

Enhancing the Customer Experience with AI and Predictive Content

By **Daniela Forte**, Multichannel Merchant

Artificial intelligence (AI) and predictive content both play a significant role in the way consumers shop today. For example, AI acts as a personal assistant in support of chatbots as well as being able to predict what items you'll like, returning those results as you go through the shopping experience. Likewise, predictive content provides a more enriched experience by providing buyers with content relevant to their purchase history.

"AI can make it easier to find what you want by analyzing behaviors and intent to push some products to the spotlight and de-emphasize others," said Mike Hartman, Senior Director of Product Strategy for Listrak.

Hartman said retailers are leveraging AI to crunch through large data sets from multiple silos to identify trends and opportunities for marketing. AI can help automate systems that push shoppers along the buying cycle and analyze data looking for micro-segments (i.e. specific groups of customers) and behavior indicators that would otherwise go unnoticed.

AI: The Wave of the Future?

AI is crucial to automation and optimization of all types of systems, not just marketing and business. Hartman said it will be part of our everyday lives in the form of



smart appliances, personal assistants and content consumption.

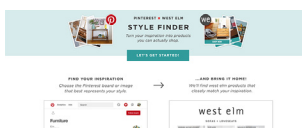
"I recently watched a presentation on how AI could be the dawn of a second industrial revolution," said Hartman. "

Just as we applied industrial power such as steam and electricity to labor-intensive tasks, AI has the potential to automate a lot of things normally reserved for human interaction."

Hartman said we're already using AI in our everyday

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lives. It will become so integrated with our devices and content that we no longer notice it. Because of its widespread use, AI is no longer a “nice to have” tool for marketers.

“Waze users, for example, could hardly imagine going back to maps that didn’t have real-time traffic and routing intelligence,” said Hartman.

From an implementation standpoint, Hartman said the biggest change is the AI-as-a-service model offered by companies such as Microsoft Azure, Amazon Web Services and IBM Watson. Advanced systems and technology are now being made widely available, enabling companies of all sizes to take advantage of things such as deep learning and cognitive services without significant upfront costs.

“This evolution in the AI landscape truly levels the playing field,” said Hartman.

For example, Hartman said products such as Amazon’s Alexa and Apple’s Siri are using voice control to incorporate AI in a way that makes most people comfortable using it.

“It no longer has that Skynet ‘robots take over the world’ feel to it, now that we use it every day,” said Hartman. “Most people don’t even realize that they are using artificial intelligence – it’s just part of a product.”

How Brands are Using AI

Earlier this year, high-end home furnishings brand West Elm introduced Pinterest Style Finder. The online tool uses AI to help customers turn style inspirations into products they can buy at West Elm’s stores and from its ecommerce site.

Luke Chatelain, Vice President of Innovation for West Elm, said the new tool is a way to engage with customers “on a platform that we know they’re already utilizing as part of their home design efforts.” The tool was built using image and vision API technology from Clarifai.

Chatelain said the style finder was initially inspired by West Elm’s Style + Service, a free design consultation service available in its stores. Customers share a Pinterest board for a room, and the designers suggest West Elm products to re-create the look.

“The Style Finder was founded on a similar objec-

tive of helping our customers on their journey to express their personal style at home,” said Chatelain.

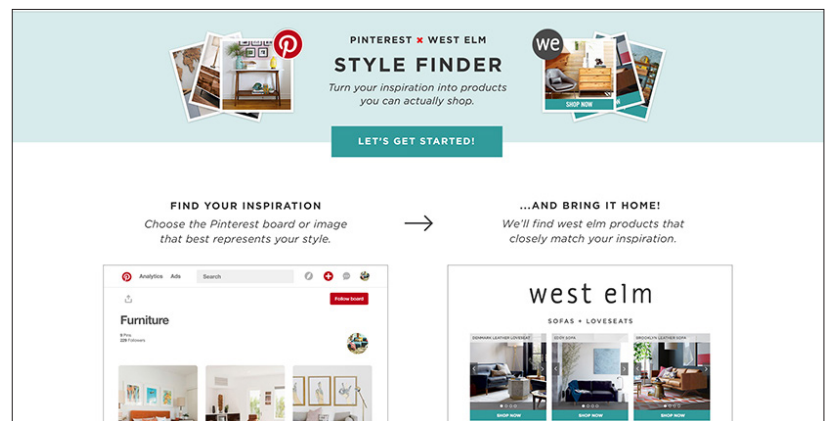
“As (social media) platforms evolve and mature, many of them downplay organic posts in their algorithms, proving that each channel has its strengths and weaknesses,” said Aaron Able, Director of Social Media and Digital Content for West Elm. “Being flexible and quick to adjust to changing platforms is beneficial.”

Chatelain said AI delivers rich customer insights, and he believes it’s a growing, evolving trend in retail. He said AI provides automated and scalable methods across a variety of touchpoints that help customers improve their buying experience.

“Since ecommerce is such a competitive landscape, traditional brick-and-mortar retail must evolve to create a more personalized and intuitive shopping experience to further customer engagement, aid deliverability and simplify the checkout process,” Chatelain said.

Online marketplace eBay also introduced automation into its platform with Image Search and Find It, letting shoppers use pictures instead of words to search eBay’s catalog of 1.1 billion items. Enabled by AI and machine learning, this innovation makes the entire internet shoppable from a mobile device.

