Microsoft Advertising

Mastering the customer journey: applying the predictive power of Artificial Intelligence

Microsoft

Imagine the convenience of a weekly grocery list with all your family's staples delivered to your phone – along with inventive new recipes for rejuvenating the dinner table.

Consider the ease of calling your telecom provider and getting instant, jargon-free support and recommendations in your native tongue.

Envision stumbling upon the perfect sofa in a news article and searching for the image to quickly find what you want and buy it online.

All of this is possible today, thanks to Artificial Intelligence (AI).

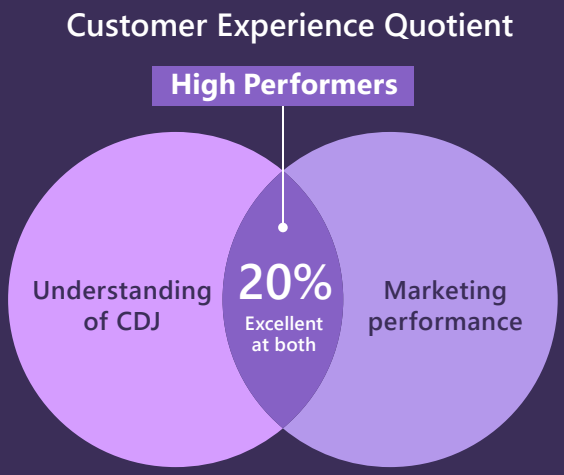
Today's top marketers are applying AI to high quality data to anticipate customer intent and create engaging, personalised experiences for every step of their journey.

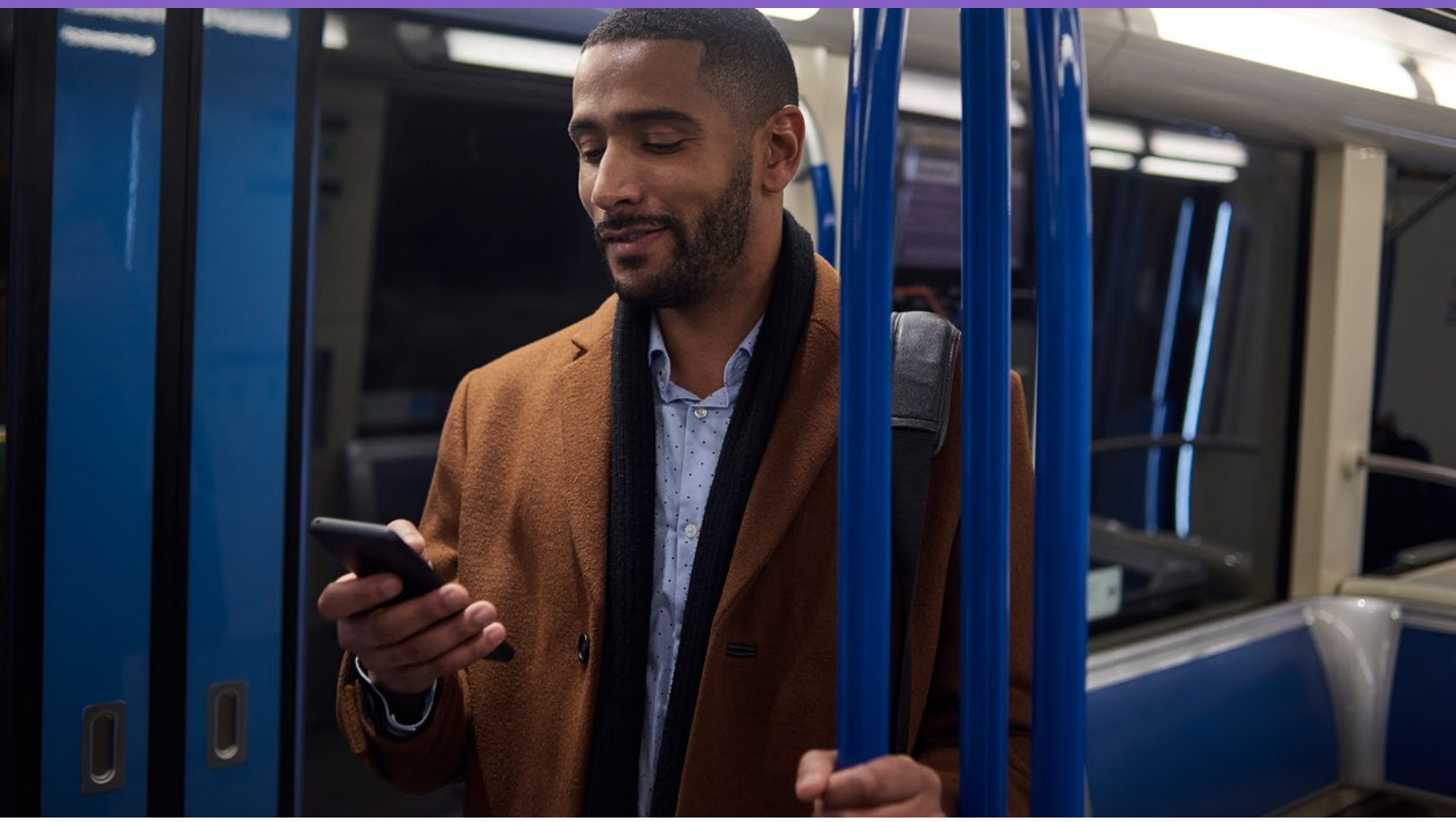
In this Microsoft Advertising eBook, we will show you how top marketers are using **chatbots**, **cognitive services** and other **AI-enabled technologies** to engage customers along the buyer journey, tailor more inclusive touchpoints and outsell competitors. We will also show you how to benchmark your capabilities and use the **predictive power** of AI to master your customer's decision journey.

