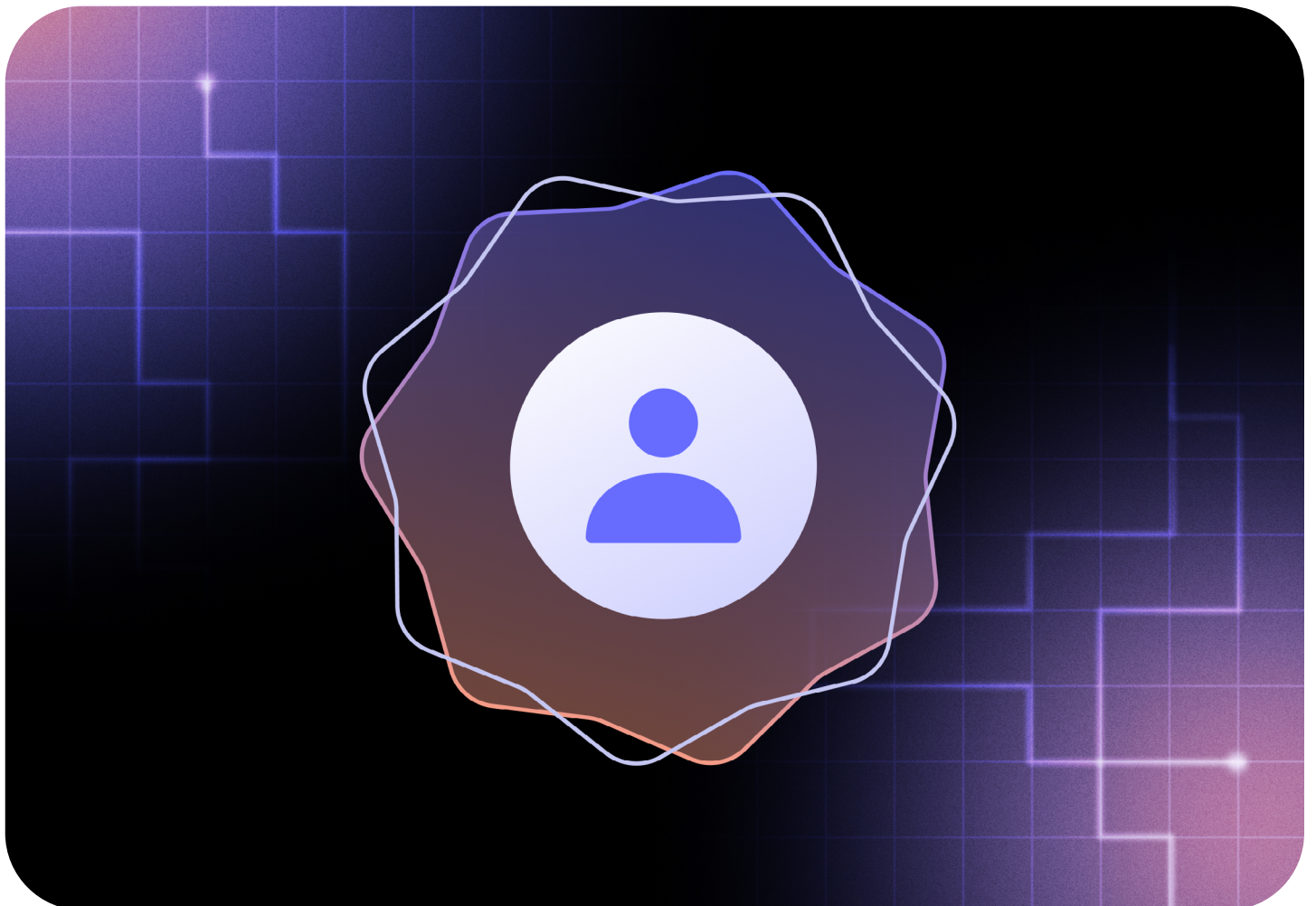




AI Within Reach

The marketer's guide to transforming the customer experience with machine learning



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Interest in AI's applications in marketing has increased dramatically in recent years. But with limited access to data science resources and lack of clarity on practical use cases, many marketing practitioners are still trying to demystify AI's role in their strategy and understand how they can realistically get started.

