DIGITAL ALCHEMY

Hyper-personalization accelerated

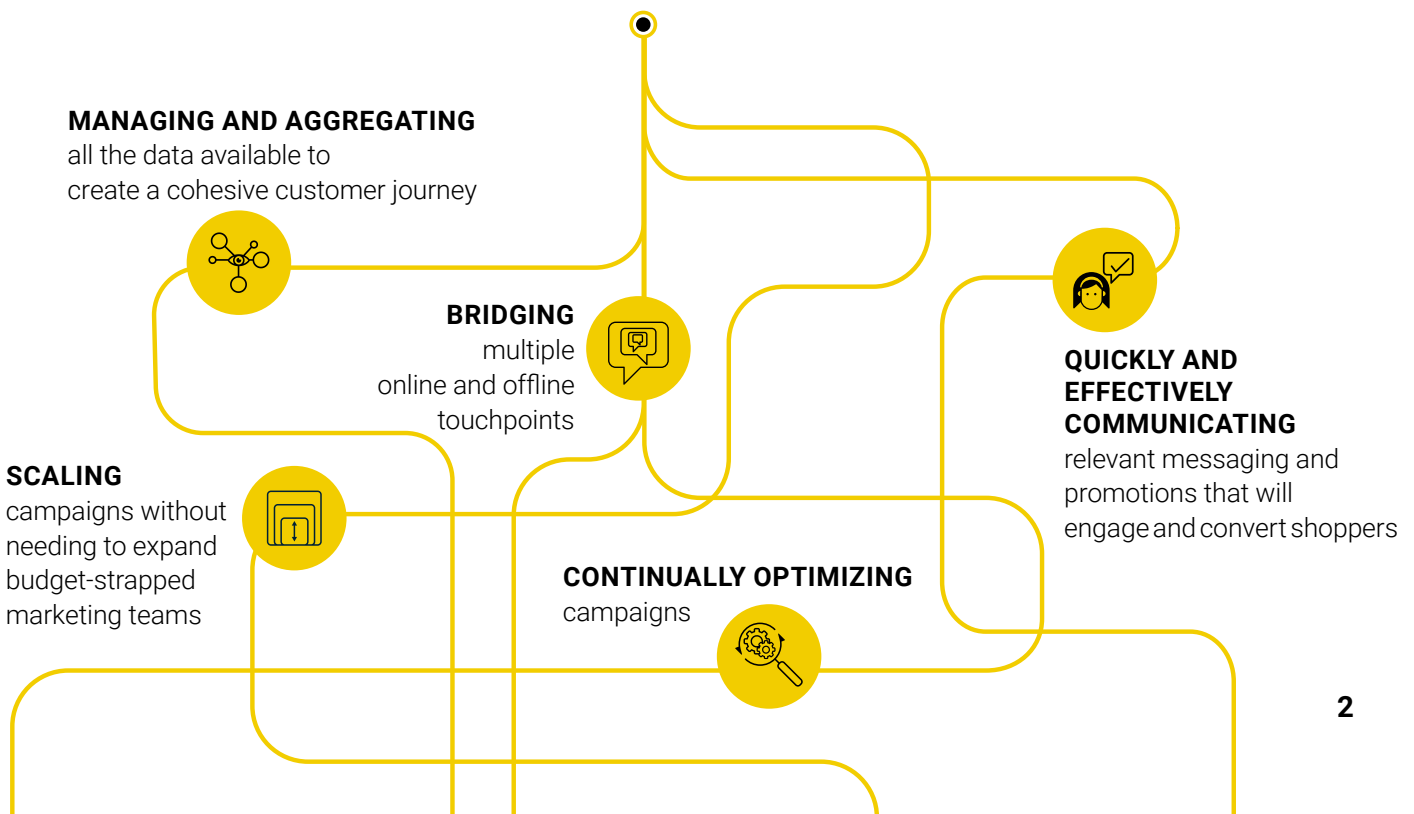# Retailers know where they need to go, but are challenged how to get there.

For retailers, the path to success is no secret. Creating customer-centric experiences leads to better engagement, which drives sales, profitability and ultimately greater customer loyalty.

