PERSPECTIVE

The Future is Predictive Advertising
The future lies in advertising based on customer preference

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Abstract

As customers, haven't we wished for businesses to smarten up and understand us even before we approach them? Haven't we wished for smarter call centers and quick response to our concerns?

Without doubt, the customer has come a long way and is much smarter and informed today. They are also more demanding and less patient now. This has given rise to a whole new paradigm for businesses – they need to become smarter than their customer and perhaps, be a step ahead. This entails a well thought through process and the right systems to be able to predict what customers want. Clearly, such predictability would up the customer experience, while helping businesses create better products and services. But achieving this predictability requires building a deep solid data foundation and importantly, knowing what data to collect and measure.

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Introduction

Reaching prospects with the right message and converting them to customers has always been a marketing paradox. Although times have changed and technology has evolved, the paradox remains.

With the onset of digital media, enterprises have come a lot closer to their customers. Word of mouth is transforming to a far stronger voice and enterprises are sitting up and taking notice sooner now than before. Although addressing customer grievance is becoming a more serious affair, the emphasis on improving shopping experience is gaining rapid momentum.

Without doubt, offline or in-store shopping experience is hard to match. But with technology and advanced digital integrations, a handful of enterprises have successfully merged the physical and online world and created the 'experience stores' that offer enhanced customer experience and value. To do so, understanding the online medium is essential. Multiple factors – website layout, ease of maneuver, management of shopping cart, payment options, ease of search, among others – influence customer experience in the online medium.

Finding Answers

How does an enterprise drive clicks to their website or reach zillions of customers while ensuring that the content or campaign is relevant and the probability of conversion higher? Traditionally, the answer would be by analyzing your customer data, customer behavior, buying pattern, and more. Today, the scope of analytics has expanded exponentially and given rise to predictive advertising. Although not a new concept, predictive advertising was earlier limited to specific events such as birthdays, anniversaries, etc.

Only now, technology has made it possible to explore and visualize data and gain a whole new perspective about the customer. In fact, many enterprises have been experimenting with purchasing trends and predicting future buying patterns. For instance, a UK-based retailer achieved some success in crunching data, predicting customer buying patterns and utilizing this knowledge to devise targeted advertising. Targeted advertising has gone through a phased transformation from cookies to predictive advertising.

Ad placement based on information collected over a period of time

Ad placement based on information collected on a real-time basis

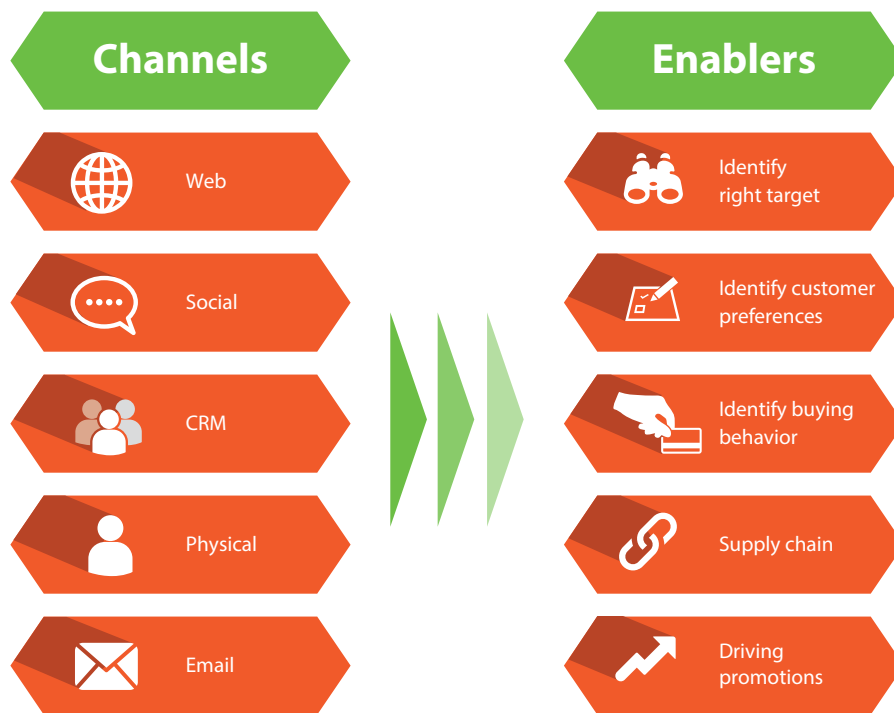Ad placement based on monitoring behavior and predictive analytics

Predictive Advertising

Predictive advertising is a future state and requires a strong digital foundation. The digital world is largely fragmented today with multiple components and data sources. What connects or disconnects an enterprise from their customer is 'data'. However, collecting data can be complicated given its spread across systems, cultures, demography and various other parameters. It is this spread of data that makes it important for the enterprise to understand what needs to be collected and measured. Unstructured data can give rise to unnecessary complications and lead adverse outcomes. Investments in data analysis could soon become an unmanageable overhead expense with no substantial outcome.

Therefore, clarity on the objective of collecting data is key – what is the end goal? Is it to improve customer experience, increase customer loyalty, measure brand awareness, or improve sales? Defining the goal gives a clear direction for the parameters to be tracked, data connectors to be established, and data models to be built to analyze the data.

In the digital world, data can be collected across multiple channels with possibilities of making quick changes based on the information collected and analyzed. Shorter turnaround time for making changes in targeting and ad placement helps drive the desired results.

Channels

- Web
- Social
- CRM
- Physical
- Email

Enablers

- Identify right target
- Identify customer preferences
- Identify buying behavior
- Supply chain
- Driving promotions

To ensure that the changes are effective, it is important that relevant data is collected from multiple sources and analyzed to be actioned appropriately.

We have identified five distinct channels and enablers that can help drive predictive advertising. The channels and enablers can be used in a combination of two or more.

Use case: Designing advertisement for buyers

S.no.	Action and expectation	Actor(s)
1	Logs into the portal with user name and password	Customer
2	Portal notifies the CRM system of customer login	CRM Analyst
3	CRM system throws the past login details	CRM Manager
4	Data is analyzed to show past usage and buying preferences – customer is found to have disparate buying patterns and buying behavior	Data Scientist
5	Send ad notification for AMC / Promotions for the last product or service, or, for product upgrade, or for accessories, or others	Data Scientist
6	Portal sends notification that customer has dropped off without a purchase	Web Analyst
7	Emails with the ad notifications / promotions sent to the customer	Campaign Manager

Conclusion

Based on our experience across customer services and the digital medium, we believe the following simple steps are essential to build an effective predictive advertising model:

Know what to collect and measure

Get an end-to-end view of your data and an ability to build connectors

Identify key parameters critical for executing successful ad campaigns

Build customer-centric processes to cater to the connected customer

Ensure an integrated approach for digital channels

About the Author

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Gopa has 10+ years of experience in managing operations and consulting projects in the digital space for enterprises across Internet, Pharma, Manufacturing and Retail industries. He is the founding member of the Digital Business Services practice at Infosys BPO. In his current role Gopa works as the pre-sales lead for the DBS practice.

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