When you look beyond the hype, it's clear that AI has the potential to transform marketers' impact on the business, increasing efficiency and driving as much as a 10-20% increase in customer engagement (McKinsey).

In this guide, we'll walk through how you can incorporate AI into your existing workflows to improve the efficiency and effectiveness of your personalization programs.

What is AI, and how can it be used to improve personalization?

Artificial Intelligence (AI) is the theory and development of computer systems that are able to perform tasks normally requiring human intelligence, such as visual perception, speech recognition, decision-making, and translation between languages. There are numerous focuses within the field of AI, such as problem solving, knowledge representation, machine learning, and perception. Though all AI disciplines can be applied to marketing in various ways, Machine Learning has been integrated into marketing workflows most prominently thus far.

Machine Learning can be leveraged by marketing teams to significantly improve the efficiency and effectiveness of personalization programs. Machine Learning algorithms build models based on a data set in order to make predictions or decisions. In contrast to human-led decision making, Machine Learning algorithms are able to parse through large scale data sets at incomparable speed and optimize prediction accuracy without bias.



Machine Learning models can be developed to answer personalization-related questions such as:

- Who should I target with this campaign/experience?
- Which offer will result in the highest conversion rate?
- Which product should I recommend to this customer?

For years, marketing teams have relied upon human-led decisioning, or heuristics, to answer these questions. Human-led data analysis is a great start, as it allows marketing teams to make data-informed decisions. But as brands' data practices mature, they often find there are certain flaws in human-led decisioning that can lead to inefficiencies in personalization programs and wasted marketing budgets.

01 It's slow to adapt

It takes time for marketing teams to analyze data, extract customer insights that inform personalization, and execute on those insights.

02 It can be biased

Marketers use subjective analysis when they try to develop patterns out of a data set. These biases inform the hypotheses that are set, ultimately impacting the validity of testing, experimentation, and decision making (if you're in denial of human biases, check out [Thinking, Fast and Slow](#), it's sure to humble you).

03 It lacks insight

Marketers need both customer data itself and heuristics based on that data to power personalization, thus limiting the breadth and depth of personalized experiences that can be delivered.

By incorporating predictions into existing workflows, marketing teams can boost the responsiveness, quality, and scale of their personalization programs, making personalization more efficient, from a pure resources to return perspective, and more effective, yielding better results overall.



That sounds great... So why isn't everyone using AI for personalization?

Given the unique benefits of AI for marketing, one might wonder why every marketing team is not currently leveraging AI for personalization every day. In fact, it's quite the opposite—BCG recently reported that 11% of companies that are interested in AI fail to implement and scale their AI programs (BCG, 2023). Many AI projects fail to get off the ground due to several common challenges.



Difficulty generating AI insights

In lieu of an accessible way to develop ML models themselves, marketing teams depend on Data Science to develop models and extract insights for them. Data scientists are expensive, and hiring a team may not be feasible for all companies. Even at larger organizations, the turnaround time for data science projects is often too long for marketing and product teams to leverage in their workflows.



Lack of quality data

We've all heard the adage, "garbage in, garbage out"—like classic cars that require high-octane fuel to run properly, ML models need to ingest high-quality data in order to deliver accurate predictions. When organizations don't have the processes and tools in place to protect data quality, data teams are required to perform manual data management to prepare data for ML (joining tables, validating accuracy, merging duplicate records, etc.), delaying time to value and compromising the outputs of ML models.





