



Marketer's Artificial Intelligence Playbook

A step-by-step guide to advanced customer engagement



Genus
Artificial
Intelligence

Fragmented Digital Marketing Space

The digital revolution has changed how customers shop. Instead of buying from brick and mortar stores or other middlemen, consumers buy directly from online brands that they identify with. This fundamental shift enabled by technology saw e-commerce sales growing four times faster than in-store sales over the past 10 years. Direct-to-consumer and some innovative traditional brands were quick to adapt to the change by investing heavily in their digital marketing and advertising capabilities, which resulted in an explosion and fragmentation of the digital marketing technology space.

Marketing technology vendors splintered off into 3 types of services: data management platforms, content production automation tools, and campaign optimization services. In an attempt to stay ahead of the competition, forward-looking marketers invested to these groups of marketing technology value chain:

- Customer data platforms (CDPs), data capture, visualization and segmentation platforms to consolidate activity on the app or website and trigger actions;
- Content production automation tools offering easy and quick content production in a semi-automated way through templates and stock images and videos;
- Campaign management tools across multiple channels to deploy campaigns and track their performance when engaging with customers

Such a rapid development and adoption of different marketing technologies caused critical business challenges.

First, how do I extract insights from customer data when little is known about the customer who just joined the mailing list or purchased their

first product? Second, how do I translate those insights into more emotionally intelligent content and customer engagement? And lastly, how do I operationalize those insights to have a meaningful business impact?

Previously, companies tackled these challenges by hiring expensive data science teams, having them build predictive models for customer targeting. However, hiring data science teams can only be afforded by large brands that have high volumes of data. Companies solved the content production issue by outsourcing it to expensive ad agencies. However, entrusting a brand's storytelling to a 3rd party had significant risks. As for campaign management, these tasks were always manual and sometimes completely disconnected from the other two.



Luckily, today brands can access next generation technology which directly address these challenges.

Luckily, today brands can access next generation technology which directly address these challenges - they are turning to a new SaaS product category emerging on the horizon – the Customer Modeling Platform. In the following pages of this e-book we will take a better look at some of the ways marketers can adjust their approach to marketing technology, simplifying its management and turning their attention to where it matters most: growing their businesses.

Three Opportunities for the Taking



Optimize Growth

Understand what drives the most desired customer behaviors and optimize customer acquisition to find the most loyal and highest life-time-value customers.



Increase Engagement

Engage your customers in an emotionally intelligent way to improve engagement and customer experience in a competitive market.



Manage Retention

Identify your customers that have a high risk of churning and those that are underperforming high LTV customers so you can reintroduce them to your brand.

A quick Google search for the “AI marketing” delivers over a billion search results. Most of them emphasize different use cases from content optimization to customer modeling. There are many AI solutions in the market, but how do you pick the one that’s right for you?

To put AI into a business-oriented perspective, marketers should focus on the goals they want to achieve. The three key opportunities savvy marketers should consider using AI for are: customer acquisition, engagement and retention.

AI for Growth

Customer acquisition is never easy. Direct to consumer and e-commerce brands are pouring millions of dollars into their digital acquisition campaigns every day. But how do marketers ensure that the right customers are being acquired? What is it exactly that determines whether a prospect will convert?

AI helps marketers tackle such customer acquisition challenges by providing deep

customer understanding far beyond the level of demographics. An AI-powered Customer Modeling Platform examines historic customer behaviors and combines them with thousands of data points about each customer to provide marketers with the universal understanding of the drivers behind that customer behavior.

Run your customer data through AI and you will learn that one of your product categories interests only consumers with higher income, living in suburban areas. In addition, you may also learn that your highest Lifetime Value (LTV) customers can be defined by a set of unique personality traits and, therefore, they have responded well to your specific messaging that resonates with that trait.

Armed with these insights about their existing customers, marketers are able to adjust their campaign targeting and content appropriately. Matching content to audiences that are generated from such deep AI-driven insights allows marketers to lower cost per acquisition (CPA), increase return on ad spend (ROAS), and more desirable end customer traits.

