What makes your customers tick?

Revealing how data can drive segmentation and inform next best action.

Predyktable
ACT WITH FORESIGHT

A little about me.

01

Studied Engineering and worked in **Aerospace** initially with a focus on **stress, fatigue and fluids modelling** for A320, A350 and A400M Aircraft
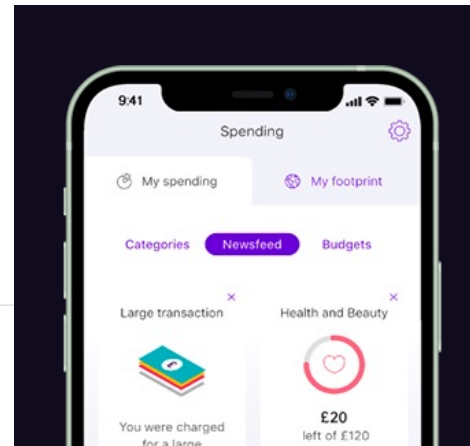
02

Desire for more open-ended problems moved me towards **engineering consultancy** with an **economic focus** on on large infra projects including HS2 and CR2

Interest in working on larger scale data & engineering applications within a more state of the art tech-stack led me to **finance**, building out **personalisation and insight products** and support the **back end of the customer facing app**

03

After some further education, I moved to **Insurance**, working in the Actuarial department for a Lloyds syndicate using ML to **model risk and market behaviour** for standard & non-standard motor

04

What do we mean by smarter segmentation?

Segmentation is the process of dividing customers into distinct groups that exhibit shared behaviours.

Why do we segment?

- Targeting
- Relevance
- Planning & Development
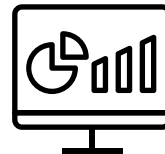- Strategy
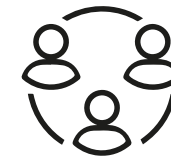
Current Segmentation Methods

Demographic

Geographic

Psychographic

Behavioural
(browsing, purchase)

Customer Metrics
(regency, frequency, monetary)

Cohort

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How can we get smarter?

- **Sophistication** – lets looking for nuance across all the data we have

- People change, we learn more, people act different depending on what's going on around then so segmentation must become **More Dynamic**