Creating smarter customer journeys

In our previous eBook, Creating smarter customer journeys, we introduced the concept of the 'Customer Experience Quotient (CXQ)' – the mastery of understanding the customer decision journey and applying that insight.

We found that the **top 20%** of marketers are 'High Performers', excelling at both and creating powerful, customer-centric experiences. They are quickly expanding the gap between themselves and lower-performing marketers.[i]





Artificial Intelligence amplifies human ingenuity

When combined with a high-quality data strategy, AI and ML are helping High Performers to deliver personal touchpoints that fuel the marketing flywheel – where more customer touchpoints yield more data, which yields greater personalisation and revenue opportunities.

With all the benefits of AI, it is no wonder that High Performers are using it at three times the rate of their counterparts. In fact, High Performers estimate a lift of around 33% for each AI-related benefit.

High Performers are
3X more likely to use Artificial Intelligence

AI handles tasks such as decision making, speech recognition and visual perception, and allows marketers to focus more time on delighting customers through engaging, just-in-time messages and valuable touchpoints.

Machine Learning (ML) is the AI brain that makes predictions and determinations, allowing marketers to anticipate customer intent to optimise media, personalise experiences and boost marketing impact.

High Performers say these are the top benefits of AI & ML

65%	Increased marketing performance
60%	Better customer engagement
59%	Reduced customer service costs
58%	Improved ability to act on customer data
58%	Greater customer satisfaction

of **High Performers** experienced

Here is how High Performers are using AI

High Performers	Low Performers	
65%	32%	Personalisation
63%	27%	Dynamic pricing
55%	25%	Custom content generation
53%	19%	Chatbots
53%	17%	Image recognition
50%	31%	Digital assistants

Tap the predictive power of Machine Learning

ML gives marketers the ability to create predictive models based on patterns derived from data. These models help marketers anticipate customer behaviour and next best action to create personalised, in-the-moment experiences. These experiences ultimately drive sales, lower costs and increase marketing return on investment (ROI).

88% **of High Performers say ML has *significantly* improved their marketing efforts**

