THE RETAILERS GUIDE TO SUPERIOR CUSTOMER RETENTION & MONETIZATION

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Introduction: Proper Insight Lets You Effectively Remarket to Your Customers

Retailers want to know everything there is to know about their customers – but can't. They struggle to remarket to customers because they fail to understand and anticipate their wants and needs, despite a clear mission statement to present can't-turn-down offers to the right customers at the right time.

Retailers know it's five times more cost-effective to retain a current customer than it is to acquire a new one, yet only 16% of companies make remarketing a top initiative – and that's because they can't do it effectively.

The reason: Retailers have troves of customer data for remarketing but can't use most of it because it's hard to identify, unify, cleanse, enrich and analyze customer data that's dirty, found across dozens or hundreds of channels and is constantly streaming in. It's so hard that:

> Most companies analyze only 10-15% of all customer data.

> The data passed for analysis is often weeks or months old.

Why focus on Retention and Monetization?

> Most marketers know that it is 5x more cost-effective to retain an existing customer that to acquire a new one, yet only 16% of companies put their primary marketing focus on customer retention & monetization.

" 80% of your company's future revenue will come from just 20% of your existing customers. "

– Gartner

" Probability of selling to an existing customer is 60–70% versus 5–20% to a new prospect. "

– Marketing Metrics

" Existing customers are 50% more likely to try new products & spend 31% more when compared to new customers. "

– CMO.com

" Increasing customer retention rates by 5% increases profitsby 25–95%. "

– The Loyalty Effect

Beyond poor data quality, most retailers also must make do with poor analytic systems that don't come close to analyzing complex omnichannel customer behavior.
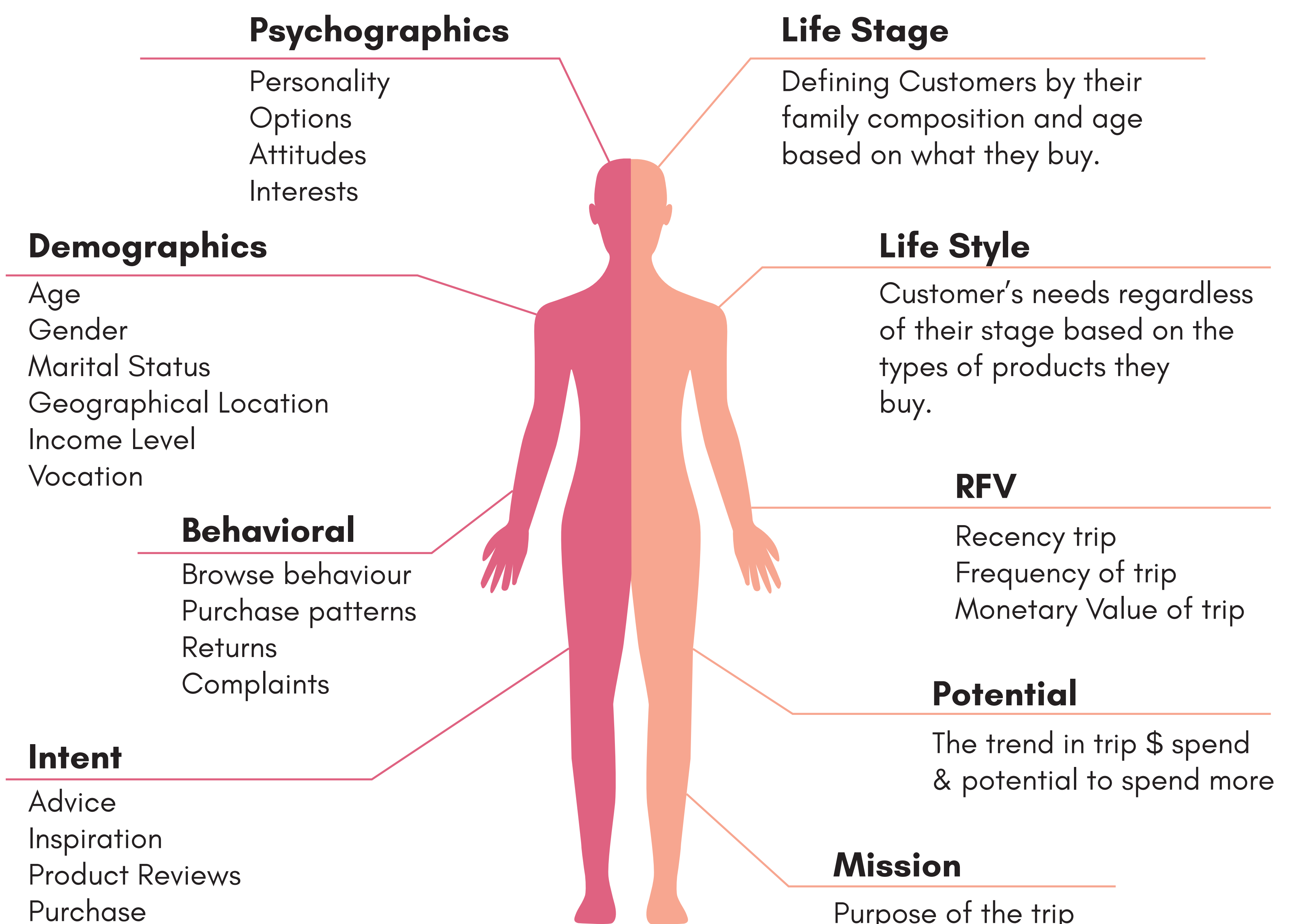
Retailers thus work at a massive disadvantage: They innovate, plan, strategize, market, sell and communicate without a clear understanding of their customers. They end up with hundreds of thousands, or even millions, of customers who say,

"You don't know me. Your offers don't make sense. And I thought I was a valued customer."