Image Search, another eBay feature, allows shoppers to take a photo of something they want to pur-



chase or use an existing shot and enter it into the search bar. eBay will then surface listings that are a close match or visually similar so users can purchase.

With Find It On eBay, shoppers on any social platform, such as Pinterest or their favorite blog or web site, can share the URL with eBay and the eBay mobile app will find product listings.

To assist shoppers who spend hours scouring stores or the web for certain items, eBay applied AI and machine learning technology, making the marketplace's product catalog easily searchable. As people continue to use Image Search, eBay will be able to refine and improve item search results and filtering.

By combining machine learning with eBay's set of user-generated images and item data accumulated over the years, it can deliver a fast and reliable shopping experience for its customers.

A survey by SLI Systems found that 54% of retailers reported that their company plans to use AI in the future, with the largest group of respondents (20%) expecting to add it within the next 12 months.

The most popular AI applications retailers are already using or plan to use within the next 12 months are personalized product recommendations (56%), customer service requests (41%) and chatbots (35%), SLI found.

The survey also found that very few ecommerce professionals currently use AI for virtual reality, voice-activated apps, augmented reality or virtual buying assistants, or plan to for the next year.

Of those planning to implement AI, 13% said they plan to build their own technology, 60% will buy existing technology and 27% expect to blend "build and buy."

Creating a Better Shopping Experience with Predictive Content

A study by Listrak revealed that marketing messages that include predictive content average a 3x higher engagement rate than typical product-heavy broadcast campaigns. As a result, shoppers view the brand as a subject matter expert, giving it an edge over competitors and Amazon.

Other benefits of predictive content are the ability for retailers to stay top-of-mind during the buying cycle, maximizing their content creation investment and improving the customer's post-purchase experience. There is also a higher growth potential as customer retention leads to more revenue than that from new customers.

Hartman said predictive content doesn't have the traditional ROI metrics associated with marketing solutions, but Listrak customers are seeing growth in engagement metrics for marketing channels.

"Click-to-open rates for email go up significantly and

ultimately lead to conversion," said Hartman. "But they can also have a halo effect on marketing efforts through things such as deliverability and inbox placement."

Hartman said predictive content also has the potential to increase retention by providing valuable supporting information following checkout. Things such as care and usage instructions or installation guides can cast the retailer in a favorable light when customers re-enter the buying cycle.

"Some might liken this to the experience a shopper receives at a small business on Main Street vs. buying from a big-box retailer," said Hartman. "There are



certainly people who just look at the price tag, but a significant share truly sees the value of customer service. Predictive content can be a big part of that service component."

Implementing predictive content has led to a strong increase in open and click-through rates for beauty and wellness brand Yon-Ka Paris, said Brittany Boykow, the company's digital marketing manager.

"Before using predictive content, when sending out blog emails we would pick articles that we thought the subscriber would enjoy reading, but this wasn't always the case."

Yon-Ka Paris now bases content on actual consumer behavior, leading to dramatic increases in engagement. The retailer worked with Listrak to implement predictive content into its content marketing strategy.

"Predictive content helps our business because we know we're delivering content to subscribers that they actually find valuable and interesting – not just bombarding their inbox with email that may not be relevant

to them,” said Boykow. “It’s also great that once this content is up and running, you can really just ‘set and forget’ the solution and don’t have to have someone dedicated to designing a new email each week.”

Before working with Listrak, Yon-Ka Paris had just launched its ecommerce site and was struggling to effectively reach its customer base. Now, they can reach customers at all steps of the buying cycle, from those just starting to learn about the brand all of the way through to post purchase.

Boykow said predictive content is very important for brands that want to stay relevant to their customers.

“With the amount of email coming into a subscribers’ inbox on any given day, it’s important to make your brand really stand out and demonstrate that you’re able to deliver content that a reader finds interesting and valuable,” said Boykow.

Boykow said the biggest benefit of predictive content is knowing that Yon-Ka Paris is delivering relevant offers and information.

“It takes the guesswork out of debating what posts should be featured and what will drive the most clicks because essentially it is the subscriber who is determining what content is being presented to them,” said Boykow.

The Best Types of Content

Hartman said content that is consumed in short bursts works best. Posting short blogs and videos show consideration of a customer’s time and gets them what they need on their schedule.

“If you think about the content marketing landscape and what gets shared over and over on social networks, bullet point things like, ‘Top 10 Reasons

Why’ or photo galleries convey a lot of information in a short amount of time and set reader expectations from the start,” said Hartman.

He said retailers might even be able to extend the interest beyond a single session and create a series of content pieces to keep consumers coming back

Click-to-open rates for email go up significantly and ultimately lead to conversion

for more.

“If you’re a health-and-beauty retailer, your customers may appreciate content that lets them get the most benefit from your product,” said Hartman. “This content may include videos to demonstrate proper makeup techniques or articles that support the science behind your healthy living product family.”

Hartman said for other companies, recipes and DIY project guides really build a connection with a company’s products and the experience of using them.

Boykow said Yon-Ka Paris’s blog offers a little bit of everything, including posts dedicated to specific products, treatments and skincare tips and health.

“We like to educate our readers on a little bit of everything, further establishing ourselves as a wellness brand,” said Boykow.

By offering content that isn’t always product-focused, Boykow said Yon-Ka Paris is able to reach a wider audience of people interested in health and wellness.

“It’s a great way to introduce shoppers to our brand and entice them to enter their email address into the pop-up model we have on our website, so we can begin sending marketing messages and hopefully convert them into becoming loyal customers,” said Boykow.

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