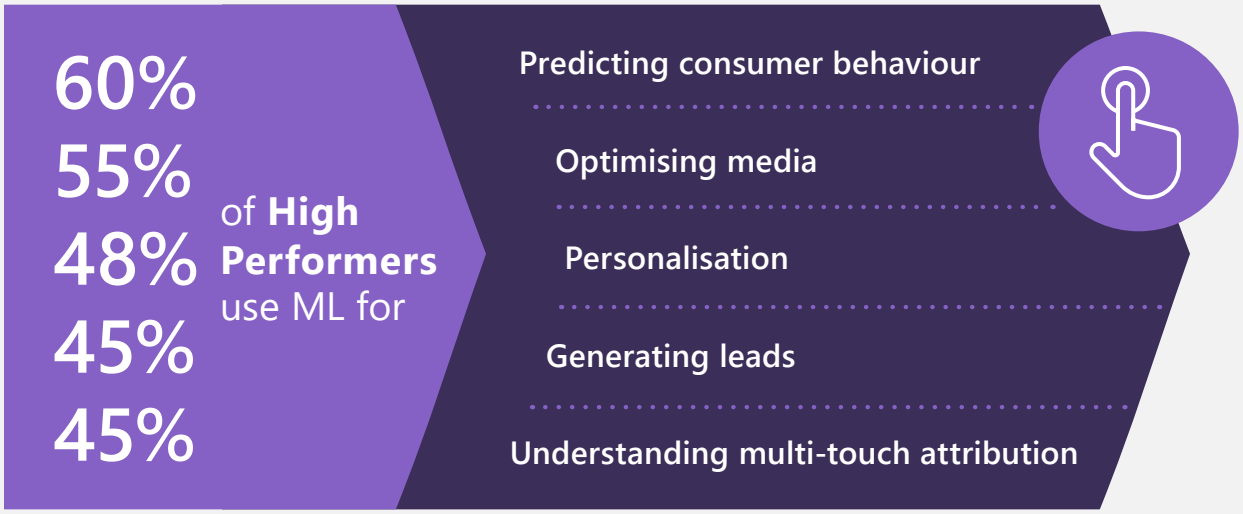
Solutions spotlight

Supermarket makes meal planning easier

Albert Heijn, The Netherlands' largest supermarket chain, created *Predict My List*. This ML-enabled solution builds custom grocery lists, recommends new products and provides recipes for 10 million weekly customers. The valuable, time-saving service has boosted sales by adding more products to shoppers' baskets.

The top benefits of ML, according to High Performers

How High Performers are using ML to create better customer journeys



High Performers use chatbots, digital assistants and image recognition

Let's look at some key examples of AI-enabled tools that High Performers are using.

Chatbots

A chatbot is an AI-enabled program that simulates human conversation, either through voice or text. The more search phrases that are used, the smarter the chatbot gets, thanks to ML. Chatbots are excellent for easing strain on customer service departments since they are available 24X7. And these days, chatbots can be built in a matter of days.

Digital assistants

A digital assistant is like your own personal helper. The more you interact, the smarter it gets. It answers enquiries and can help you with tasks like setting a timer, getting directions and checking the weather. Some digital assistants can order commonly purchased household items.

Image recognition

Image recognition is a cognitive service that can identify objects, people or places based on an image. It is a valuable tool that enables marketers to serve up recommendations and related items based on images alone, helping customers find what they need faster and more intuitively.