Using **Automated Machine Learning** allows for highly tailored/sophisticated groups, utilising a vast range of information and can be dynamic and responsive to how customers change and respond to our interactions.
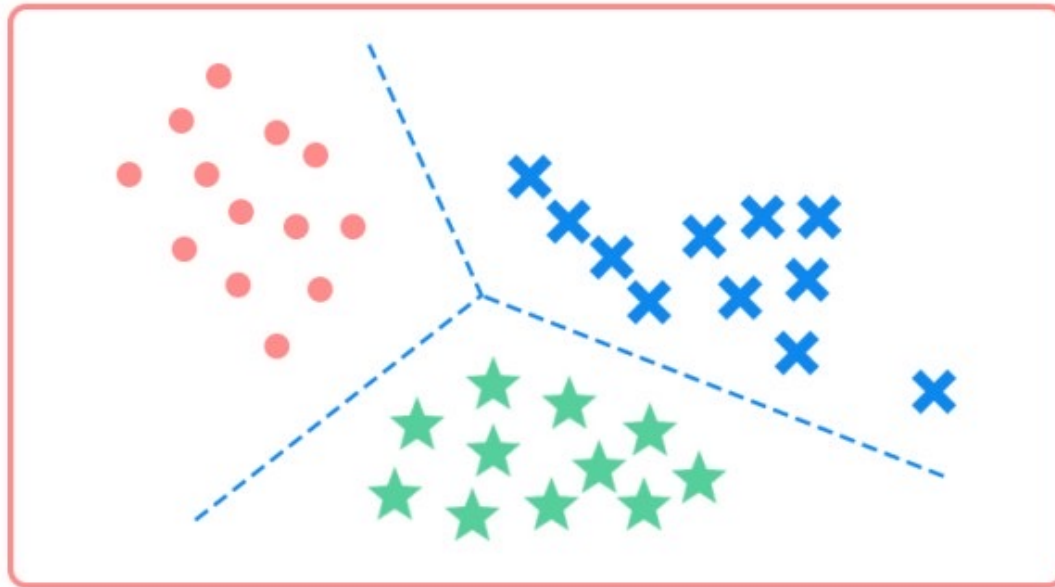
AI
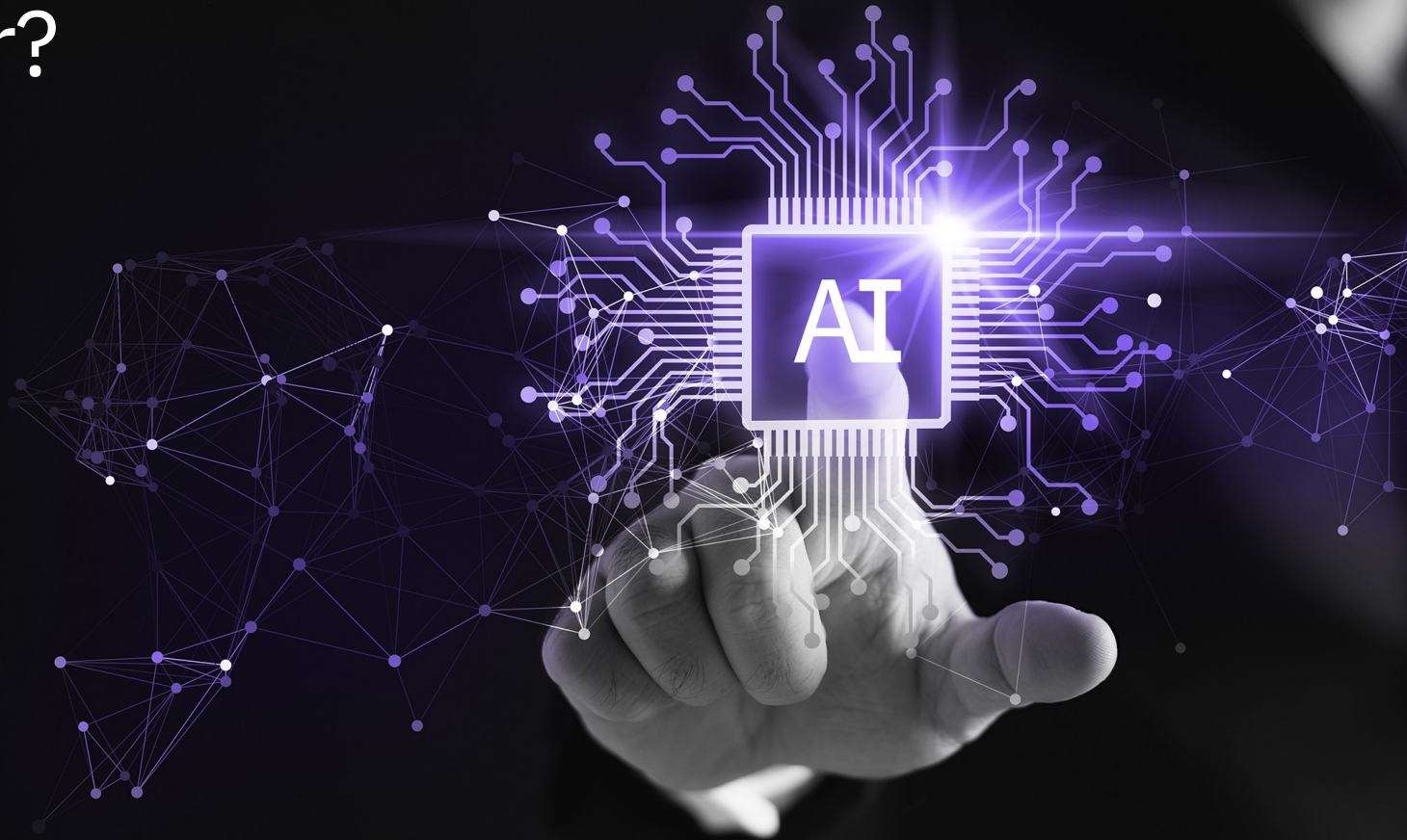
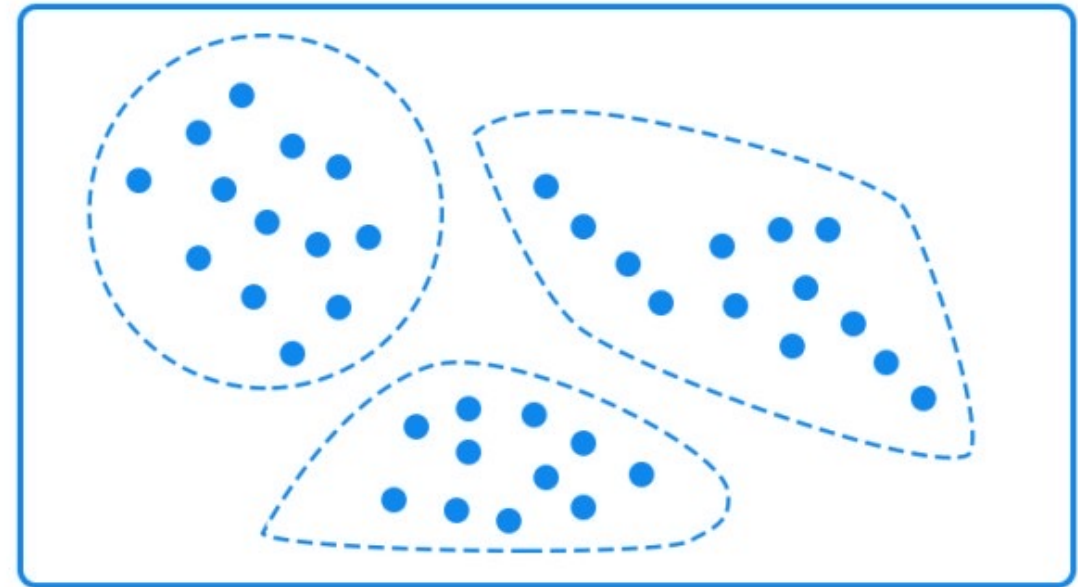# How Do We Segment with Machine Learning?
(Unsupervised vs. Supervised)