The Importance of Customer Analytics

To truly understand a customer, retailers must look at a portrait of each customer that's created through four sets of information and five lenses, which, in turn, categorize how he or she will interact with your brand.

Do you know each of your customer well at all times?

Psychographics

Personality
Options
Attitudes
Interests

Life Stage

Defining Customers by their family composition and age based on what they buy.

Demographics

Age
Gender
Marital Status
Geographical Location
Income Level
Vocation

Life Style

Customer's needs regardless of their stage based on the types of products they buy.

Behavioral

Browse behaviour
Purchase patterns
Returns
Complaints

RFV

Recency trip
Frequency of trip
Monetary Value of trip

Intent

Advice
Inspiration
Product Reviews
Purchase

Potential

The trend in trip $ spend & potential to spend more

Mission

Purpose of the trip

Granted, it seems like a lot of customer data to collect and analyze: basic demographic information on age, gender, marital status and income; psychographic details on personality, interests and attitudes; behavioral patterns gleaned from browsing, purchases, returns and complaint histories; and intent that's seen through online advice and product reviews. But once all that data comes into focus, in near-real time, retailers have a clear view on the insights that best predict customer behavior.

As a retailer, you'll be able to define customers by their family composition and age and understand their needs, all based on the products they buy. You'll intimately know how often they buy from your stores and online channels and how much money they're spending. And you'll fully realize their potential to spend more.

This is where effective customer analytics can work its magic. The ability to find the right customer data, and then curate, analyze and act on it creates a complete and near-real time perspective of a customer.

Remarketing and retention efforts aren't made blindly anymore, but instead are crafted in the context of insight that highlights known customer histories and tendencies.

This eBook reviews how the challenges of customer analytics prevents proper remarketing and how your retail business can clear those hurdles in just four steps. These steps will help you retain and monetize customers in ways you didn't believe were possible. Follow these four steps – finding the right customer data, curating it, analyzing it, and acting on it – and you will finally have the insights to know your customers.

Challenges That Hinder Customer Analytics and Retention:
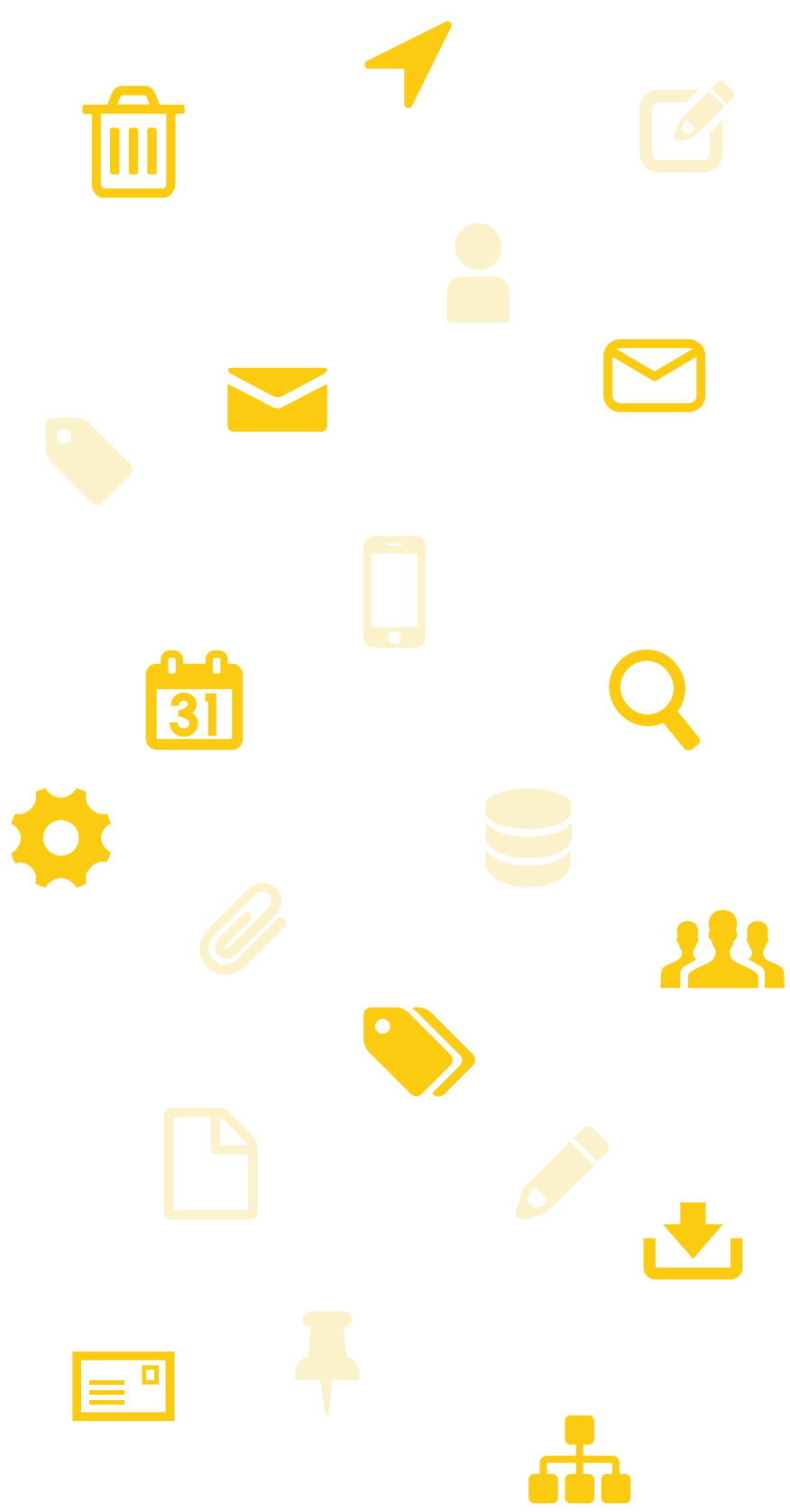
The Customer Data Problem