Solutions spotlight

Friendly chatbot attains celebrity status in China

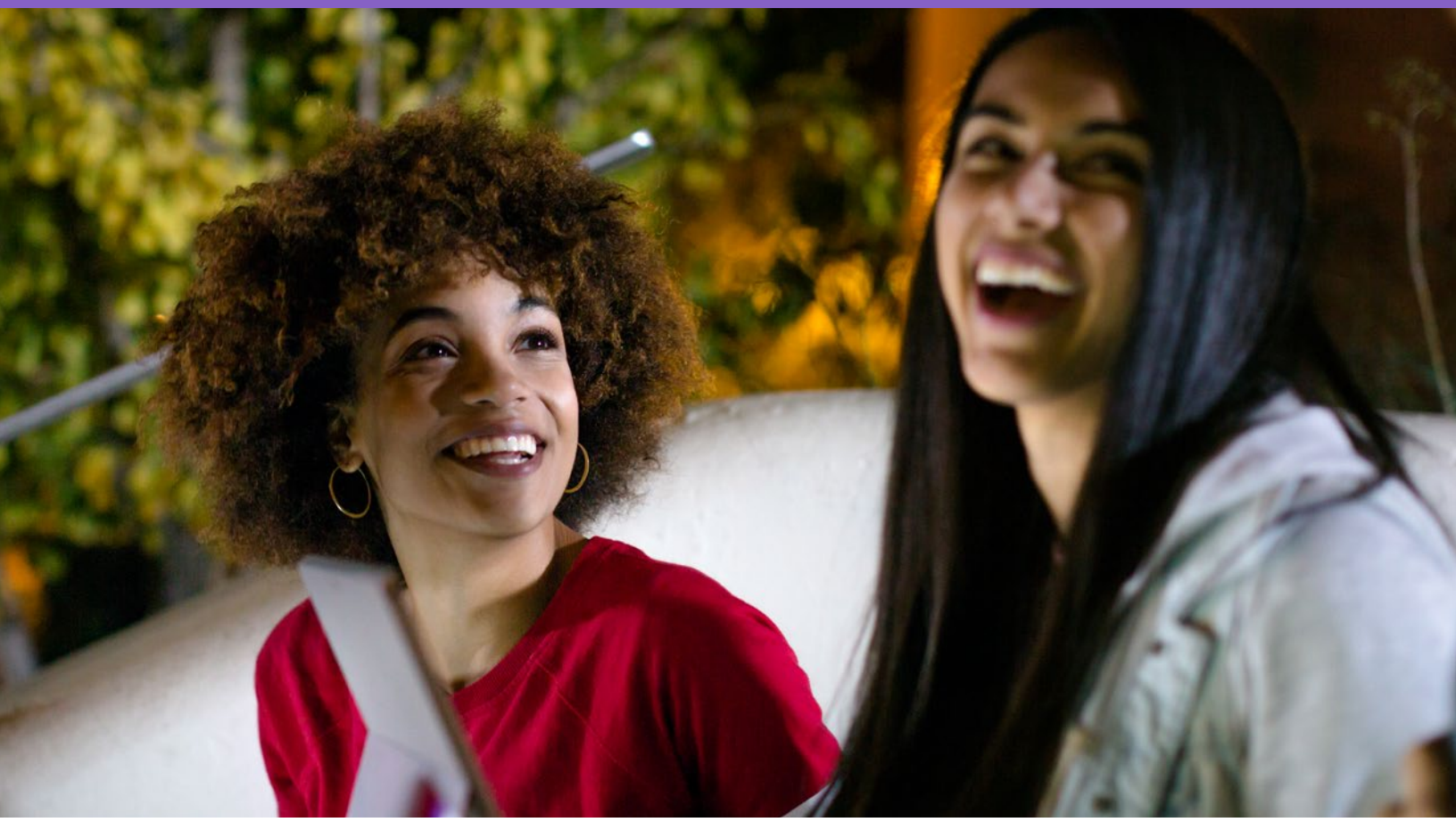
XiaoIce from Microsoft is the ultimate chatbot. This precocious, virtual teenager wants to be your friend and has attracted more than 660 million online users worldwide. She tells jokes, makes wry comments, doles out empathetic advice, and even composes poetry and art. In fact, this chatbot is so well-loved that she has become one of China's most popular celebrities.

Global telecom company speaks customer's language

To simplify digital life for its 350 million customers in 17 countries, Telefónica created its own digital assistant called ***Aura***. *Aura* chats with customers in their own language, providing quick access to information and recommendations and nurturing a more trustworthy relationship.

Find what you need with a photo

Imagine you are online and come across a photo of your favourite celebrity sporting a pair of must-have trainers. With Bing Visual Search, you can simply focus in on the trainers and do a quick Bing search to find the same or similar shoes for online purchase.



Make more people feel welcome

As you seek to improve engagement along the customer decision journey, taking a more inclusive approach to your customer understanding can propel your business forward with customers who want more than a transactional relationship.

Inclusivity in your marketing helps you identify underserved or underrepresented customer segments that you may have overlooked. For example, it makes sense to target Millennials for organic products. However, that assumption could potentially cost you older veterans who place an importance on their health.

Also, pay attention to your data, which could have unconscious bias since it was created by humans. If you spot data bias, ask probing questions to determine if there is enough diversity in your customer base. Then partner with your product or service teams to create experiences that rise above stereotypes.

41% **of retail consumers agree that marketing and advertising materials overlook certain forms of diversity**[ii]

Another opportunity is to incorporate inclusive language throughout the customer decision journey. AI and ML technologies can free you up to focus on the creative aspects of crafting more inclusive content and experiences and finding new ways to reach diverse audiences to create revenue opportunities.

Solutions spotlight

Fenty Beauty tackles exclusion in the makeup industry

Fenty Beauty is a fantastic example of inclusive marketing. The product line provides foundation options for all skin tones, including women at extreme ends of the shade spectrum. Founder Rihanna used social media to highlight personal stories and product reviews and established credibility with her fans by getting directly involved in R&D, attending beauty shows and sharing reviews. Not only did Fenty Beauty achieve $100 million in sales in the first 40 days, they set the stage for positive change in the makeup industry.[iii]

These are some of the most common words used by marketers to define inclusive marketing

Follow the leaders to get ahead

Most High Performers expect to increase their use of AI and ML in the next twelve months, especially for custom content generation, image recognition, natural language processing and ad customisation. Embracing AI and ML, along with a high-quality data strategy, is key to catching up.