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Beyond Segmentation

If our segments are becoming more and more dynamic and nuanced, why do we group at all, lets treat everyone independently as we are all unique. **Hyper-personalisation** is the evolution of segmentation.

We can shift from tailoring for groups to creating **individualized** experiences.

What does hyper-personalisation give us?

- Product Recommendations
- Dynamic Content
- Offers
- Email Campaigns
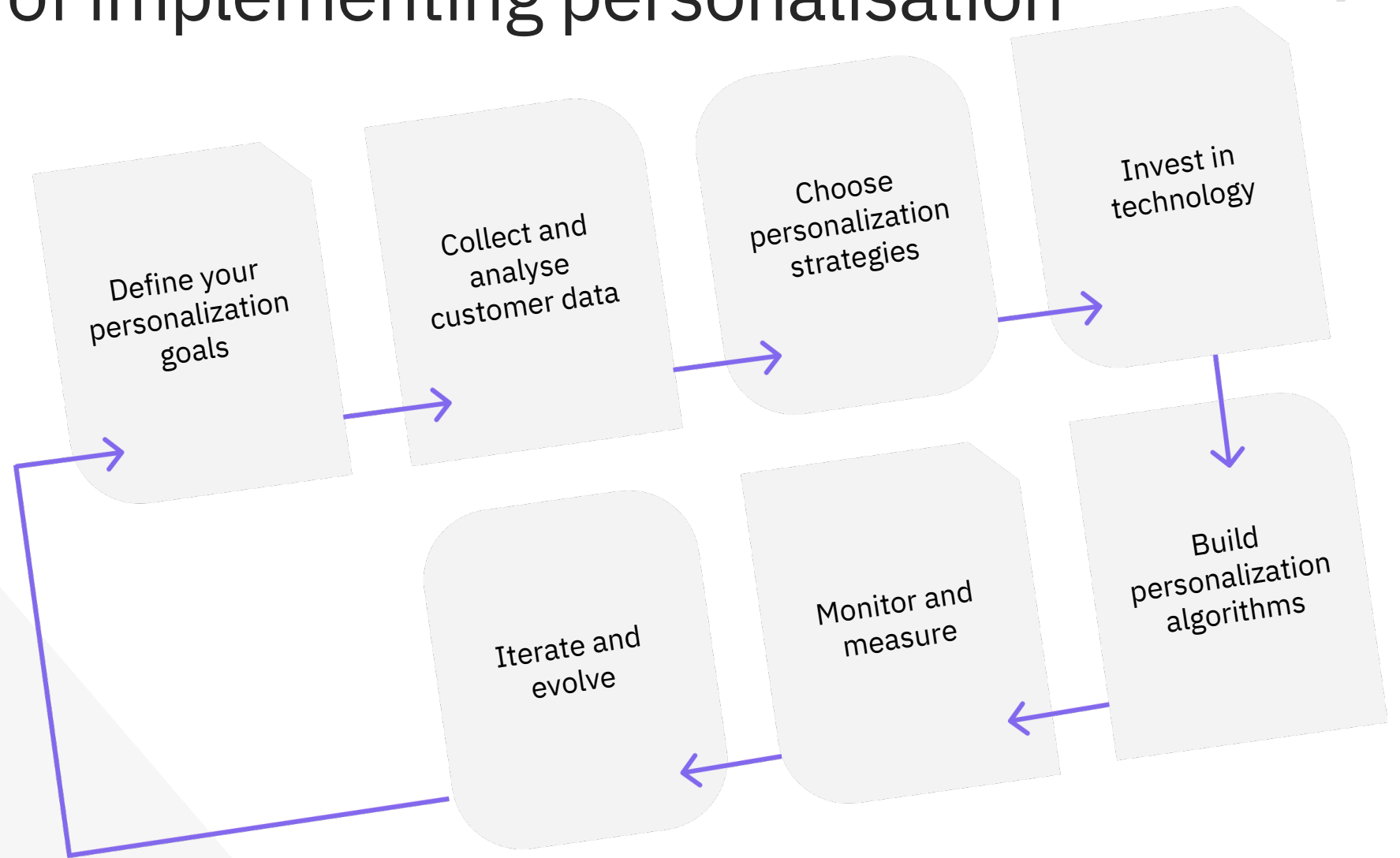
According to McKinsey it leads to increased revenue (5-15%) and marketing Spend Efficiency (10-30%) Gartner estimates that "organizations that have fully invested in all types of web personalization will outsell companies that have not by more than 30%."