The key to delivering these experiences in today's hyper-competitive landscape is hyper-personalization: understanding shoppers' preferences and behaviors at a granular level at every moment along their purchasing journey, and then using these insights in real time to target people and provide them with contextually relevant messaging and promotions.

But just because the destination is clear – and the methods such as hyper-personalization to travel there are established – it doesn't mean that the journey is any easier. Given limited budgets and staffs, and the complexity of today's MarTech stacks, how can retailers realistically accomplish hyper-personalization at scale?

The path is marked with countless challenges for retail marketers

MANAGING AND AGGREGATING
all the data available to
create a cohesive customer journey

BRIDGING
multiple
online and offline
touchpoints

QUICKLY AND EFFECTIVELY COMMUNICATING
relevant messaging and
promotions that will
engage and convert shoppers

SCALING
campaigns without
needing to expand
budget-strapped
marketing teams
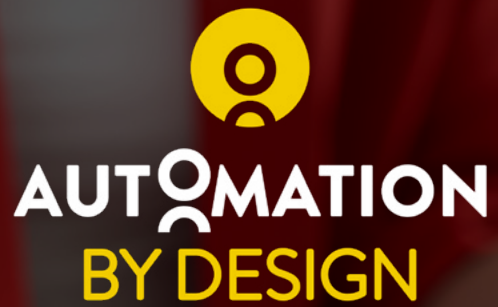
CONTINUALLY OPTIMIZING
campaigns

The answer is Automation by Design, a proven framework that makes hyper-personalization actionable and scalable. It offers the tools, templates and practical guidance that enables marketers to venture down the path to greater engagement and conversion.

In this e-book, discover how to efficiently implement hyper-personalization by combining Digital Alchemy's IP over an analytically driven modern multichannel marketing hub, such as SAS Customer Intelligence 360, to keep shoppers returning to your stores.

Automation by Design provides:

- Industry-specific data models

- Reusable campaign libraries and a behavioral framework that leverages psychological traits to ensure high-performing communications – all automated and managed with AI-driven decisioning

- Optimization and control framework for continuous improvement of campaign communications and promotions

360°
SAS® Customer Intelligence

AUTOMATION BY DESIGN

Hyper-personalization isn't a destination.

It's a journey.

True hyper-personalization is more than tailored communications and timely promotions. If it only took a well-placed pop-up ad or well-timed email – two tactics most retailers can do with ease – to meaningfully engage customers, then brands would find more consistent success in converting customers.

Instead, hyper-personalization is an always-on journey. Shoppers move from online channels to physical locations constantly; inventory levels are always changing; a marketer's tech stack may include dozens of applications at any given time.

To ride this ever-changing wave, marketers need powerful and flexible technology as well as a clear framework that can point them in the right direction – even as directions shift – and help them use their technology to its full potential.

The goal is to engage customers at the right time with the right offer in the right channel. What is meant by "right?" Simply, it means using data to make decisions: choosing a time and channels based on historical preferences, and selecting offers with a high probability of engagement.

Right time, right offer, right channel: a systematic process

1. DATA COLLECTION
Quality data is required as a solid starting point for analyzing and understanding customers in depth.

2. PERSONALIZED OFFERS
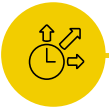Providing relevant offers to each customer based on historical patterns and behaviors.

3. PERSONALIZED MESSAGING
Tailoring the message and content to motivate customer behaviors.

4. OMNICHANNEL MARKETING
Taking advantage of multiple channels to create seamless customer journeys.

5. TIMING
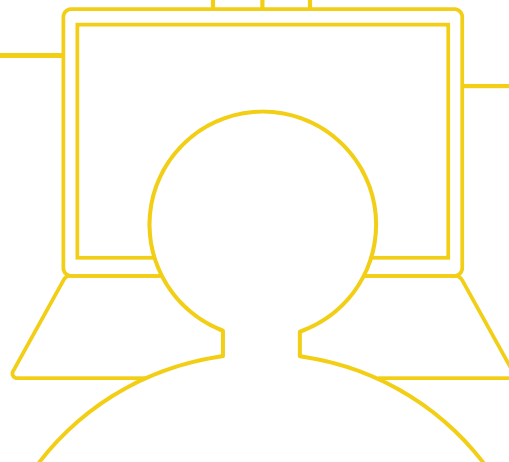Creating a dynamic customer experience at the right time through automation at scale.