No continuous 360-degree view of the customer

ML systems require unified customer profiles to generate comprehensive insights. When ML models are trained on customer data from a limited set of channels, they can produce insights that are inconsistent with customers' engagements in other channels. When data teams are forced to stitch cross-channel data together to a unified user record, it delays the time-to-value of ML projects.



AI insights are siloed

More and more MarTech tools are beginning to offer some type of no-code AI solution. While this may help marketing teams engage more intelligently with their customers in certain channels, there are limitations to channel-level AI functionality. First, the insights downstream tools generate will be limited to the data that they receive, which may not reflect a complete view of the customer. When predictions are generated in engagement tools, it's often impossible to automatically connect them to other tools, resulting in inconsistent customer experiences across channels. In other words, predictions can't easily be made available in other activation tools. When predictions are developed in the data warehouse, it can be difficult to export those insights to downstream marketing tools.



Establishing the customer data foundation for AI

To integrate ML predictions into your workflows successfully, it's critical to establish the right customer data foundation. By implementing processes that protect data quality and connectivity, you can improve the accuracy, scalability, and time-to-value of your ML projects.

The pipeline for generating AI insights and using them for personalization can be broken down into three steps:

- 1 Access**
Assembling a unified data set consisting of data from different sources while also supporting regulatory compliance, data validation, identity resolution, and security.
- 2 Machine Learning**
Developing ML based on that data set.
- 3 Activation**
Utilizing predictive insights to inform better campaign targeting and personalization across customer touchpoints.

Many teams jump to the exciting part—generating predictive insights with Machine Learning. But without an infrastructure in place to assemble a high-quality data set, ML projects often fail. Furthermore, without the ability to apply predictive insights into personalized customer experiences across channels at scale, it will be hard to tie ML projects to business value.

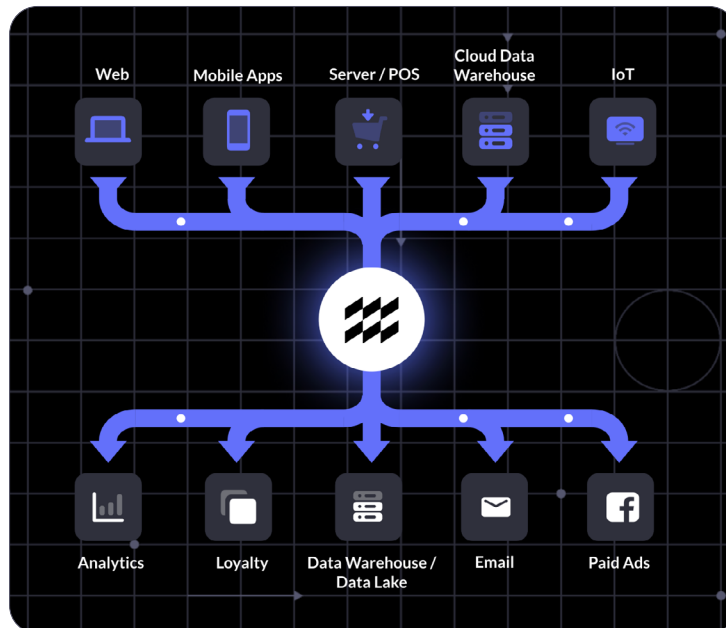


How can Customer Data Platforms help?

Customer Data Platforms provide a data foundation that solves for access and activation, allowing you to increase the impact of your ML projects. Customer Data Platforms unify customer data from across numerous channels (mobile, web, data warehouse, OTT, server-side, and more) to create a 360-degree customer view and power better personalization across channels.

Benefits:

- Enabling teams across the organization to access and activate data faster
- Reducing cost of deploying and maintaining integrations
- Improving data quality and privacy governance



The mParticle Customer Data Platform, for example, provides a real-time, high-quality customer data infrastructure, relieving teams of the manual data management normally required to prep data for ML and making it easier to connect predictions to preferred customer engagement, advertising, and analytics systems.



Why mParticle?