There's no way around it: Retailers can't retain their customers because they don't have insight on them. Without insight, they can't focus on the lifetime value of a customer – the key to successful remarketing – and instead pursue short-lived marketing efforts, like sending an email just for the sake of sending an email that offers a one-size-fits-all discount.

The customer insight problem stems from several hurdles that retailers haven't been able to clear.

Outdated legacy systems force retailers to rely on manual, ad-hoc efforts to sort through and analyze the

troves of customer data collected from social media APIs, website forms, in-store transactions, back-office record keeping, IT logs and many other sources. Some retailers hire data scientists and engineers to do the work. Despite their analytical gifts, they are human and can't keep pace with all the customer data being created both inside and outside their company.

Tellingly, companies analyze only 10% of their collected data. At that, it takes them weeks – sometimes months – to curate and clean the data before they can analyze it. Too little data, too late creates a major customer data problem.
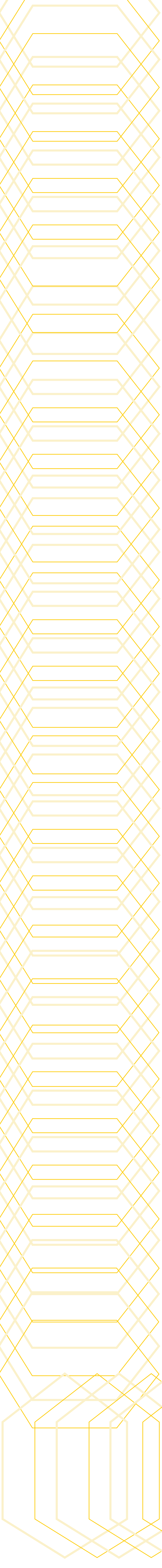
Customer Data Problem

Marketing Ops need easy & instant access to volatile, omni-channel customer data, but:

✓ Marketing Connections in vast amounts of inconsistent data is difficult.

✓ Current manual, ad-hoc efforts relying on armies of data scientist & engineers is slow and inefficient.

✓ Data Quality continues to be big challlenge.

*Most companies analyse only **10-15% of their customer data** & take weeks to do so.*

Challenges That Hinder Customer Analytics and Retention:

Data Locked Into Silos

Companies have another challenge: Data that's locked in silos by channels creates an extremely inaccurate view of customer behavior. The first figure below shows what companies believe their technology is doing: neatly collecting and curating the research, purchase histories and otherwise of customers' interactions with their brands. The view on the bottom shows the actual view of the customer across channels. Not only is the customer journey distorted on the top, but customers can be treated quite differently by channel as if they were entirely different people.

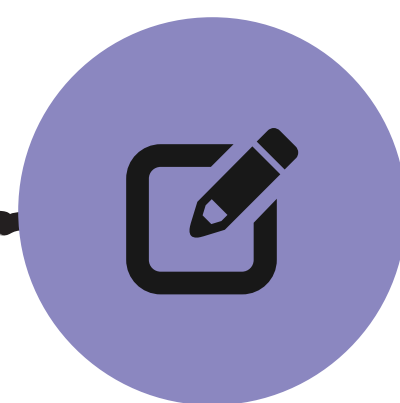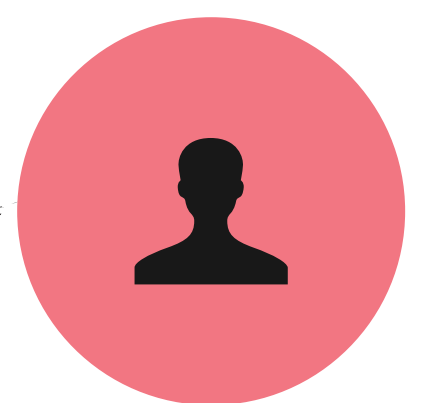# Zylotech Platform enables Customer 360 view

How it appears?