	Plan to *significantly increase* their use of AI for marketing	Plan to *significantly increase* their use of ML for marketing
High Performers	55%	63%
Low Performers	9%	6%

How High Performers plan to increase their use of AI

68% Custom content generation

68% for Image recognition

63% AI cognitive services*

How High Performers plan to increase their use of ML

62% Audience targeting

56% for Understanding multi-touch attribution

53% Personalisation

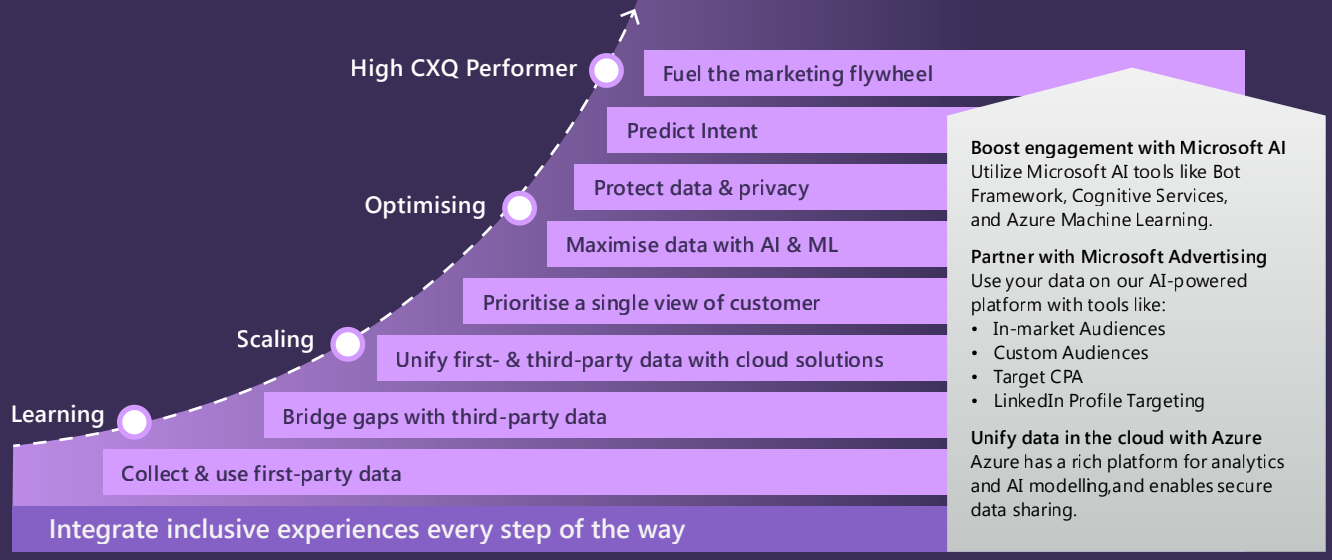
*i.e. natural language processing

You, too, can be a High CXQ Performer

To create smarter customer journeys, benchmark your capabilities in comparison to High Performers and then create an action plan. To assess your strengths, ask questions like:

- Am I collecting high-quality internal and external data?
- Am I using cloud solutions to manage and unify data?
- Do I have one single view of my customer?
- What kind of privacy practices have I implemented?
- Am I using AI and ML technology to make the most of my data?
- Am I creating inclusive experiences?

Where are you in the journey?



The ultimate secret? Advance your impact with Microsoft Advertising solutions.

Understanding and marketing to the customer journey enables you to align your brand in more relevant ways to drive awareness, sales and loyalty.

Take the first steps by working with Microsoft Advertising. Turn on AI-powered targeting solutions and broaden your audience through our In-market Audiences, Custom Audiences, LinkedIn Profile Targeting and Target CPA.

For additional insights and inspiration, see how other companies are engaging their consumers to create smarter customer decision journeys:

- Virgin Australia flies high with Custom Audiences
- Overstock seals more deals with Microsoft Audience Ads
- Explore more Microsoft Advertising insights

Sign up for a Microsoft Advertising account to take advantage of these tools or get in touch with an account representative. If you already have a Microsoft Advertising account, log in or talk to your account representative about how to be a **High Performer.**

[i] *Microsoft and Advertiser Perceptions study of 213 marketers and agencies in the US & UK*, December 2018–January 2019
[ii] Source: Accenture Inclusive Marketing Research 2019, Accenture D&I Research
[iii] Source: Fenty Beauty

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