The only CDP that combines real-time data quality and governance protections with AI-powered insights to scale personalization to new heights.

Automating predictive intelligence with mParticle

In addition to providing a configurable customer data foundation, mParticle also offers multiple ways for teams to create predictive insights and integrate AI into personalization workflows.

With [mParticle Cortex](#), marketing teams can utilize their mParticle data set to create predictions such as churn risk, likelihood to convert, and next best offer, without support from data science.



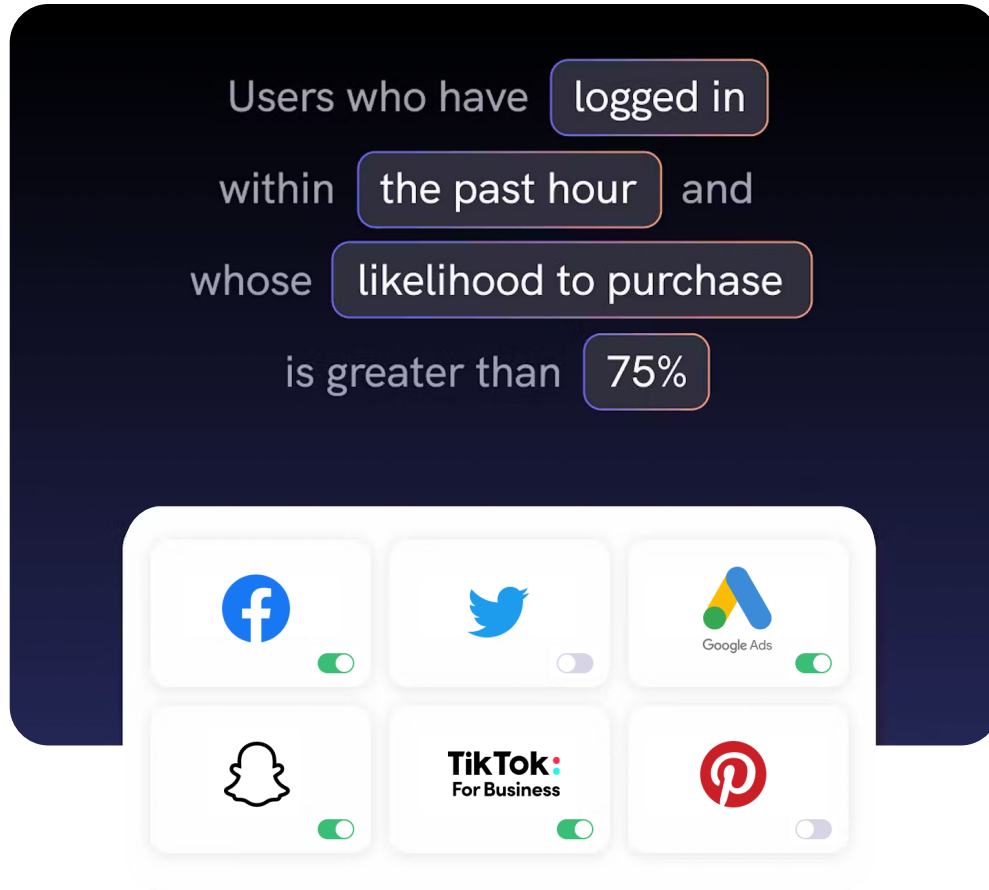
mParticle Cortex enabled our teams to take advantage of real-time machine learning decisioning across multiple product directions including commerce and subscription initiatives. We are excited about the initial results and are looking forward to continuing to increase subscription conversions

— David Rozzi, VP Technology Projects at New York Post

NEWYORKPOST



Once created, these predictions are available on every customer profile in mParticle as Intelligent Attributes, and therefore can be used to create [Audiences](#) in mParticle and can be forwarded to tools such as [Google Ads](#), [Braze](#), [Iterable](#), or [Facebook Ads](#) for improved targeting.



