

Predictive Insights in Consumer Marketing:

A Guide for
the Retail Sector





Retail pioneer and magnate Harry Gordon Selfridge famously declared that 'the customer is always right'.

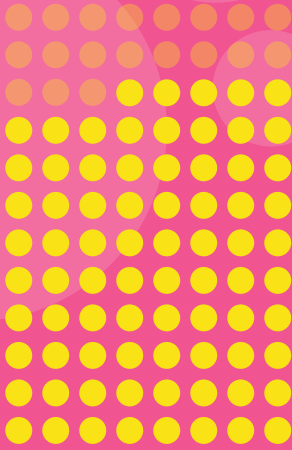
This has been adapted to the popular phrase, 'the customer is king', emphasising the important role of customer choices and behaviours in the success of a retailer. More recently, industry leaders have proclaimed that data is the world's most valuable resource as more services became digitised. So in the retail 'kingdom', if the customer is king, customer data must be the crown jewels. Commercial success depends on how well this precious resource is used.

Understanding and predicting customer behaviour has always been a key concern for retailers. From knowing which way the shopper is likely to turn when they enter a physical store (and therefore where to position 'premium' items), to what lighting and ambient music is likely to subtly entice shoppers to complete their purchases. These decisions were based on how customers acted as a group, but customer data allows retailers to drill down to the individual level – both in-store and online.

Using these insights, predictions can be made on what incentives the shopper is most likely to respond to and how they like to shop (for example, if they tend to browse and read reviews before completing a purchase or are more compulsive in their behaviour). Tailoring the approach will ultimately improve the chances of the shopper completing a purchase and returning to the retailer in the future.



Online vs offline vs both



80%

of organisations believe that personalisation driven by AI and ML will be welcomed by customers over the next few years. ¹

Despite the ongoing rhetoric of the booming ecommerce market versus the fading brick-and-mortar stores, the future seems to lie between the two. Most retailers have an ecommerce platform and even brands who have famously dominated the online market have recently opened physical stores. The challenge lies in **merging the customer experience** to ensure that it is cohesive and consistent across the two. This involves the accumulation of every single touchpoint between the customer and retailer across physical and digital channels. Analysis of this information will then allow marketers to add depth to their understanding of the customer and inform the ways they communicate.

The Tealium AudienceStream Customer Data Platform brings this information together and its value can be used by multiple teams across the organisation through myriad technologies – ultimately building a **more customer-focused** and responsive business. Internal teams can truly work together to become collectively stronger in all communications.

Using this data, retailers can **alter recommendations** and product suggestions to be more in line with the customer preferences based on purchase history. Ultimately, the customer will feel more in tune with the brand and more likely to shop with them again.

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Analytics unlock insights

Delivering this **cohesive experience** relies on the intelligent analysis of data using artificial intelligence (AI) and machine learning (ML). The past behaviour of customers acts as an accurate predictor of future behaviour. In simple terms, machine learning measures the behaviours of an individual customer today against the past behaviour of millions, to allow you to steer that customer towards a better outcome. We call it predictive insights.





In a survey conducted in 2020, when asked about significant barriers to adopting or getting value out of AI/ML in their organisation, respondents flagged: ²

A LACK OF SKILLS OR KNOWLEDGE

31%

POORLY INTEGRATED DATA AND SYSTEMS

28%

AND A LACK OF TRUST OR CONFIDENCE

23%

Wrangling the vast amount of customer data that retailers hold can represent a significant challenge, especially when it comes to connecting the dots. Accurate, personalised, effective marketing demands integrated data. Machine learning demands integrated data.

Applying these insights allows retailers to focus their efforts on **activities that drive conversion rates** and tangible results. The approach can be personalised to the individual customer's needs and preferences, flagging when to nudge customers towards completing a purchase or halting ineffective advertising by predicting a consumer's likelihood to purchase.

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The use of data will play a central role to **future-proofing the retail sector**. It's time for retailers to put the data it holds on its customers to good – and profitable – use.



Connect Data So You Can Connect With Your Customers

[Tag Management](#) | [API Hub](#) | [Customer Data Platform and Machine Learning](#) | [Data Management](#)

Tealium connects customer data— spanning web, mobile, offline, and IoT devices— so brands can connect with their customers. The Tealium Customer Data Hub encompasses tag management, an API hub, a customer data platform with machine learning, and data management solutions that make customer data more valuable, actionable, and secure. Tealium Predict ML uses the power of machine learning to predict the likelihood of any customer behaviour you're tracking in the Tealium AudienceStream Customer Data Platform. With Predict and AudienceStream, you can anticipate when a customer will make a purchase and take action to increase revenue, or identify prospects who won't purchase and suppress them from advertising to save costs. Power your whole tech stack with predictive machine learning insights when you choose a machine learning-powered customer data platform.

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