addressability boost through personalisation with Adobe:

3x
higher conversion
on web

80%
reduction in
Cost Per Lead

30%
boost in leads

€10m
media budget
savings

'Don't lose' campaigns.

USE CASE
Improved Customer Retention.

DETAIL
Reduce customer churn before it's too late. Re-engage lapsed customers to increase conversion and drive customer lifetime value growth.

OUTCOMES
You can estimate the likelihood of customer churn using predictive models based on your Single Customer View. You can rekindle a fading relationship with the right spark. Detect customers who are at risk of drifting away using AI to help you enliven the journey they were on, or prompt alternatives.

Customer conversion optimisation.

USE CASE
Improved lead conversion.

DETAIL
Advance a prospect currently in the consideration stage to becoming a converted customer. Consider each customer's needs to convert, instead of looking only at the aggregated conversion rate.

OUTCOMES
Keep customers considering a decision warmed-up, with a data-driven experience that's tailored to their specific needs that makes them feel this was created just for me.

Contextual recognition.

USE CASE
Improved individual customer messaging on contact.

DETAIL
Personalise messaging to recognised users regardless of their current authentication state. Account for in-the-moment context and deliver the highest quality personalised experience.

OUTCOMES
Real-time personalisation is setting new standards in Customer Experience (CX). With clever stitching of profile data, you can deliver personalised experiences and content regardless of the channel or authentication state of the customer, in real-time, in the moment as each customer acts.

Evolving One-Time Value to Lifetime Value.

USE CASE
Increased share of wallet through the number of products or value of products.

DETAIL
Use the full knowledge of your customers' engagement history to cross-reference with similar customer profiles. This will create cross-selling and upselling opportunities for complementary product suggestions, and will enrich the customer relationship from one-time, to lifetime.

OUTCOMES
Those who go the extra mile can truly differentiate. If your analytics team can geolocate the customer and track weather conditions, they can promote location specific products.

" **For content to be effective its needs to be relevant, compelling, and timely. The right experience at the wrong time is still the wrong experience.**

Geraint Holliman
Associate Lecturer, The Manchester Metropolitan University

How to build the case for investment.

To capture value from retention use cases, you need a platform with interoperable elements that exchange data freely, in a constant cycle. One that permits you to learn, respond, measure and iterate in days, not months. If your legacy data ecosystem can't deliver these experiences for your customers, your competitors aren't waiting.

System of insights

Omnichannel insights and analysis

System of data

Actionable profiles for personalisation across the customer lifecycle

System of engagement

Right-time engagement across any journey

You will need investment to capture this value. In a challenging climate, it's critical to understand and articulate the business case.

The main case for maturing your retention capabilities is to defend revenue in this challenging market. Your key metrics should be Customer Life-time Value (CLV) and reducing churn, or, in language the CFO speaks, revenue and margin.

Underpinning those projections, you'll want to cost-out productivity opportunities and cost reductions with your peers across functions.

Here are some key benefits that matter to the buying committee:

Chief Marketing Officer (CMO) Benefits.

Post cookie-less world

70% of brands still rely on third-party data despite imminent cookie-less future (Adobe, 2023). In the coming cookie-less era you need a strong first-party strategy and privacy-ready account profiles that update automatically.

Paid media efficiencies

With a more laser-focus on ad spend at the right time, right place, right customer, you can dial back the expense of saturation marketing.

Customer self-service

Recognise which journeys and which segments self-serve well and bring those lessons through to more manual transactions.

Chief Information Officer (CIO) Benefits.

Reduced failure demand

Identify what's driving calls and other manual touches that are costly to service and optimise those journeys to manage out negative demand.

Accelerate time to value

Bring both your platform investment, and the individual campaigns you develop on it, more rapidly to market with a modular "plug-and-play" solution.

Put your assets to work

According to Seagate, an average of **68%** of the data you have available is left unused (Seagate, 2020). Despite being unique IP that your organisation owns, it's your most under-utilised asset, meaning value is left on the table

Extended life of legacy platforms

By selecting a solution that's fully modular and connector-driven, you may be able to extract further value from systems at end-of-life.

Chief Data Officer (CDO) Benefits.