6. CONSISTENT TESTING
Generating hypotheses to test in order to track responses and measure success.

Together, these six components contribute to:

INDIVIDUALIZED, OMNICHANNEL EXPERIENCES

INDIVIDUALLY OPTIMIZED COMMUNICATIONS

CONTEXTUALIZED, GEO-LOCALIZED OFFERS

DEMOGRAPHIC DATA

RIGHT TIMING

REAL-TIME DECISIONING

Take control of hyper-personalization with Automation by Design.

AUTOMATION BY DESIGN

How can retailers take hyper-personalization as an abstract concept and put it to work in the real world? That is, transforming an idea to a campaign in less than 5 days consistently and easily. Selecting content and offers based on individual customer attributes, not just customer segments. Deciding which campaign a customer receives when they are eligible for two or more campaigns at the same time.

Automation by Design is the framework that simplifies and accelerates hyper-personalization, providing brands with the flexibility and efficiency to grow their market position in a constantly shifting retail landscape.

Uniting the strategic and technical sides of hyper-personalization, Automation by Design consists of three streams:

DATA MODEL

Set the basis for outstanding outcomes: Simpler campaign designs, plus automated segmentation and pathways to match segments with the right campaign.

MARKETING DESIGN

Leverage hundreds of industry-specific, reusable templates to accelerate always-on campaigns.

OPTIMIZATION & CONTROL

Construct data-driven optimizations to provide next-best offers (NBOs), improve communication accuracy, and ensure communications are sent based on user-provided permissions.

DATA MODEL

Integrate and manage offline and online data

Despite strengthening privacy standards and the disappearance of third-party cookies, shoppers are generating much more data, in more channels than ever before. For example, it takes multiple separate touchpoints for someone to purchase a product – going from the website to an app to a physical store in some cases, leaving a trail of data at every step.

All this customer data needs to be streamed, processed and acted upon in real time to facilitate AI-driven analysis and hyper-personalization. The Automation by Design framework helps you set up data models that integrate multiple customer data streams to ensure that the data is marketing-ready.

The Automation by Design Framework

How to DESIGN your data
Industry-specific data model and structure
Organize and structure data ready for marketing and analytics consumption, removing the burden from the marketing teams.
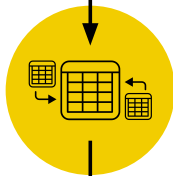
How to PREPARE your data
Segment libraries
Pre-loaded data standardization at point of entry so everything from email validation to normalization of categorical/continuous values is ready for immediate consumption.
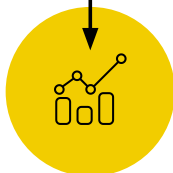
How to USE your data
Pre-built pathways to the Campaign Library
Data briefs from the campaign library are pre-built and ready to implement.

DATA MODEL

Hyper-personalization in action

Retailers often employ tech stacks filled with solutions that don't work well with each other, resulting in siloed data. Teams must rely on manual processes, for example, to upload on-premise data to the cloud, transfer it to a marketing automation tool, or create segments and then match them with specific customer journeys.

Automated data models enable retailers to scale operations. By automating the segmentation process and creating automated pathways to orchestrate these segments with the proper personalized customer journey, marketers can now efficiently run thousands of simultaneous campaigns.