AI for Engagement

Now, when you have your consumer base growing steadily, how do you keep them engaged? With consumers tending to ignore marketing emails and inundated with social media ads served by ever evolving algorithms how do you make sure you are able to maintain high levels of engagement and repeat purchase?

Personalization has been the answer to the above questions for the past ten years. As a result, all your brand's competitors are personalizing their campaigns the same way you do. However, rarely anything beyond hyper-targeting is considered when thinking about personalization.

AI helps marketers stand out by individualizing their campaign content. By using a Customer Modeling Platform to learn who your customers are, you will be able to leverage the so-called Communication Archetypes to individualize your content.

With the help of AI, you may learn that the dominant group of your customers are analytical, balanced and independent, and can be defined by the Reliable Plan Maker Archetype.

However, you may also notice that your customers with the highest average order value fall outside the dominant group and are defined as Experimental Fun Seekers, people who tend to be high in energy and positivity and eager to explore new things.

Provided with such AI-generated insights, marketers are able to review their customer segmentation, campaign messaging and creatives, and adjust them to their customers' needs. Such insights enable marketers to bring their campaign personalization to the individual level by matching words, images and videos to resonate with each of your customers best.

AI for Retention

An AI-powered Customer Modeling Platform helps marketers model their customer data in many different ways, including for the purpose of managing customer retention.

Quite often it is difficult for direct to consumer marketers to manage retention due to a few different reasons. Sometimes there is simply not enough data to understand the drivers behind customer behavior. In other examples, the way CRM teams approach their data might be preventing them from individual level scoring and subsequent downstream marketing automation.

In such scenarios, AI can be used to build emotionally intelligent churn models identifying customers with a higher risk of stopping to use the service in a set period of time as well as recommend the best curative action.

For some businesses, such as subscription services, AI modeling might even be vital when the customer acquisition cost is more expensive than what they pay when they order for the first time.



Marketer's AI Playbook

Using the Genus AI Customer Modeling Platform, you can immediately start leveraging Artificial Intelligence for advanced customer acquisition, engagement and retention. Get started with the following checklist:

Get Ready:



1. Export your customer data from your CRM or CDP (incl. all business-critical data, such as LTV, # of orders, etc.)
2. Import your data to the Genus AI Customer Modeling Platform via a simple upload or integration
3. Enrich your customer data with thousands of data points about your customers available on the platform

Set Goals:

4. Choose the right predictive model to serve your business goals best (i.e. Highest LTV, Returning Buyers, Desirable customers, advance payment, lower risk, etc.)
5. Score and archetype your customers

Adjust Your Campaign Tactics:

6. Understand your consumer base's archetypical composition, and the behavioral traits driving their decision making
7. Score and adjust your campaign content (incl. copy, images, and video) to suit your customers' dominant Archetype

Deploy AI:

8. Grow your business by leveraging AI-generated insights to optimize your social media lookalike campaign targeting and content
9. Engage your customers via channels such as email, SMS, direct mail by providing them with individualized content
10. Manage your user retention by communicating with customers in an emotionally intelligent way

Changing Strategic Landscape

AI was already a very popular topic among digital marketers in 2019. They were keen on integrating chatbots into their websites, making product suggestions based on consumers' past activity and testing various smart subject line generators. In other words, the year of 2019 was very much about various AI tools that were being added to the traditional marketing mix.

2020 and the outbreak of the global pandemic brings us an entirely different reality. It is obvious that the traditional marketing mix has to evolve to something new as some marketing tactics are getting less effective and some new ones are emerging. With consumers socially distancing themselves and the e-commerce sector operating at a Black Friday level every day, there are three strategic shifts taking place at this very moment.

Shifting from Digital Marketing to AI Marketing

Today, forward-looking strategists regard AI as the new core of their marketing strategies. Hence, the new industry term: Artificial Intelligence Marketing, or the AIM.

