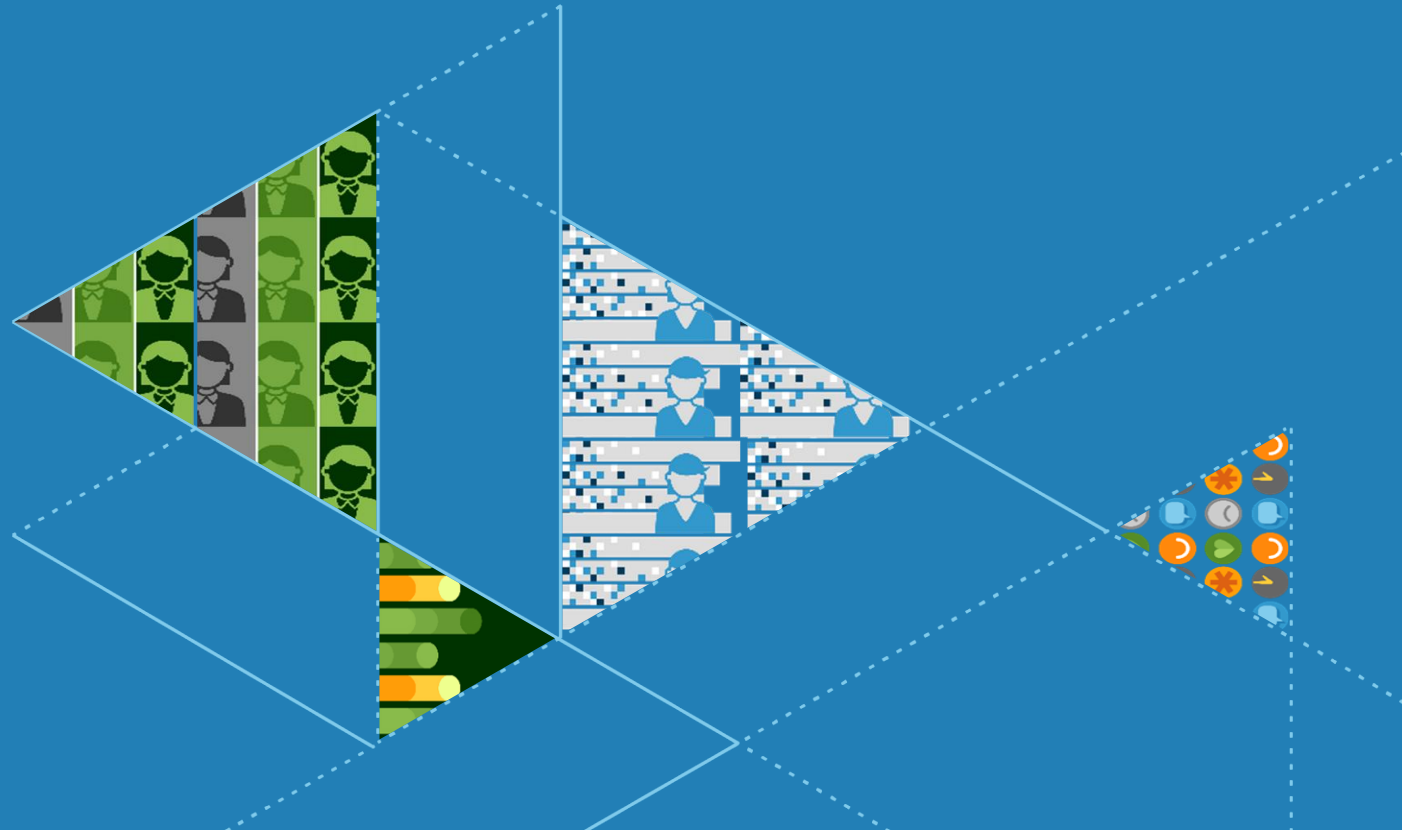


A Custom Technology Adoption Profile Commissioned By Emarsys | July 2017

# Building Trust And Confidence: AI Marketing Readiness In Retail And eCommerce

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# Building Trust And Confidence: AI Marketing Readiness In Retail And eCommerce

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## How AI-Powered Marketing Is Transforming The Retail Sector

Expectations for dramatically improved customer experiences (CX) are driving retail investments in omnichannel technologies that provide competitive differentiation beyond core products and services. As retailers pursue more advanced capabilities, artificial intelligence (AI) technologies provide innovative opportunities for retail marketers. It is, therefore, mission-critical for retail decision-makers to understand how ready their organizations are to embrace AI technologies with the potential to propel them forward as industry leaders.