Using data to its full potential
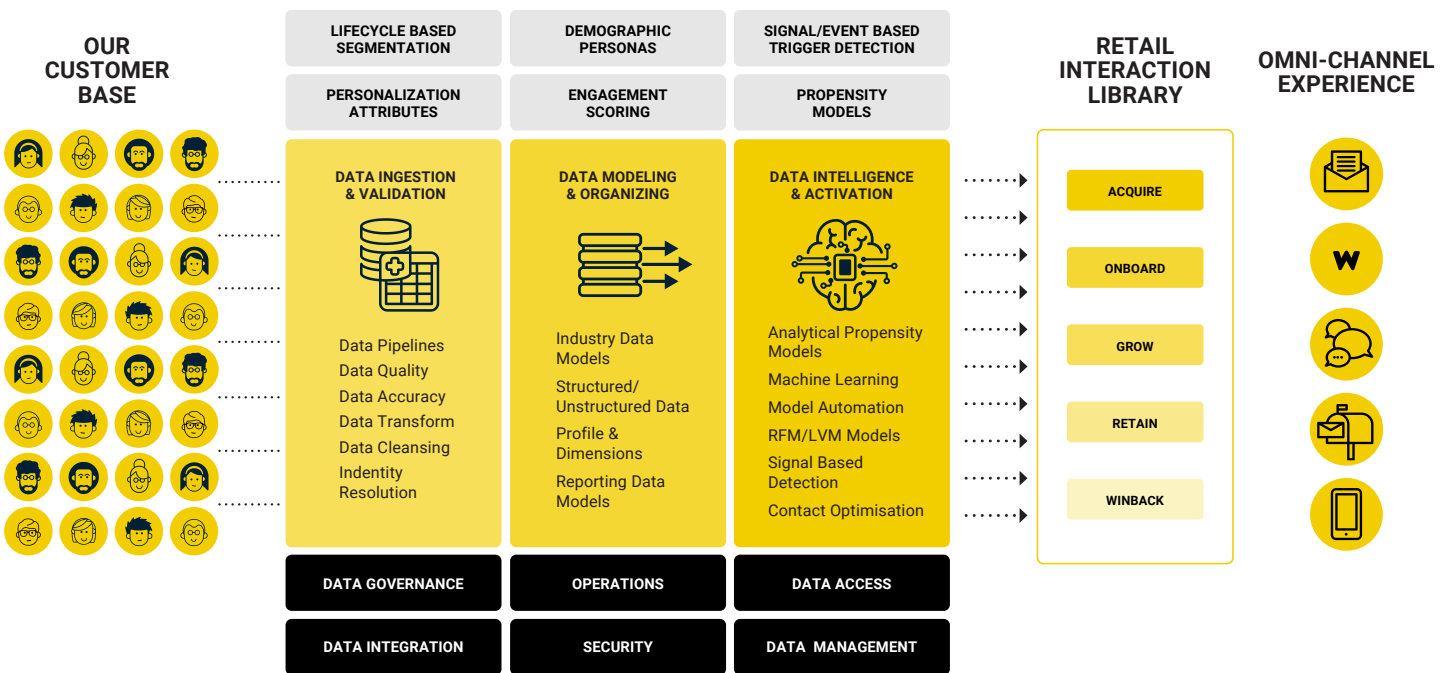
CASE STUDY:
Integrating customer data and channel interactions to boost sales

A global furniture retailer had a large customer base, but engagement fell below benchmarks and many customers hadn't made recent purchases.

We built a data model that consolidated customer data, enriched data along the customer journey, integrated channel interactions to provide relevancy, and optimized customer data such as transaction and customer behavior.

With the enhanced data model, the retailer

increased incremental sales by

20%

for loyalty program members, reaching ROI within 9 months.

