Focus on Customer Value to re-establish sustainable growth

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Retailers have particularly suffered from upheavals brought about by the digitalization of consumer journeys and their increasing volatility. In an increasingly competitive context, retailers are seeing drops in store traffic.

The general response provided by retailers has been to intensify marketing pressure, particularly increasing the volume of emails sent and secondly, the massive use of promotions.

In short, promotions are used to attract customers for less margin at each sale, and consumers no longer appreciate the advent of mass marketing they find it pollutant and intrusive.

Retailers, looking for lost margins

To find lasting sustainability, retailers now have to start recovering their lost margins by moving towards marketing focused on the time of the consumer rather than on that of the brand and refocus each euro spent on what really brings them value today and in the future.

As we know, acquiring a customer costs up to 5 times more than buying loyalty. To find sustainable profitability, brands must, therefore **focus their efforts on the individuals they already know** and ensure that each of them brings them more

value, and secondly, **focus on the acquisition of similar customers to these high-value customers.**

Customer knowledge and personalization at the service of Customer Value

To achieve the first goal of increasing the value of their current customers, the relationship between retailers and their customers is a crucial issue. To develop an individualized relationship and be able to address the most relevant message, in particular, this requires customer knowledge.

Artificial intelligence, with almost infinite computing and analysis capabilities, provides concrete answers to the questions retailers face every day: **Who are my most valuable customers today? And tomorrow?** Which products do they like or which might please them? When do they need to be called upon to go to the store? What are their buying motivations? **Are they driven by promotion, low price or on the contrary by novelty or exclusivity products?** All these answers allow you to adapt your communication according to the context and the environment of each individual.

The segmentation and qualification models will help the marketer to create a unique portrait of each customer and to understand their specific context at the moment.

These insights can be immediately activated in the creation of hyper-qualified audiences, focused on the customers who represent a real potential of value, but also in terms of the relevance of offers and messages to be addressed.

Identify pretexts to animate each customer individually and raise interest

Through enriched customer knowledge, the marketer will be able to act on the responsiveness of their

campaigns and identify pretexts that will make sense to the customers and that will encourage them to click. This will allow brands to avoid communicating themes or products that do not interest the customer.

Customer knowledge will also enable marketers to set up scenarios that will adapt to the context of each individual: a moment of life (moving, birth, ...), customer life cycle (churn, new customer ...), weather (bad/pleasant weather,), product (product renewal).

Let's take an example. If a brand decides to destock products, marketing teams will be able to calibrate their audience by letting AI answer the right questions: who in my base is sensitive to destocking and promotions? Who is interested in the types of products? Who are my customers who live in the radius of the stores concerned?

The marketer can then adapt their relational and commercial plan according to the knowledge they have of each client, optimizing both investments (no spending for individuals who will not react), and the relevance of the relationship the brand has with its customers.

Detect and qualify purchase intentions of on-site visitors to accompany them to conversion

The reconciliation of online (browsing data) and offline data (CRM data) relating to the consumer also allows the brand to exploit hot insights for each individual and therefore optimize conversions. Through algorithmic models, **brands can detect the purchase intention of its web visitors and qualify them by identifying the product(s) which interest them the most.**

Drawing from this enriched consumer knowledge enables the marketer to ask the right questions when setting

up campaigns: What effort should be spent on this individual with regard to customer value? How intense is their purchase intention? Do I really have to ask or will the customer act without any incentive?

On-site personalization in real-time, post-navigation reminders, the campaigns will then fully exploit the personalization of the messages by highlighting the products of interest, product recommendations that correspond most to the profiles of the targeted individuals, in order to better accompany until conversion in e-commerce or in stores.

Increase communication by exploiting new points of contact on digital

On average, retailers can increase customer base contactability by 5 when contacting their customers or prospects on Google, Facebook or in display. By exploiting a digital channel, the marketer generates more commitment and the rate of re-purchase increases. It also minimizes perceived marketing pressure on these touchpoints.

Find best value customers and bring value in the future

To ensure the long-term health of its base, the marketer must also be able to deploy acquisition campaigns that will allow them to recruit individuals **who will be the most likely to have greater value and give margin to the brand.**

Artificial intelligence can find insights within historical data regarding the best customers, that will allow the brand to understand who these people were at the beginning of the relationship with the brand and especially what led them to become its best customers. They constitute **the typical portrait of the «future best customer».**

The marketer will be able to focus their efforts and their budget on «look-alikes» of the individuals who bring the most in the future while personalizing the communications with product recommendations.

In short, retailers have every interest in exploiting customer knowledge and artificial intelligence to identify and focus their efforts on high-value customers and to target consumers who resemble them.

By creating an individualized and consistent relationship on all contact points, they will be able to increase customer value and regain control of their margins.

PREPARE YOUR 2020 STRATEGY BY FOCUSING ON THE DEVELOPMENT OF CUSTOMER VALUE

At Advalo, we believe in our ability to help you ensure long-term growth both in terms of revenue growth and increased margin per customer.

The first step in setting up a data-driven strategy focused on customer value is to carry out a study of the CRM database, in order to better understand who its customers are and what value they have and will have in the future.

A simple RFM study is no longer enough: through artificial intelligence and advanced segmentation models, Advalo helps you understand the DNA of your customers, identify your high-value customers and predicts which customers you will need to focus your efforts on, and customers who have the most potential to buy your products while leaving a margin.

This simple and quick set up study will allow you to:

- identify the most valuable customers within the CRM database and predict their future value

- prepare short-term actions that generate the most traffic and store sales

Advalo can help you design your 2020 action plan by leveraging your data and artificial intelligence to sustainably increase customer value.

Request your study on the customer value of your CRM database