### PROJECT BACKGROUND

In April 2017, Emarsys commissioned Forrester to conduct a study of the retail and e-commerce industries to understand if there is still a gap between the readiness of AI marketing solutions to execute on real-time B2C marketing campaigns, and the readiness of marketing tech users and business decision makers to adopt AI marketing technology. The businesses surveyed had revenues from at least \$50m to more than \$5bn in US, UK, Germany, France and Australia.



#### Country

- › US: 42%
- › UK: 15%
- › Germany: 14%
- › France: 14%
- › Australia: 15%



#### Employee size

- › 20,000 or more: 9%
- › 5,000 to 19,999: 22%
- › 1,000 to 4,999: 30%
- › 500 to 999: 26%
- › 250 to 499: 13%



#### Department

- › Digital marketing/ eCommerce: 50%
- › Marketing/advertising: 22%
- › Leadership: 16%
- › Marketing operations: 12%



#### Plans to invest in AI

- › Interested: 37%
- › Evaluating: 21%
- › Piloting: 8%
- › Implementing: 14%
- › Expanding: 20%

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## AI Marketing Gains Momentum For Retailers

The Age of the Customer has shifted the balance of power from brands to customers, who have more purchasing options and control now than ever before. The retail sector has entered a period of enormous transformation, and to be successful, retailers must give customers what they want when they want it or risk losing them to brands who will.

Artificial Intelligence marketing is already highly regarded and forcing organizations to take notice. Why? AI technology makes it possible for companies to create efficient and consistent customer experiences (CX) while also automating time-consuming tasks that allows marketers to spend more time on creative and strategy.

Thanks to the digital age, more than 90% of the data accumulated in the world today has been created in the last two years .

Understanding these mountains of data exceeds human cognitive capacity, which creates an ideal scenario for unleashing AI marketing technologies. Indeed, AI offers the potential to create value for businesses that range from driving revenue growth to better serving customers and meeting their expectations. In fact, firms are also investing in AI marketing technologies to remain competitive and improve the strength of the brand.

“What are the top five objectives that your organization wants to achieve by investing in artificial intelligence marketing initiatives?” (Top five)

1

Drive revenue growth



2

Better serve existing customers



4

Remain competitive



3

Meet rising customer expectations



5

Improve/strengthen our brand



Base: 717 business decision makers in a marketing role involved in setting the marketing strategy and AI  
Source: A commissioned study conducted by Forrester Consulting on behalf of Emarsys, June 2017

*“AI is helping us to target specific segments of customers, which is increasing our customer base and helping us in addressing their needs.” — Marketing director for a European organization*

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## AI Marketing Enhances Personalization of Omnichannel CX

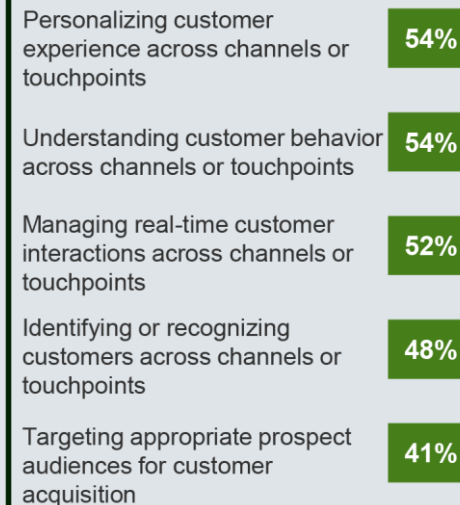
Our survey revealed retailers have a clear appetite to become customer-obsessed by creating an integrated brand experience and a unified CX across all channels and touchpoints.

Customers increasingly use more than one device when browsing and shopping. Averaging 4.5 connected devices when interacting with a brand, customers have made it clear that brands must account for an omnichannel experience.

This omnichannel approach is fueling marketers' desire to personalize the CX as consumers interact with the brand across various touchpoints. This is paving the way for retailers to leverage AI marketing to personalize the customer journey (54%) and better understand customer behaviors (54%).