The challenge of implementing personalisation

<u>How businesses can implement personalisation effectively.</u>

Define your personalization goals

Collect and analyse customer data

Choose personalization strategies

Invest in technology

Build personalization algorithms

Monitor and measure

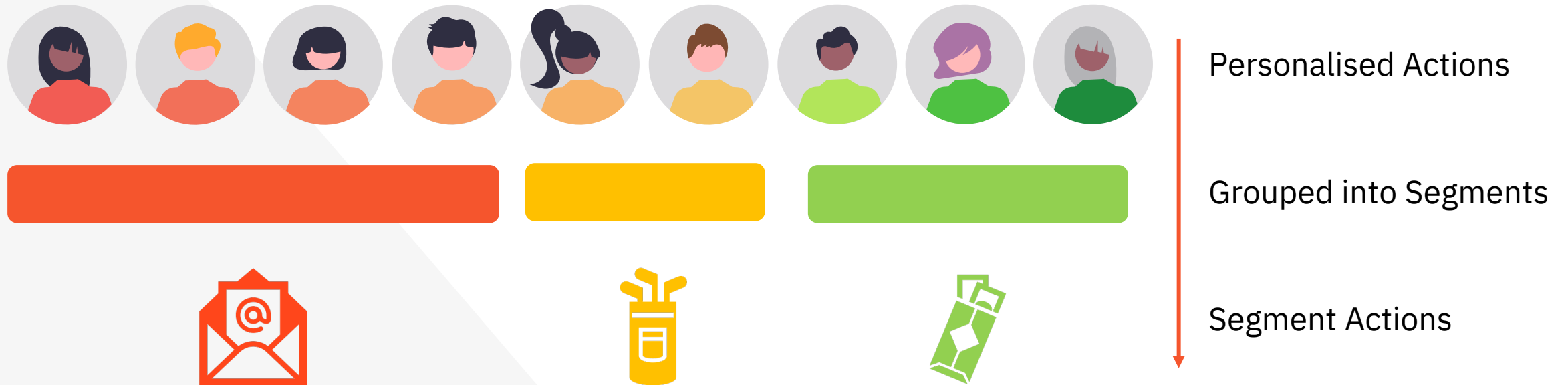Iterate and evolve

Act with foresight

What Is the Next Best Action?