As the name suggests, it is no longer about simply being active on digital channels and relying on existing tools these channels provide. From now on, it is all about an individualized approach that is based on deep customer understanding, consumer emotional intelligence and anticipating the future at scale.

In other words, digital marketing strategies are shifting towards making the most out of the understanding about consumers that AI generates from all the customer and campaign performance data. In this process, an AI-powered Customer Modeling Platform enables tagging

each customer with individualized insights that can be used by any marketing automation tool.

Shifting from Data-Centric to Understanding-Centric

AIM is changing how marketers approach their campaign-generated customer data. For them, the capacity of having their key metrics visualized no longer serves the purpose. Such questions as "what does this change in engagement by the top performing customers tell me?" drive the need for a better understanding of their customer behavior and the factors that drive them.

Artificial Intelligence Marketing is best positioned to respond to such challenges by generating advanced customer insights. AI-driven Customer Modeling Platforms provide insights that are rooted in neuroscience, behavioral economics and personality psychology.

Such a combination of advanced expertise and Machine Learning technology was not accessible to brand marketers even as recent as a few years ago. As the technology matures, marketers are able to use AI to understand what motivates people, how they make decisions, why they purchase certain things as opposed to others, and how they use and engage with brands and their products.

Shifting from Personalized Content to Individual Content

Advancements in marketing technology and data management allowed brand marketers to leverage numerous personalization techniques. From using customer personal data to customize message recipients' name, to adapting campaign delivery based on customer interactions – personalization soon became a standard practice used by marketing teams to gain the leading edge over their competitors.

However, how do you stay ahead of your competition when you and all your competitors are using similar tactics and similar channels

to approach the same audience? The answer lies with AI, which has enabled the shift from personalization to individualization.

AI-driven Customer Modeling Platforms are capable of analyzing and scoring your campaign content. In practical terms, this means a thorough analysis of all your copy, creative and video content to deliver insights on how the content suits the general appeal as well as various ways your customers prefer to consume information.

Equipped with such content scoring capabilities, brand marketers are able to iterate on content faster in order to scale their campaign performance.

Getting Ready.

Managing and Enriching Customer Data

To start leveraging an AI-driven Customer Modeling Platform, marketers first have to integrate all their customer data and enrich it.

1. Integrating Your Customer Data

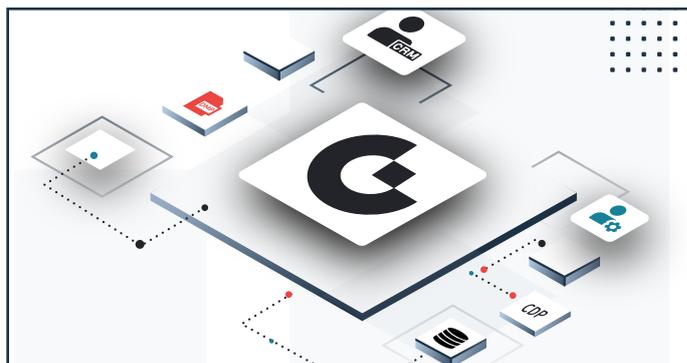
All that is required to integrate your customer data into a Customer Modeling Platform is a single CSV export from your CRM or a CDP. To make the most out of it, the data should include such data points as your customer lifetime value, number of orders, activity status, channel origin, engagement metrics and any others that are relevant to your most important business needs.

2. Enriching Your Customer Data

A brand's customer data (the so-called 1st party data) forms a data bubble, which prevents marketers from learning more about their customer behavior. It is a natural thing, as marketers are able to capture only the data that describes customer purchases and interactions with their brand.

In order to get you out of your data bubble, a Customer Modeling Platform can enrich your data. By adding thousands of in-depth 3rd party data points about each of your customers, the platform will generate coherent insights about the factors that drive your customer behavior. Such data may range from demographics, household structure, financial, interests and hobbies to many more. All of that is done automatically.

This allows marketers to contextualize their customer behavior with rich external data and uncover previously unknown features and relationships.