It's critical for marketers to understand the capabilities that AI can deliver today and what it can accomplish moving forward. In the short term, AI-powered marketing solutions promise to drive efficiency by automating processes and surfacing insights to marketers. In the longer term, AI-powered marketing solutions will enable contextual marketing and drive lift in marketing KPIs by autonomously creating and delivering customer interactions. Over time, marketing technologies that leverage AI capabilities will ease deployment and ongoing management of critical marketing activities such as personalization, ad buying, and content creation.

"In what way is your organization using artificial intelligence marketing to drive innovation and create new growth areas for your organization?" (Select all that apply)



Unified CX

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*On average, three out of five firms expect to implement AI marketing technologies within the next 12 months.*

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## AI Marketing Closes The Insight-to-Action Gap

Retail marketers need help to tackle rising customer expectations by making sense of the floods of data streaming into their organizations' databases. Only 52% of firms said that they're able to manage real-time customer interactions with the brand. This is no surprise, largely because insight generation and marketing execution exist separately from one another in most organizations. Since the process of applying insights to execution is mostly still a manual one, it is difficult for marketers to take action on analytical insights; it simply takes too long. But AI-powered marketing offers advantages over traditional systems of insight and engagement because of its built-in ability to consume real-time data at scale from a broad range of sources.

The growing sophistication and real-time, data-driven approach of AI marketing technology paves the way for its rapid adoption by retail marketers. In fact, our custom survey found that 72% of marketers plan to address today's shortcomings by implementing real-time customer interactions across channels or touchpoints within the next 12 months. Retail marketers can lead the way by collaborating with their business technology counterparts to prioritize AI investments that drive real-time interactions across customer-facing operations. A cross-functional AI approach will extend marketing's goals for contextual relevance beyond advertising and marketing channels to ensure CX consistency that spans e-Commerce, sales, service centers, and mobile or location-specific operations.

### "When do you expect to implement the selected AI marketing technologies?"



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## Business Decision Makers Don't Understand How To Execute AI Marketing

As AI marketing gains more interest, retailers must understand its business impact. The state of AI marketing is very much like any other new technology: firms that implement the technology without understanding the key issues associated with successful delivery and implementation will fail.

Standard marketing processes are designed to sequentially gather data, analyze results, and iterate campaigns. Retailers expressed concern (very challenging or challenging) over their ability to keep up with today's fast-moving customers and complex cross-channel customer relationships (65%).

In other words, users of AI marketing technology require business stakeholders to keep up with the pace of change, yet 65% said they do not have the product management skills required for incremental innovation that is part of AI marketing.

To understand this further, we looked at users of the AI marketing tool and their executive counterparts and found incorrect perceptions on the technical skills required to implement AI-powered marketing. Users demonstrated a better understanding of what AI can do, namely, enable and optimize. In fact, only 29% of users feel they lack the technical skills. However, more than 70% of business decision makers said their staff lacks the technical skills to leverage AI marketing technology.

**“What are the top five challenges you face today when executing your artificial intelligence marketing strategy?”**  
(Select all that apply) (Showing “very challenging” or “challenging” only)



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## Marketers Plan to Leverage an Array of AI Capabilities

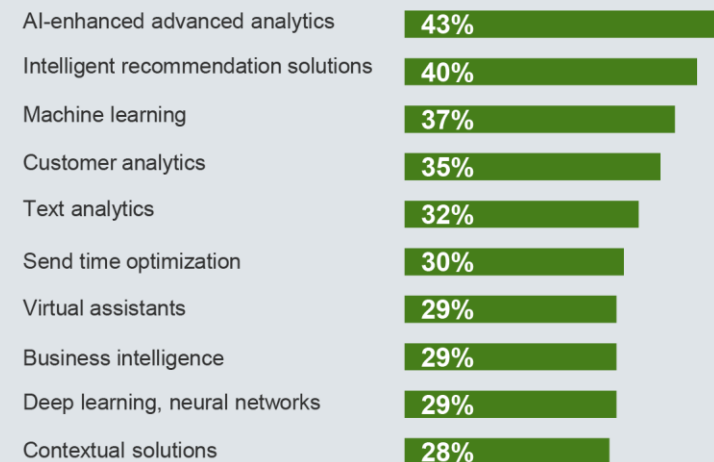
Today, the large majority of AI marketing applications focus on augmenting existing use cases, such as targeting and personalization, to achieve enhanced speed, granularity, and efficiency. Utilizing AI for tightly defined use cases was appropriate in the early stages of the adoption cycle as B2C marketers learned how to apply AI techniques to marketing, adapted their processes, and gained confidence in the results generated.