MARKETING DESIGN

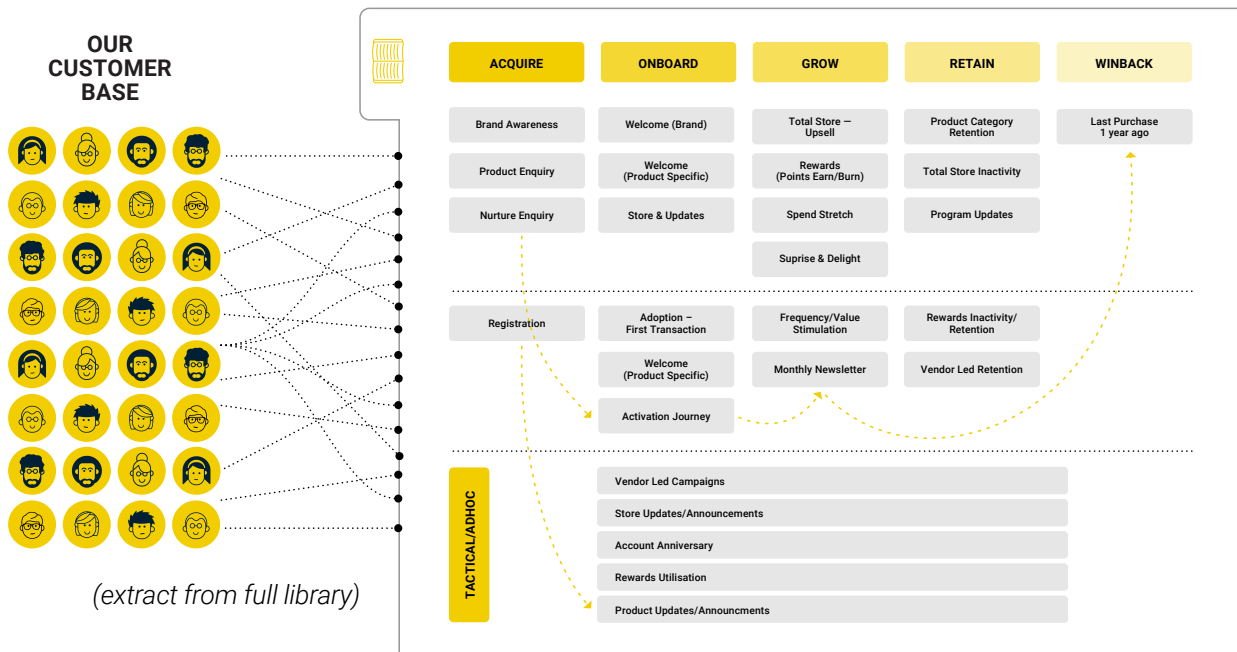# Increase agility using interactive libraries

Today's shoppers aren't just mobile – their preferences are also constantly on the move. Marketers have to understand exactly where customers are on their purchasing journey and then create a specific campaign that helps shoppers overcome any barriers to completing that journey.

For example, marketers may need one campaign that addresses abandoned carts and another that motivates repeat purchases or increases spending stretch. Building these campaigns – from finding the opportunities to establishing the rules around timing and

frequency – takes sophisticated analysis and a commitment of resources.

With Automation by Design, that heavy lifting (and thinking) has already been done for you. Using our 300+ pre-built interaction libraries can enrich your own campaign library quickly and give you a head start on demand generation while also allowing for customization based on specific business objectives. These interaction libraries can be implemented in SAS Customer Intelligence 360, which orchestrates the journeys and enables marketers to efficiently define the rules, select the segments and execute the campaigns.

Retail Interaction Library

OUR CUSTOMER BASE

ACQUIRE	ONBOARD	GROW	RETAIN	WINBACK
Brand Awareness	Welcome (Brand)	Total Store – Upsell	Product Category Retention	Last Purchase 1 year ago
Product Enquiry	Welcome (Product Specific)	Rewards (Points Earn/Burn)	Total Store Inactivity	
Nurture Enquiry	Store & Updates	Spend Stretch	Program Updates	
		Suprise & Delight		
Registration	Adoption – First Transaction	Frequency/Value Stimulation	Rewards Inactivity/ Retention	
	Welcome (Product Specific)	Monthly Newsletter	Vendor Led Retention	
	Activation Journey			

TACTICAL/ADHOC

Vendor Led Campaigns
Store Updates/Announcements
Account Anniversary
Rewards Utilisation
Product Updates/Announcments

(extract from full library)

MARKETING DESIGN

Motivate customers using the Behavioral Tools Framework

What ultimately drives shoppers to open their wallets? More than a sale, more than convenience, a completed purchase is often the result of the interplay among different psychological factors. One shopper may need to feel urgency, another that they're getting a good deal, and a third driven by the fear of missing out.

When retailers understand shopping motivations at the individual level, they can tailor communications that address these psychological nuances. With the help of our Behavioral Tools Framework, consisting of 56 unique tools, retailers can build psychological bridges between customers and brands to optimize likely responses.

Extracted version of Behavioral Tools Table

GOOD MOOD:
Let's boost your mood with **Streaming Service** for free 1 month

FEAR OF MISSING OUT:
Hurry up! 3 days left to get a free trial of **Streaming Service** 1 month for free.

REFERRAL:
Share your experience with **Streaming Service** with your friend to get further rewards.

SOCIAL PROOF:
76% of our customers are subscribing to **Streaming Service** after 1 month trial.