In addition to developing predictions in mParticle, teams can also use [mParticle Warehouse Sync](#) to ingest AI insights from their Snowflake, Redshift, or BigQuery data warehouse in just a few clicks. Once in mParticle, these predictions can be accessed by marketing without technical support and utilized to power personalization across channels.



mParticle's suite of flexible capabilities makes it easier for marketing teams to incorporate AI predictions—whether created in mParticle or developed in the data warehouse—into existing workflows, enabling teams to boost the responsiveness, quality, and scale of their personalization programs. This makes personalization more efficient and more effective, yielding better results overall.

How Klarna leveraged ML predictions to increase repeat purchases

Klarna is an ecommerce payment and smart shopping solution that aims to make online purchases simple, safe, and smooth. Today, Klarna supports 150 million active customers and 450 thousand integrated merchants, and processes over 300 billion data points each year.

To make online transactions as simple and smooth as possible, Klarna aims to provide their users with the right offers, at the right time and on the right channel.

Klarna has partnered with mParticle to unify data from across numerous data sources to a single, high-quality view of the customer, and enables dozens of teams across the organization to leverage that data across channels for personalization.

Focused on increasing repeat purchases, Klarna developed ML models that would predict the right time to prompt an individual customer to repurchase a replenishable product, such as shampoo or toothpaste.



By ingesting these predictive insights into mParticle, Klarna is able to power targeted customer experiences across channels:

- Using the mParticle Braze integration, Klarna is able to connect insights to Braze in real time and trigger preemptive SMS and push notification offers
- Activating insights programmatically using mParticle Profile API, Klarna is able to personalize the post-purchase email journey



mParticle is essential for Klarna because no matter what touchpoint a customer interacts on, we're able to create a unified profile. We also have the ability to integrate different attributes, including our predictive attributes, within the same profile, in real time.

— Gaia Del Mauro, Product Manager CRM Data

Klarna.



How to get started

When your team is ready to progress from designing campaigns based on human-led decisions to optimizing campaigns with AI predictions, there are a few steps you can take to set yourself up for success.

01 Establish the right data foundation

The quality of your predictions will be determined by the quality of the data they're based on. For that reason, it's important to begin by establishing a high-quality first-party data foundation. This should include:

- a. Automations in place to protect data accuracy, completeness, and consistency
- b. Data privacy and consent management controls
- c. Automated identity resolution that creates a continuous 360-degree customer view

02 Align ML projects to business goals

Ensure that AI investments drive positive change across the business by aligning ML projects to your business's goals. When data teams and marketing teams are disconnected, organizations often develop ML models that can't be immediately leveraged by marketing teams, making it difficult to tie AI investments to revenue. By beginning with a business objective, such as "increase customer retention," organizations can ensure that they develop relevant predictions, such as "customer lifetime value" and "next best offer."

03 Determine how to create predictions

All companies have different levels of engineering resources, time, and budget. Although you may be certain about investing in AI for personalization, the way in which you develop your ML models will depend on your unique resources and requirements. If you have access to a Data Science team and require highly bespoke modeling, you may pursue developing ML models internally. If, on the other hand, you are interested in developing standard predictions, such as "likelihood to churn," without Data Science support, you may consider a purpose-built solution like mParticle Cortex.

With the right customer data foundation in place, you can begin injecting high-value predictions into your personalization workflows, drastically improving the efficiency and effectiveness of your campaigns. Learn more about how mParticle can help you get started [here](#).



About mParticle

mParticle makes it easy to manage customer data along the entire product and customer lifecycle. Teams across companies like Starbucks, NBCUniversal, Spotify and Airbnb use mParticle to deliver great customer experiences and accelerate growth by solving the foundational challenges that impede success at scale. Founded in 2013, mParticle is headquartered in New York City with employees around the globe.

 www.mparticle.com

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 mparticle@mparticle.com