Online

| Email | Search | Reviews | E-commerce | Customer Care |

Mobile

| Display Ads | Social Media | Project Video | Price Scan | Mobile Commerce | Social Sharing |

In Store

| Print Ads | In-Store Browsing | Guest Wi-Fi | In-Store Demo | Return & Exchange | Loyalty Program |

What happens in reality?
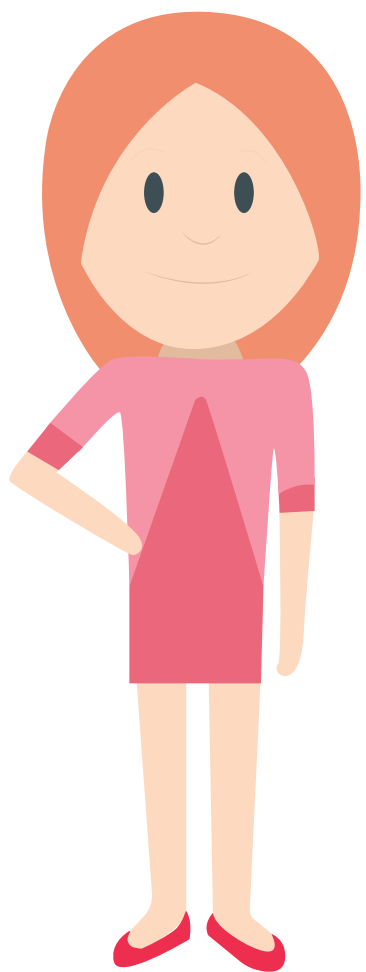
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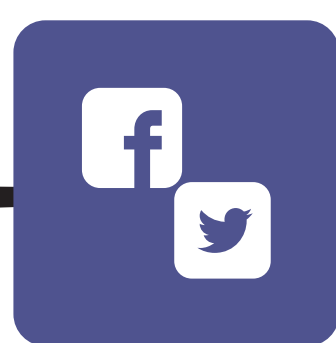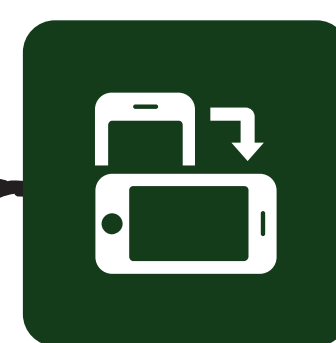*Display Ads*