FAST THINKING:
Free month 1 trial of **Streaming Service** Get it now!

	GM				
LA	MA		SCT	CRR	DE
BE	LE	CoM	AU	RY	SCF	FoMo
RE	NO	CCT	LI	SP	AB	HD	FT

- 🟧 Core Tools
- 🟧 Individual Focused
- 🟦 Social Focused
- 🟩 Narratives
- 🟥 Influencing Tools
- 🟪 Context Focused
- 🟦 Rewards

CASE STUDY:
Hyper-personalization at scale

An Australian supermarket retailer needed to optimize its marketing tools and scale its use of automated campaigns. Digital Alchemy helped redesign its processes, and incorporated interaction libraries to transform static offers into highly dynamic ones with significantly higher campaign volumes.

BEFORE AUTOMATION BY DESIGN	AFTER AUTOMATION BY DESIGN
100 campaigns/year	**360** campaigns/year
1.5M target/week	**4M** target/week
7 weeks from campaign idea to execution	**3 weeks** from campaign idea to execution

The optimization redesign led directly to

$230M
in incremental sales.

OPTIMIZATION & CONTROL

Drive continuous improvement

Automated retail marketing campaigns do not mean they are running on *autopilot* – that is, without ongoing analysis and effort. Rather, they are capable of learning from and improving upon performance to impact customer behavior and produce higher sales. This optimization process is also automated, so continuous performance is possible.

Our optimization model uses a relative weighted measure operating dynamically across the control rules and aligned to business KPIs. The model accounts for:
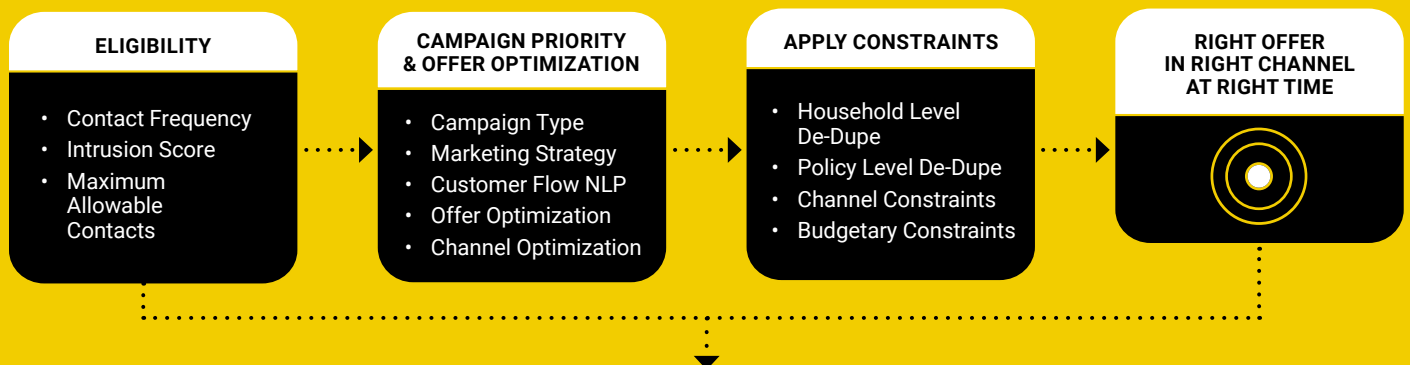
- **Eligibility criteria** such as response history (how often customers interact with communications), and intrusion score (see page 16)

- **Campaign priority and offer optimization criteria** such as offer optimization and marketing strategy (a retailer's priorities that take precedence over personalization)

- **Constraints** such as household de-dupes (limiting offers to one per household) and budgetary concerns that shape the breadth of a campaign

Through data analysis and automated decisioning, the optimization model can provide next-best offers, improve communications accuracy, and ensure all communications are sent based on user-provided permissions.

Automation by Design Optimization Model

[ASSIGNS WEIGHTS]

ELIGIBILITY
- Contact Frequency
- Intrusion Score
- Maximum Allowable Contacts

CAMPAIGN PRIORITY & OFFER OPTIMIZATION
- Campaign Type
- Marketing Strategy
- Customer Flow NLP
- Offer Optimization
- Channel Optimization

APPLY CONSTRAINTS
- Household Level De-Dupe
- Policy Level De-Dupe
- Channel Constraints
- Budgetary Constraints

RIGHT OFFER IN RIGHT CHANNEL AT RIGHT TIME

This model can be enabled by SAS Customer Intelligence 360 and Intelligent Decisioning, which delivers relevant, interactive, real-time decisions based on business rules and sophisticated analytics at scale to a limitless number of retail use cases.