But in today's digital economy, customer attention spans are getting shorter. Existing use cases for AI marketing tools cannot address customer requirements in their moments of need, which is why retailers are planning to leverage a variety of AI marketing tools in the future. For example, 43% said they plan to use AI-enhanced advanced analytics, 40% plan to use intelligent recommendation solutions, and 37% plan to use machine learning. All of these AI marketing tools enable firms to fully leverage data and connect insights to engagement – drastically cutting the insight-to-action gap and addressing real-time customer needs.

*“AI marketing enables us to think beyond optimizing processes and reacting to customer needs. We are able to anticipate their needs instead whilst focusing on other strategic imperatives to improve customer experiences.”*

— Senior marketing manager based in the US

“What are your firm’s plans to use the following AI marketing technologies?” Select all that apply



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## Expert Marketers Use AI Marketing To Drive Business Results

To assess an organization's readiness to adopt AI marketing, Forrester asked respondents to rate their digital capabilities across three dimensions: strategy, organization and technology.

**Strategy:** Clearly defined and championed AI marketing strategy.

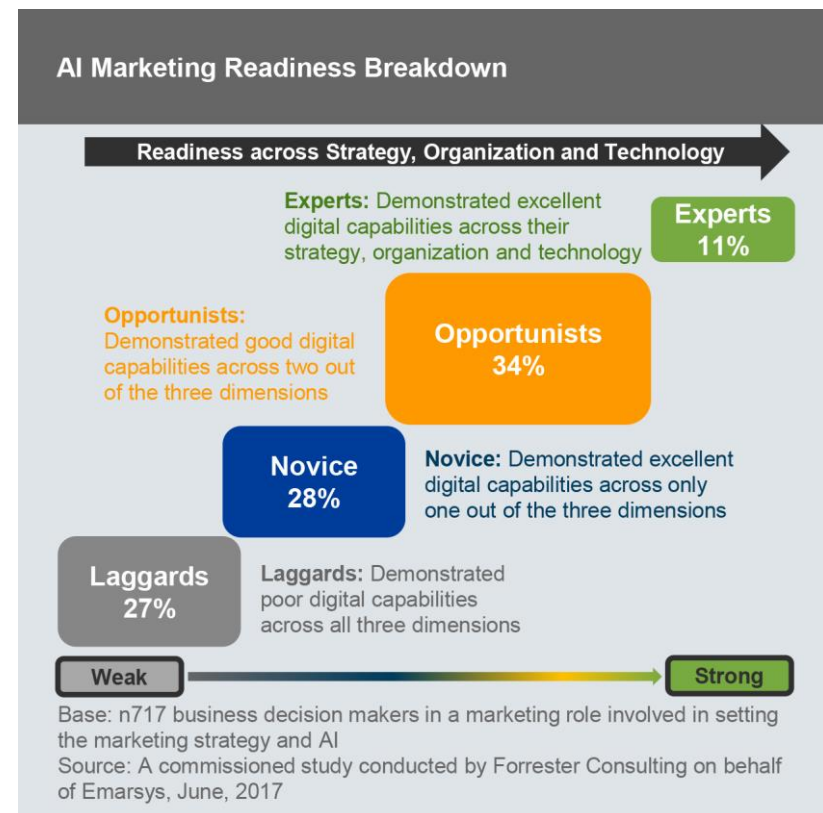
**Organization:** Encompass the right people, skills, and structure to support AI marketing initiatives. **Technology:** Leverage modern architectures and deploy the necessary technology or tools to ensure AI marketing succeeds.

Forrester explored the breadth and depth of their strategic marketing initiatives, the extent to which their cross-functional processes were aligned for AI marketing, and the technologies necessary to execute their AI marketing strategy.

Retailers are categorized into four groups:

- Experts (11%) who demonstrated true AI marketing readiness across all three dimensions.
- Opportunists (34%) who excelled at two of the three dimensions.
- Novices (28%) who excelled at only one of the three dimensions.
- Laggards (27%) who clearly struggled across all dimensions.

The major finding from the survey results is that expert marketers use AI marketing to drive business results, engage with customers more frequently and have the ability to scale their marketing campaigns as needed.