Social Media

Project Video

Price Scan

Mobile Commerce

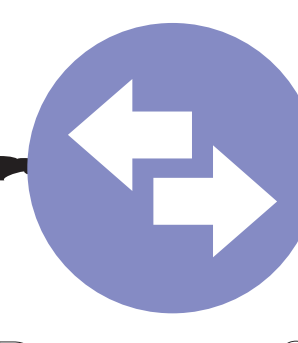*Social Sharing*

In Store

Print Ads

In-Store Browsing

Guest Wi-Fi

In-Store Demo

Return & Exchange

Loyalty Program
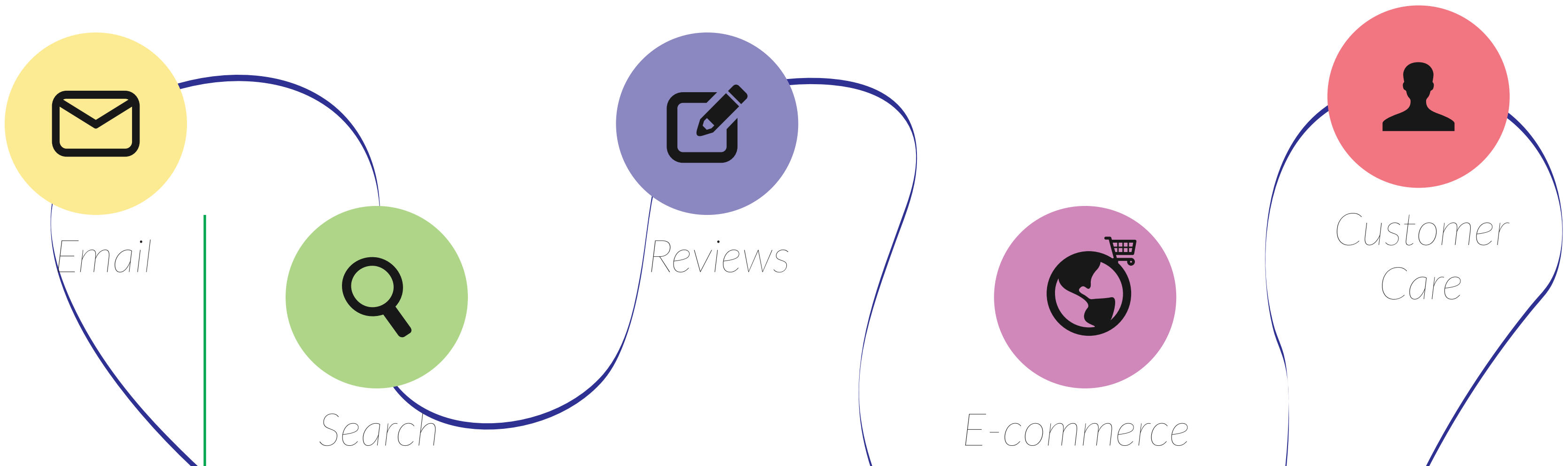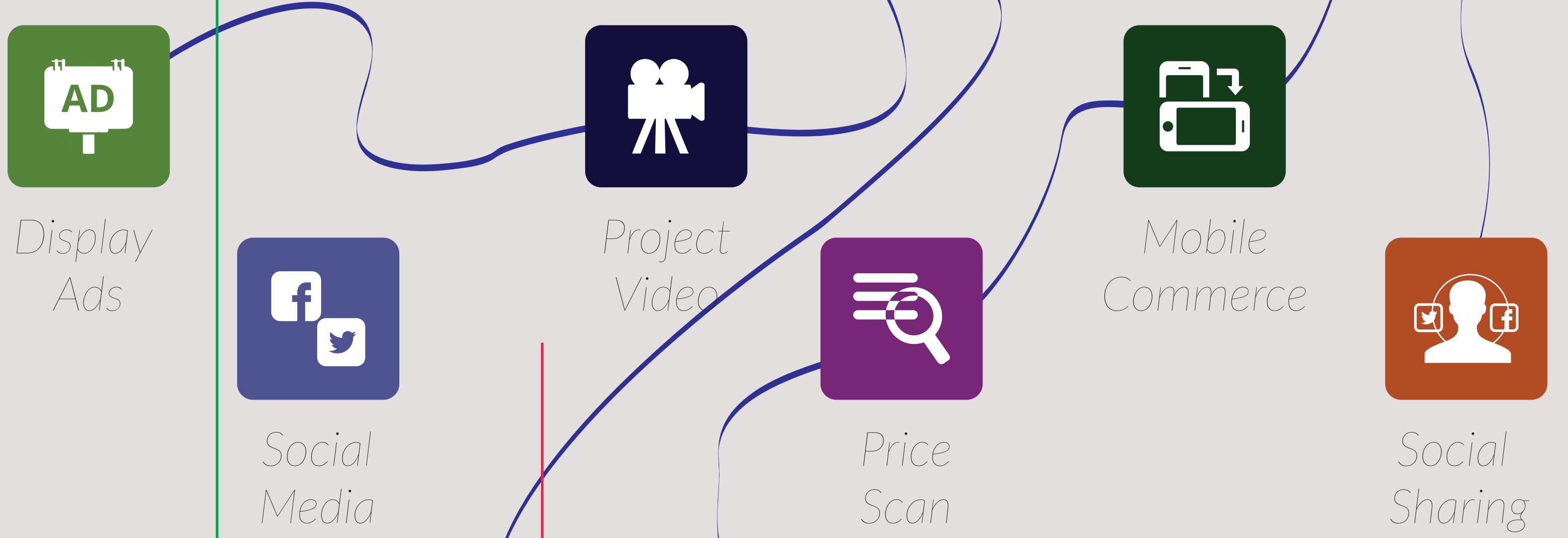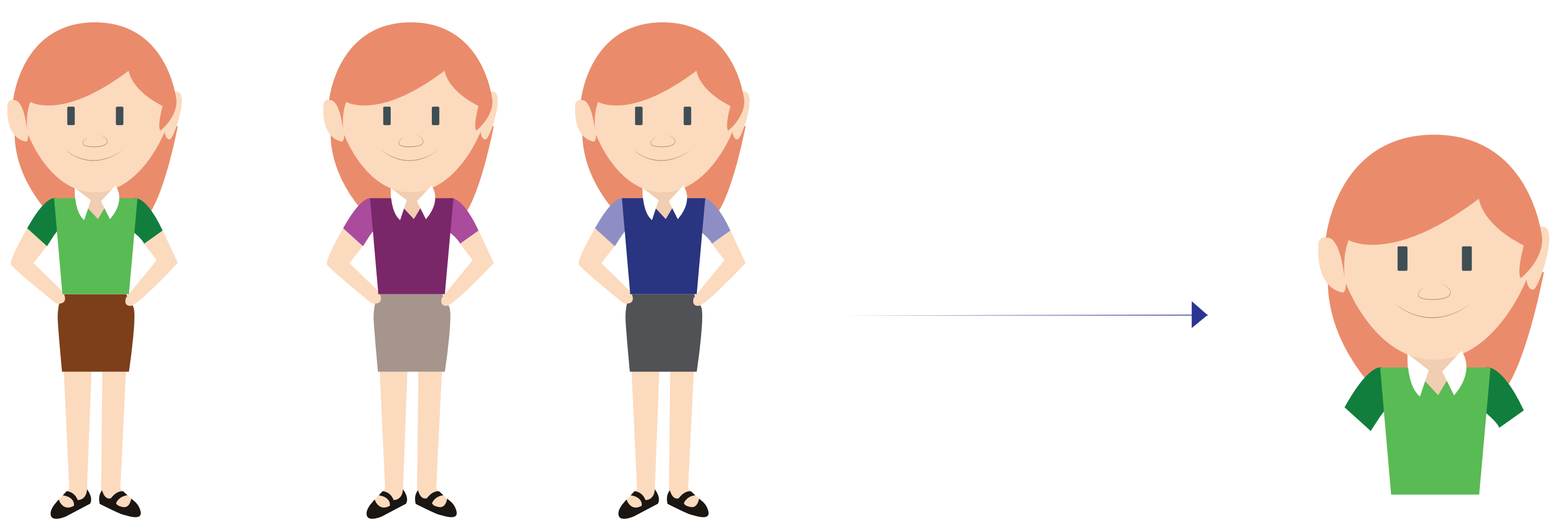
Challenges That Hinder Customer Analytics and Retention:
The Customer Insights Problem