Setting Goals. Modeling Your Customers

Once their customer data is enriched and prepared for modeling, marketers should consider what is it they want to achieve. AI can help with customer acquisition, their engagement and retention, and each of these opportunities are usually subject to more specific, KPI-orientated goals.

For instance, a marketer might be looking for an emotionally intelligent way to acquire new customers within the scope of a single prospecting campaign. Customer acquisition can be achieved by modeling your customer data depending on many different past behaviors and engagements. In this example, we may focus on the customers who have generated the most revenue and are the highest LTV customers.

Once you have the goal and the data model set, an AI-powered Customer Modeling Platform

will analyze all the data points of your existing customers and try to find some common behavioral traits that would define those high LTV customers you are focusing on.

At the end of the AI-driven data analysis you will know the exact data and behavior that are shared by your target segment: they might represent a higher-than-average level of income, have a more gregarious, extroverted and open personality, or their household might consist of more than 3 people and they might be living in suburban areas. While it may be one of these traits it also might be a combination of them all.

Being able to tag customers immediately after they join if there are expected to be high LTV allows the brands to engage them in a different way.

Adjusting the Tactics. Scoring Your Content

Understanding who your customers are and how they can be segmented to fit your campaign goals is just one group of insights an AI-powered Customer Modeling Platform will deliver. Another group of insights is generated by scoring your campaign content.

Marketers use AI to understand how their content appeals to a general audience. However, a Customer Modeling Platform can be used to generate content that resonates well at an individual level.



Understanding Communication Archetypes

Upon scoring their customers, marketers use Customer Modeling Platforms such as Genus AI to get to know the Archetypical composition of their audiences.

The so-called Communication Archetypes cut across the boundaries of traditional segmentation based on income, gender or age, because they combine knowledge from neuroscience, behavioral economics and personality psychology.

In practical terms, Communication Archetypes benefit marketers by providing enhanced understanding of people and how to communicate with them and allowing them to conduct innovative and more effective customer outreach.

There are many Communication Archetypes and each brand has a unique archetype not seen elsewhere. However, one can identify 6 Communication Archetypes at a high level and each customer can be assigned to one of them. For instance, consumers, who belong to the Experimental Fun Seekers Archetype, tend to be described as being high in energy and positivity as well as always eager to explore, and they approach life with assertiveness, creativity, and confidence, never shying away and rarely trading new experiences for habit.

This is extremely useful to brand marketers as each Archetype is instrumental in understanding

the consumer behavior: whether customers are more loyal or motivated by a discount. This, in turn, reflects the best ways to approach them in order to engage with them in a meaningful way and drive revenue.