Reduced developer overheads

Keep the running costs of analytics and insight to a minimum with simpler querying, easier data cleansing and AI-driven prompts.
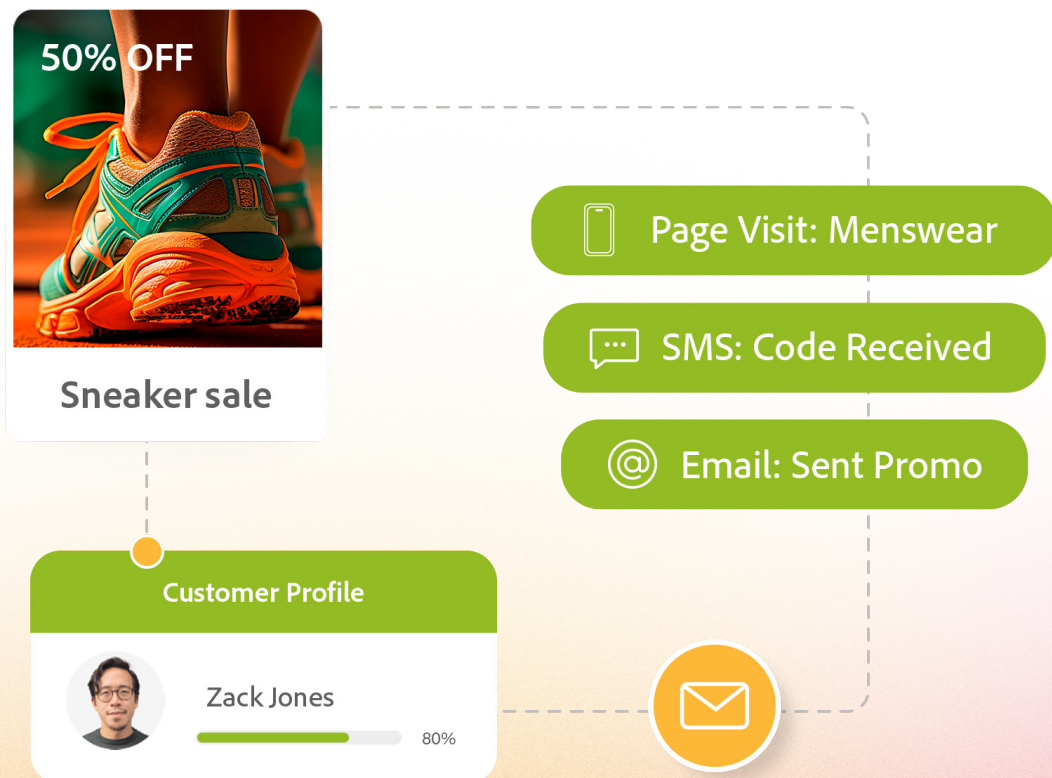
Talent retention

Reduce key person risk and re-hire costs by ensuring your marketing and analytics talents continue to see skills development opportunities with you.

Creating a Single Customer View (SCV)

An SCV is required to enable more sophisticated predictive, ML and AI assisted decision making.

Data Compliance

Fulfil your duty towards customers by delivering on their 'right to be forgotten', regardless of which silo holds which data on them. Without a golden customer ID and Single Customer View, you are exposed to fines and reputational risks due to a GDPR breach.

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How to do more, with less.

Every crisis presents a crossroads. In one direction, you take the cut and trim your ambitions to fit, shedding customers as you go. In the other, you help your organisation see how you can do more with less, by investing in marketing productivity gains.

Tacking into the economic headwinds and making progress against your long-term goals is going to take teamwork. Since the investment you make in your experience platform will help your colleagues in other functions meet their objectives, too – seek their support. A helpful tech partner will aid you in sizing those value adds and zeroing-out lower-value activity.

As you focus on your strengths and build deep first-party insight, you get closer to the customer, secure revenues and potentially more than double CLV.

Giving your customers a multi-channel experience that's smooth sailing all the way lets them know that you work hard to recognise them, that they must truly matter to you. The extra care you've taken just shines through.

It's not just in challenging economic times when retention matters. We're all customers, too. We recognise the frustrations of a bad experience and cherish that hard-to-describe moment when you're experiencing a great one.

Because when you know, you know. We all recognise the value in that difference — including your CEO.

Adobe is a Gartner Market Leader in Experience Platforms, a position we're proud to have held for more than five years.

Getting started.

Here's an internal capabilities check list to help get you started on your journey towards harnessing data to drive improved customer loyalty.

- Create churn modelling and scoring based on real-time data, and combine with time-based events and profile attributes.

- Deliver personalised win-back experiences based on first-party, AI, behavioural, and offline transaction data.

- Connect analytics to inbound signals like call centre data for sentiment analysis.

- Track user events across the full journey to reveal the steps before they quit.

- Analyse all the contextual drivers that contribute to positive and compelling experiences.

- Use advanced segmentation and activation capabilities for pseudonymous profiles that have not yet registered or converted.

- Activate personalised experiences and offers that truly incentivise to move beyond consideration.

- Ingest online and offline event data to stitch together a holistic view of the customer journey.

- Compare behaviours against retained or loyal customers for insights.

- Understand customer behaviours and optimise experiences across the journey (i.e. web, call centre, chat).

- Retarget across devices based on unified, actionable profiles with advanced segmentation and personalisation capabilities.

- Rapidly query the data in a flexible, intuitive interface, avoiding the need for SQL or advanced expertise.

- Uncover deep insights and seamlessly publish audiences for activation.

Key resources to share with your colleagues:

Analytics Leader

Take the fastest path to real-time customer data profiles.

IT Leader

An IT Manager's Guide to Building or Buying a CDP.

Chief Data Officer

Data, Insight, Action: Machine Learning & AI for Marketing Analytics.

Adobe can help.

Adobe Experience Platform makes real-time customer experiences possible. As the foundation for Adobe Experience Cloud products and services, Experience Platform is an open system that stitches together customer data from every interaction through every channel in real time. The result is true, comprehensive customer profiles that drive relevant experiences for every customer. And it gives you the ability to analyse the data that really matters for customer experience, to train Artificial Intelligence and Machine Learning models that put your customers first, and to connect all your customer experience technology to a single source of truth.

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