Customer Insights Problem
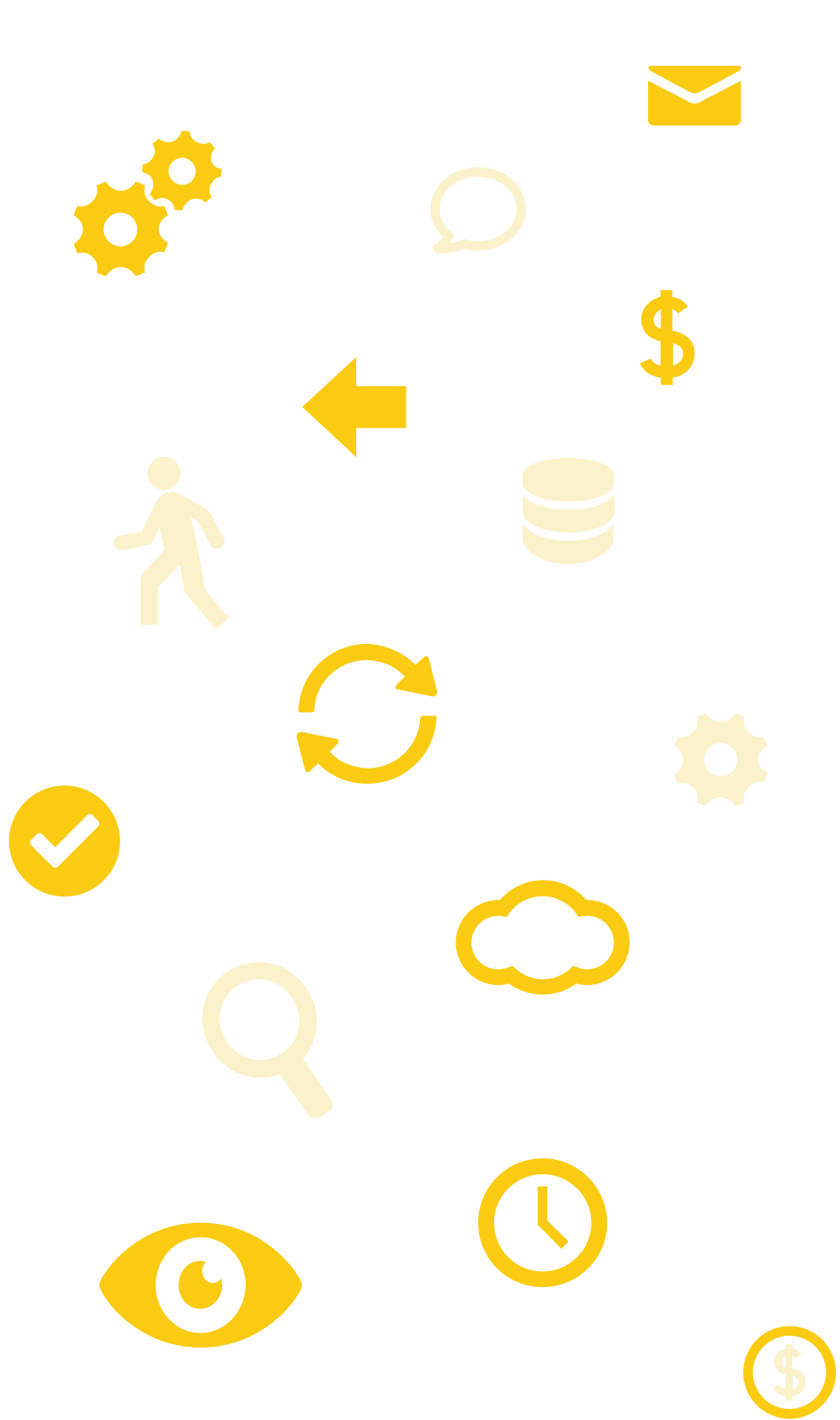
Marketing campaigns are running on broad rules, limited data, but without deep insights:

- ✓ Segmentation and Propensity is **not dynamic** deep or continuous

- ✓ **Arbitrary** business rules on Customer segments& Personas

- ✓ Re-marketing is **not in sync** when customer stops buying or behaviour changes.

Companies spend more on Customer acquisition, fall short on retention marketing

Retailers with contemporary marketing technologies still can't win because they're typically relying on inadequate automated systems that lack punch because they're based on broadly-defined rules and limited data, instead of defined guidelines that would produce clearer and deeper insights. Also, segmentation and propensity profiles of prospects and customers are not dynamic, deep or continuous.

Retailers can't continue to rely on muddy, perishable data and poor analytics. Consumers have changed their minds probably three times by the time a retailer's marketing team has the dated, flawed analytics in hand. Remarketing is out of sync. Instead of offering personalized sales that attempt to create lifetime value, retailers have instead lost those customers and don't know why they left.

Best Practices
for Optimizing
Customer Analytics

Your retail business can finally get a handle on customer analytical processes that have long seemed chaotic, slow, indecipherable and ineffective. There's no need to continue feeling overwhelmed by large volumes and disparate types of data that your existing systems can't analyze in a timely manner.

"Advanced analytics, delivered through artificial intelligence (AI), machine learning and cognitive computing offer a new way for retailers to find the needle of customer insight in haystacks of data."

Worry no more: Advanced analytics, delivered through artificial intelligence (AI), machine learning and cognitive computing offer a new way for retailers to find the needle of customer insight in haystacks of data. With this technology, your retail business can easily follow these four steps to optimizing your customer analytics processes. You'll have the insight to finally help you best understand large and small segments and groups of customers so you can remarket them and optimize their long-term value.

Step 1: Find the Right Customer Data

Retailers know it's five times more cost-effective to retain a current customer than it is to acquire a new one, yet only 16% of companies make remarketing a top initiative – and that's because they can't do it effectively.