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## AI Will Transform The Role Of Marketers

Traditional marketing processes, such as cross-channel campaign and optimization programs, are resource-intensive and difficult to manage. But, with AI-powered marketing, teams can operate fluidly because of AI's promise to automate and ingest data from various sources in real time. In other words, AI-powered marketing can automatically discover and analyze increasingly more permutations of data to provide deeper actionable insights.

Importantly, firms believe AI-powered marketing will shift the role of marketing toward more strategic work (79%). AI will make marketing teams more efficient (86%) and effective (86%). It will further enable them to focus on value-generating tasks as AI automates workflows (82%).

Without worrying about time-consuming and complicated tasks like data integration, analytical model development, and algorithmic optimization, marketers can think strategically about unifying the CX and leveraging AI to achieve it. A common myth is that AI marketing will put marketers out of their jobs. It won't, but AI marketing can handle the most time-consuming tasks, freeing marketers to concentrate on strategic objectives like product innovation and new content. This explains why 80% of retailers agree AI marketing will revolutionize the marketer's role.

And, since AI marketing embeds complex analytics in user-friendly tools that automatically discover trends in customer behavior, it will remove barriers to entry for businesses that previously resisted next-generation tools with specialized skills requirements.

**"How much do you agree with the following statements?"**  
(Showing "strongly agree" or "agree" only)  
*"Artificial intelligence will . . ."*



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*When we asked how much firms agree what AI will do in the future **82%** agree that AI marketing will reinvent the way that marketers work.*

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## AI Marketing Drives Continuous CX Evolution

For AI-powered marketing to succeed, it is mission-critical for retailers to recognize that AI technology innovation on its own is only part of the solution. Retailers can leverage AI marketing to deliver exponentially better CX in the future, but only if they ready themselves via requisite changes in strategy and organizational structures.

Our survey shows that the majority of firms strongly agree or agree that AI will reinvent the retail industry (88%) and dramatically change what the company does (81%). This feedback aligns with Forrester's research that shows AI is poised to completely reframe how businesses operate and consumers interact.

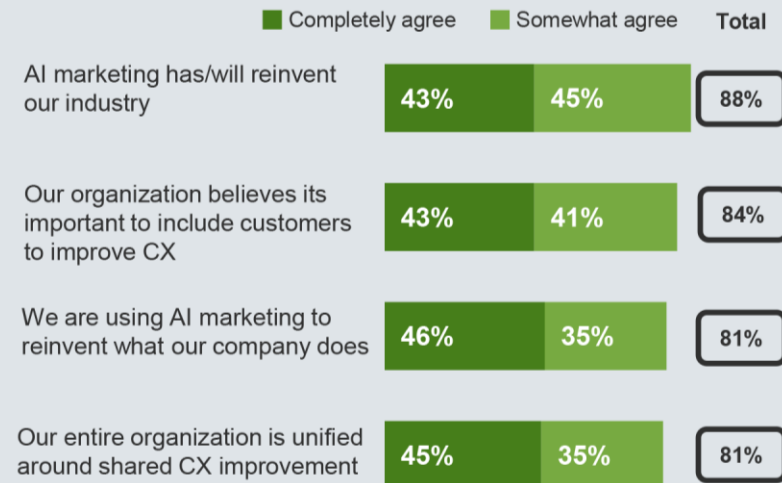
Success requires a company-wide CX strategy, and survey respondents agreed that unifying the entire organization for shared CX improvement is a critical component of their AI marketing initiatives (81%).

Retailers also agreed that they don't have all the answers, and have much to learn by including customer feedback as key component of their efforts to improve CX (84%).

*"Our objective over the next two years is to implement powerful AI-based marketing tools to empower our workforce."*

— Marketing manager in France

**"To what extent do you agree with the following statements about your AI marketing initiatives?"**  
(Showing "completely agree" and "somewhat agree" only)



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## AI Maturity Provides Competitive Differentiation