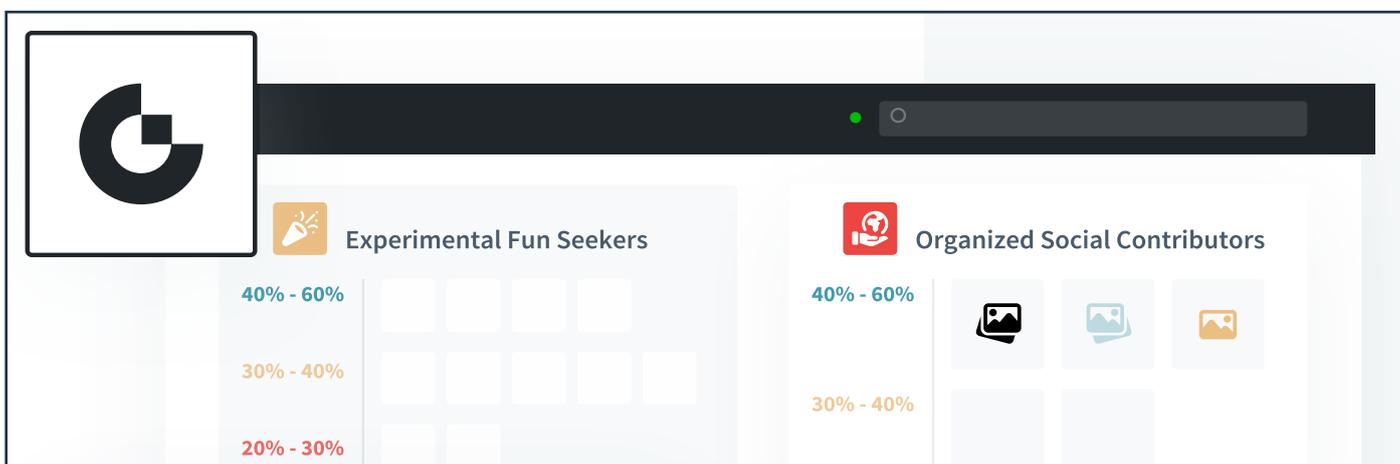
Generating Content that Works

Every consumer has a favorite color. They have different approaches to engagement: some may describe an offer as being too aggressive, while others will like it considering it to be straight to the point. What consumers like and what they do not like often depends on which Communication Archetype they belong to.

An AI-powered Customer Modeling Platform scores all your campaign content, including photos, videos, creatives, and will tell you how well this content is going to resonate with each Communication Archetype.

In practical terms, a content scoring activity might reveal that an email banner's colors, and composition better suits the Reactive Security Seeker's Archetype. If customers in your target segment belong to this Archetype, then your content is ready for deployment. If they belong to one of the five other Communication Archetypes, then you should review your content.

In addition to helping marketers to do parallel storytelling to different Archetypes. AI is also able to match your existing content to existing audiences greatly improving their performance.



Deploying AI.

Taking Your Campaign to the Next Level

Using AI to Improve Revenue through Social Media Advertising

32%

CPA decrease

124%

ROAS increase

132%

revenue increase

A luxury multi-brand fashion house operating several physical boutiques and an online store, famous for its exclusive collaborations with many luxury brands was looking for an emotionally intelligent way to build prospecting campaigns on Paid Social channels. The lookalike audiences of past purchases were not matched with the right ad content and, therefore, left room for optimization.

The retailer used the Genus AI Customer Modeling Platform to identify the Communication Archetypes of their highest AOV customers. New customer

segments defined by AI models and Archetypes were used for custom audience creation and content matching on paid social channels such as Facebook and Instagram.

After enriching the client's existing customer data and running AI algorithms to analyze it, it became evident that the client's most desirable customers had a dominant Archetype which required specific communication to achieve efficient engagement.

The client was able to create better lookalike audiences as well as match them with appropriate content for more efficient prospecting

Leveraging AI Insights to Increase AOV via Email

The world's leading online marketplace for fine art, antiques and collectibles, used by more than 4 thousand sellers and more than 3 million visitors every month, was interested in identifying the underperforming high LTV customers and engaging them in an emotionally intelligent way. Due to the complexity of the offering, regular engagement created an opportunity for optimization especially regarding driving higher AOV from engagement efforts.

The client used the Genus AI Customer Modeling Platform to

build emotionally intelligent LTV and AOV models helping to identify underperforming existing customer audiences for direct engagement.

The client's marketing team optimized their email campaigns by delivering adjusted content and messaging to the underperforming LTV customer segment. This resulted in 131% increase in open rates, 161% increase in bidders and 167% increase in AOV. This also led to an increase of 270% in the value generated by the emotionally intelligent engagement campaigns.

277%

LTV model lift

167%

increase in AOV

270%

increase in value generated



Genus
Artificial
Intelligence

Understand and engage with
your customers in an emotionally
intelligent way

Visit us at <https://genus.ai>

San Francisco:

Genus AI
95 3rd Street,
2nd Floor,
San Francisco,
California 94103

London:

Genus AI
WeWork 1st Floor,
5 Merchant Square,
London, W2 1AY
United Kingdom

Vilnius:

Genus AI
Talent Garden,
Vilniaus g. 33,
Vilnius 01402
Lithuania