The trick is knowing which data to find among your internal databases and external channels: all the applications, social channels, legacy systems, software-as-a-service platforms, IT databases and third-party sources that collect information on your behalf.

To pinpoint that data, your retail business should first know which business questions you're trying to answer. Are you targeting professional females or stay-at-home mothers with a sales promotion? If a type of customer behaves a certain way on a mobile channel, will he or she react to a promotion on that channel, or should the pitch still come via email? Only with the answers to these questions can you soundly establish which data to look for.

Step 2: Curate Your Data

Curation is a big challenge for retailers because it's a difficult process just to move data over the walls of departmental and channel silos in the first place. But data curation is a step that shouldn't be avoided. Curation manages data throughout its lifecycle and ensures it is available at any time.

To properly curate, multiple data sets from different sources should first be catalogued and linked before they can be used by analytics tools. Raw data has duplicative words and numbers, misspellings and split columns – all this must be fixed. Many times, additional data needs to be added to the main set of data to provide more context on a customer.

Also, some marketing tools can curate data, but they're not designed to grab data from dozens of internal databases and external channels. And some systems require programmers to read the data, but they're not in tune with what marketers want and need.

It's essential to use a solution that can identify data specific to each customer and then unify, cleanse and enrich it so you can act on it. Solutions powered by AI, the new driving force of customer analytics, can effortlessly curate large blocks of data. AI smartly informs curation processes by filtering relevant data for appropriate decisions, predictions and actions, merging and cleaning data sets at a rapid pace.

Step 3: Analyze Your Data

With clean, segmented data, you can now analyze it for golden nuggets of insight. This should tell you flat-out how customers engage with your products and services. You'll see why they choose you over other retailers, and see why the unhappy ones are about to choose another other retailer. You'll see why marketing efforts have succeeded and failed.

Analyzed data generates metrics that measure how effectively your brand connects with customers: predictive, churn score, propensity score and others. These important metrics answer the questions you have about customers: What you should do with each customer? How do you see them? How should you see them?

This insight will not only determine where a customer is within the sales funnel, but will help predict his or her actions and reactions in the future. When your run campaigns, the metrics help you self-correct; you improve the process. AI further improves customer insight. It closes the loop you've long wanted to close.

Step 4: Act on Your Data

The sheer volume of your customer data might seem daunting, but analytics lets you separate all those customer insights so you can put the information into action.

How to put your data into action?

You can separate customers into specific groups – or "cohorts" – placing people with certain characteristics into small groups so you can craft tailor-made but still large campaigns based on their shared specific histories and traits. Cohort analytics drills down into data to illuminate these groups and lets you better understand their collective behaviors. You can, for example, review data only about

customers that purchased products that were tied to promotional deals, or those who upgraded products only after receiving three free months of a service plan.

Without this separation, you would otherwise not notice that cohort "group A," for example, abandoned your digital app after taking advantage of the sale tied to the service plan, while cohort "group B" used the app more frequently after getting a deal on the service plan. Seeing how groups behave lets you separate loyal customers from less loyal ones and plan marketing and sales campaigns accordingly. If fickle customers return only when you have sales on shirt and tie combinations, you can determine if the ROI on that campaign is worth the effort.

Analytics lets you dig even deeper into data and separates customers into small segments. Known as micro-segmentation, this separation lets you have a refined focus on your many groups of customers and plan micro-marketing campaigns that appeal to their specific tastes.

Customer Analytics in Action

Consider these two customers: Christy and Madison are both in their early 30s, each has an infant son, and both have occasionally purchased the same baby products. A retailer might think it doesn't need to dig much deeper for any differing insight on Christy and Mary and proceeds to offer the mothers the same deals on the same product.

Thanks to advanced customer analytics, your near-real time customer insight on Christy and Mary reveals you should treat them differently. Christy is brand-conscious and will scoff at private-label baby food, while Mary is, in fact, cost-conscious and will act on your offer for discounted generic baby food.

That's what customer analytics creates: an opportunity to study cohort and micro-segmented data, enabling you to better target and retain customers based on tastes and actions that are evident only with clear and timely insights.