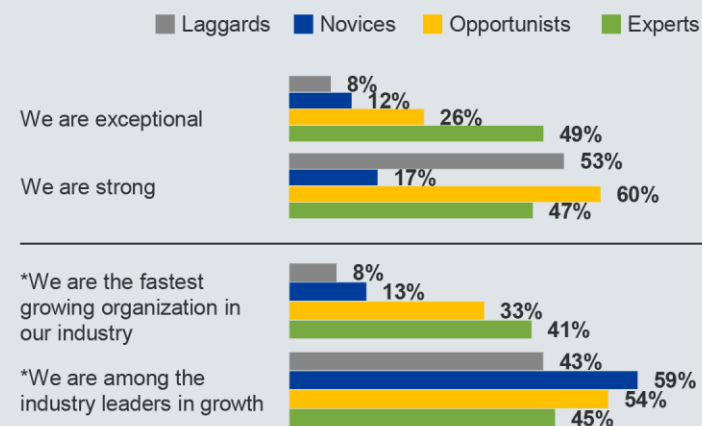
Expert and opportunist retailers are extremely proficient at using AI marketing to gain a sustainable competitive advantage over their market peers. They recognize that AI can accelerate their efforts to become truly customer-obsessed.

By strategically focusing on the customer with all their marketing endeavors, 49% of experts and 26% of opportunists see themselves as exceptional in engaging and retaining customers – compared with just 12% of novices and 8% of laggards. Another 47% of experts consider themselves to be quite strong in this regard, as do 60% of opportunists.

Consequently, 49% of experts and 33% of opportunists consider themselves the fastest-growing organizations in their industry, compared to just 13% of novices and 8% of laggards. In other words, those that are mature and follow through on their AI marketing strategy are better able to leverage the latest technologies to gain performance boosts and establish competitive differentiation. In an already competitive retail landscape, companies that can build unique selling propositions with significant differentiation through customer engagement are better positioned to retain their customers and succeed.

*Both business decision makers and users said AI marketing enables better customer retention and engagement capabilities.*

“How would you rate your organization’s ability to engage and retain customers?”  
“How does your revenue growth compare with your competitors?”\*



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## Accelerate AI-Powered Marketing Adoption Today

Only a handful of retail organizations are experts in the AI marketing readiness domain, and they are strategically and organizationally prepared to leverage AI technology innovations to enjoy its business benefits. Brands who wish to join them must:



- › **Get C-level buy-in to ensure you're not left behind.** Successful retail marketers understand the importance of executive sponsorship to drive a company-wide culture obsessed with delivering contextually relevant customer experiences. Be prepared to articulate how AI marketing investments support your firm's CX strategy and align with business objectives. Address misconceptions among both users and decision makers with regards to the skills and resources required to drive value from AI marketing.



- › **Set the stage for AI marketing adoption.** AI-powered marketing enables retailers to make efficiency gains across cross-functional processes from data management and analytics to interacting with customers in real time. Marketers must collaborate with customer-facing colleagues from across the organization to prepare for AI marketing readiness. Start by testing AI solutions on specific problems and monitoring the impact to prove the value of AI-enabled use cases.



- › **Work with technology vendors as business partners.** As complex AI marketing tools become more intuitive, retail and e-commerce marketers will find them accessible without specialized skills. In the meantime, seek guidance from technology vendors that have the expertise and track record to support your firm's AI marketing strategy. Early adopters also have the opportunity to work with vendors to influence the evolving simplicity and effectiveness of AI marketing solutions, ultimately maximizing their business value in the long term.



- › **Misconceptions of tech skills required for AI marketing hinders mainstream adoption.** Users are after all consumers too, they must get their hands-on AI-powered marketing tools to understand, control and teach it to get the best results. Not all firms will have all the required skills in the marketing organization, and given the talent shortage, it's also likely that firms won't be able to rely on external recruitment to fill the gaps. Decision makers must educate themselves in all things AI, and ensure that for AI to work there is first and foremost excellent data stewardship, and not necessarily the need for marketers with tech skills

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## Methodology

This Technology Adoption Profile was commissioned by Emarsys. The custom survey questions were fielded to 717 business decision makers in the US, the UK, Germany, France, and Australia. The survey participants were directly responsible for or had influence over marketing decisions at their organization. The customer survey was completed in July 2017.

For more information on Forrester's data panel and Tech Industry Consulting services, visit [Forrester.com](https://forrester.com)

### Source:

Forrester report, "It's Time To Take Your Data To Market"

Forrester report, "The Top Emerging Technologies For B2C Marketers"

Forrester report, "The Top Emerging Technologies for B2C Marketers."

Forrester report, "The Forrester Wave™: Real-Time Interaction Management, Q2 2017."

Forrester report, "The Top Emerging Technologies In Artificial Intelligence."

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