If we consider a users <u>entire</u> journey and relationship with a business, can we define for a given moment and time what should we do next? Even if sometimes that's waiting.
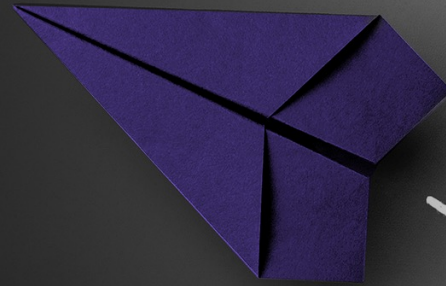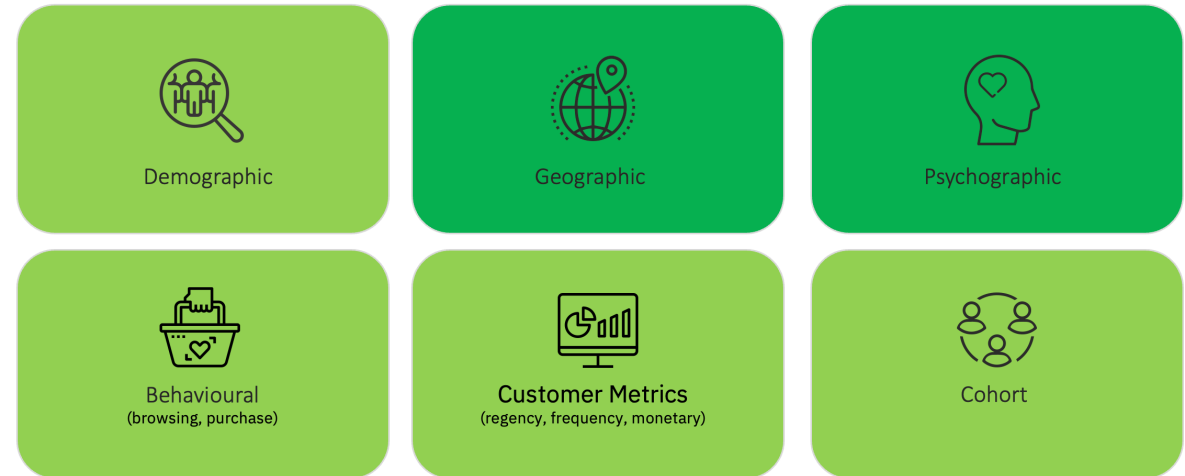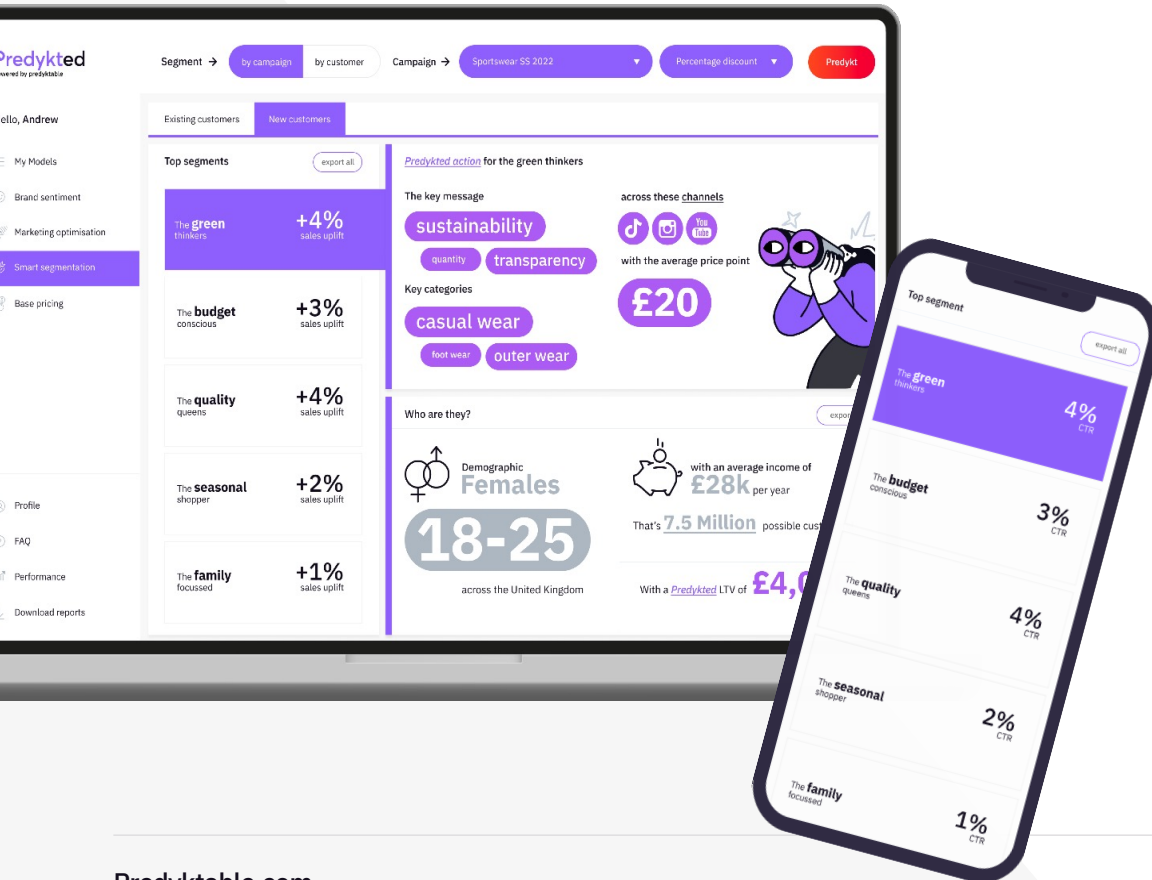
Build from the bottom up

Not all businesses are ready to integrate hyper-personalisation, but that doesn't stop us from modelling there.

Personalised Actions

Grouped into Segments

Segment Actions

Act with foresight

We already have the data..

Demographic

Geographic

Psychographic

Behavioural
(browsing, purchase)

Customer Metrics
(regency, frequency, monetary)

Cohort

..so lets make use of it..

Challenges and Considerations

Just to name a few...

- Privacy Concerns
- Algorithmic Bias
- Lack of Transparency
- Consent and Control
- Reinforcing Stereotypes
- Upskilling

Conclusion

Segmentation is a step on the road to hyper-personalisation, but personalisation does not come easily, nor is it without its own issues.

Leveraging machine learning and AI lets us achieve personalisation and allow us to engage with each customer uniquely.

Thank you

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