Ongoing
Behaviour
Data

Connected
Cohorts

Customer Insights
+
1:1 Marketing
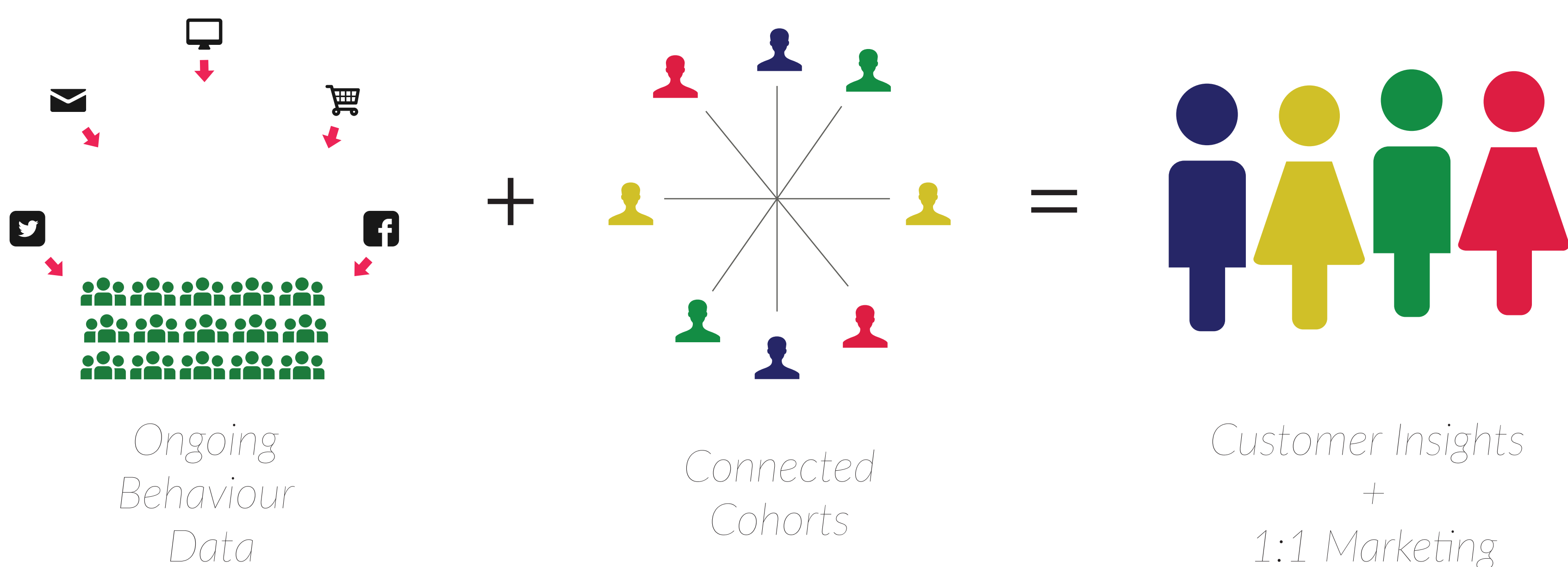
Summary: Retaining and Monetizing Customer Relationships With Ease

With an advanced analytics solution that finds, curates and analyzes your data in near-real time, you can take advantage of this enriched data in your preferred BI or reporting tool. You'll finally be able to make proper use of your data: all that customer information from CRM, transactions, mobile apps, websites, third-party

Advanced customer analytics provides the deep insight to better understand the who, when, where, what and why of customer behavior and how that insight can now be applied to cohorts and micro-segmented groups.

Propensity measurements become easier to form: You'll have a clearer and continuous record of how different customers behave to offers and products. Clarity, after all, is what every retailer would love to have on customers. Advanced analytics also informs churn predictions, allowing you to detect customers who have become dissatisfied. With that insight, you can act fast and recapture their interest.

With unified, enriched customer data, you can focus a tight or wide lens on your customer base and run marketing campaigns based on rules that will create specific, smart insight. You can act at a customer level of your choosing, based on a propensity score that best suits the type of campaign.

Suddenly, your customer outreach programs and marketing campaigns will run on a loop that's reinforced by insightful, focused data that continues to be enriched with each new capture, curation, analysis and action. You'll be able to increase your customers' lifetime value, set a foundation for repeat sales, email

marketing messages more effectively, run successful promotions and drastically reduce churn.

Once enlightened by a full and robust understanding of customers, you will truly start monetizing customer relationships.

Analytics Opens the Book of Knowledge on Your Customers

Having a complete view of your customer isn't a privilege reserved for a select club of retailers. All retailers can legitimately understand their customers and smartly anticipate their wants and needs once they have actionable insights. A customer analytics process that gathers the data that best fits your marketing strategies, and then quickly curates and analyzes the information, will let you decisively and precisely communicate with customers and build relationships.

Many retailers wonder why they should invest in customer analytics. They either trust their current data gathering initiatives, or don't want to invest more time and money in new processes and technology. Analytics

is not complicated, and it's not outrageously expensive – but it is imperative.

Analytics carries your retail business beyond the dog-chasing-its-tail efforts of customer acquisition and instead best prepares you to retain and monetize current customers – inarguably the more important strategy because, to repeat what Gartner stressed more than a decade ago, 80% of a company's future revenues comes from existing customers.

Analytics harnesses the troves of customer data that's pouring into your organization, and cleanses and enriches all that information so that you can have the right insight to make the right decisions at the right time to the right group of customers. When your customers recognize that you know them better than any other retailer, they won't think of shopping anywhere else.

About ZyloTech

Know your customers inside and out by letting ZyloTech improve your data analytics and remarketing efforts. With ZyloTech, you can make a stylized best offer at the customer level – say, a promotional deal to a mother who only wants to buy generic baby food – or make a wider promotion to a dynamic cohort group of 30-year-old white-collar males.

ZyloTech's Customer Analytics Platform takes in and curates the data from all of your internal and external sources. Its AI-driven Dynamic Data Engine identifies, unifies and enriches all relevant data points about your brand's target customers, and its AI-driven Embedded Analytics Engine adds necessary propensity and segmentation data – delivering the clear and timely insights you need to successfully remarket your customers.

Don't let your competitors understand your customer better.

ZyloTech Customer Analytics Platform

Cleanse, Combine, Manage & Display from 5k to 50M customers across 100s of sources.

Proprietary Machine Learning IP to continuously clean and combine relevant attriutes accross numerous silos.

Self-service UI to data prep, segment, predict & plan actions.

Powers your favourite Marketing Automation & BI tool.

Business-user-driven with reduced dependency on armies of big data engineers & scientists.

Accurate predictive power based on deeper data.

Significantly reduces manual data curation & adhoc analytics work.

Get complete insight on your customers with ZyloTech.