CASE STUDY:
3x customer engagement through 1:1 personalization

An Australian grocery chain's weekly newsletter produced low engagement with the company's existing customers. The supermarket needed a next-best-offer recommendation tool to improve the customer experience.

We deployed an NBO approach that automated customer behavioral analysis based on purchase history, offer availability and product recommendations. The new, personalized newsletters tied to a customer's local store and content preferences.

This optimization process resulted in larger basket sizes and a

6%
increase in incremental sales.

OPTIMIZATION & CONTROL
Intrusion score

A key aspect of the optimization model is the intrusion score. This score is a derived attribute that measures the level of intrusiveness customers perceive about marketing communications, and ensures a brand does not disturb customers with irrelevant or excessive amounts of information. Anyone who has received a dozen emails from the same retailer on the same day can intuitively understand the dangers of a high intrusion score.

	MOST INTRUSIVE				LEAST INTRUSIVE
COMMUNICATION CHANNEL	EVENT 1	EVENT 2	EVENT 3	EVENT 4	EVENT 5
A	5	4	4	3	2
B	3	2	2	2	2
C	4	3	3	3	2
D	4	3	3	3	2
E	2	2	1	1	1

In this example, using Communication Channel A is considered more intrusive than Channel B or C. Once a customer's total intrusion score reaches a certain threshold, specific channels or events are suppressed for the rest of the campaign.

We recommend campaign optimization includes intrusion scores to ensure message relevancy, and to avoid customer fatigue and reduce any declines in engagement.

When intrusion scores are used in optimization, campaign uplift takes off. For example, an insurance company that implemented the Automation by Design optimization model using the intrusion score saw a significant improvement in campaign performance:

PREMIUM ESTIMATE TRIGGER CAMPAIGN:

Before optimization: 3.36%

After: 11.74%

UNPAID NEW BUSINESS CAMPAIGN:

Before: 1.23%

After: 6.39%

15

IP OVER PLATFORM (IPoP)

Pairing proven methodology with the leader in multichannel marketing

To achieve the kind of data integration, real-time decisioning and AI optimization that Automation by Design calls for, the right multichannel marketing solution needs to be in place.

That solution is SAS Customer Intelligence 360, a fully integrated platform that provides adaptive

planning, journey activation and real-time customer interaction optimization.

Layering Digital Alchemy's IP over this multichannel marketing solution can help retailers connect with their customers in real time to make more sales in every channel.

IPoP INTEGRATES:

Core elements of Automation by Design:

- Efficient Data Models
- Retail Audience Segmentation Models
- Industry-Focused Campaign Libraries
- Business-Focused Framework
- Systematic Scalability
- AI & ML for Optimization

Features of SAS Customer Intelligence 360:

- Rich Omnichannel Customer View with Embedded CDP
- Turbo-charged Audience Targeting and Creation
- Omnichannel Data Activation
- Hybrid Data Architecture to Keep the Data Where You Want It
- Personalized Journey Creation
- Analytically Driven Attribution

To deliver:

- Pre-planned and Templated Campaigns
- Easier Scalability
- Effective Identity Resolution
- Faster Campaign Deployment

As a SAS partner, Digital Alchemy combines more than 20 years' worth of IP development with the creativity and expertise of over 250 global professionals. Our goal: to help marketing teams develop their capabilities and maximize their marketing ROI.

Hyper-personalization done the right way

Make the most out of your marketing investment by choosing an automation methodology that delivers results from day one. When you deploy the Automation by Design framework alongside SAS Customer Intelligence 360, the destination of higher sales will not only be in sight, but the path to get there will be clear.

To learn how we can tailor Automation by Design for your business, let's have a conversation.

Marina Luizato
Business Development Lead
SEND AN EMAIL
SET UP A MEETING

Want to learn more?
VISIT DIGITALALCHEMY.GLOBAL