

# Pushing Beyond the Limits of Personalisation with Prediction

The marketing landscape is changing, driven by cookie deprecation, changing regulation, and consumers' growing understanding of the value of their personal data and the resulting desire for better privacy. For the past decade, personalisation has been the dominating trend in marketing, providing the optimal way to build stronger customer engagement, but these developments make it increasingly hard to deliver successfully.

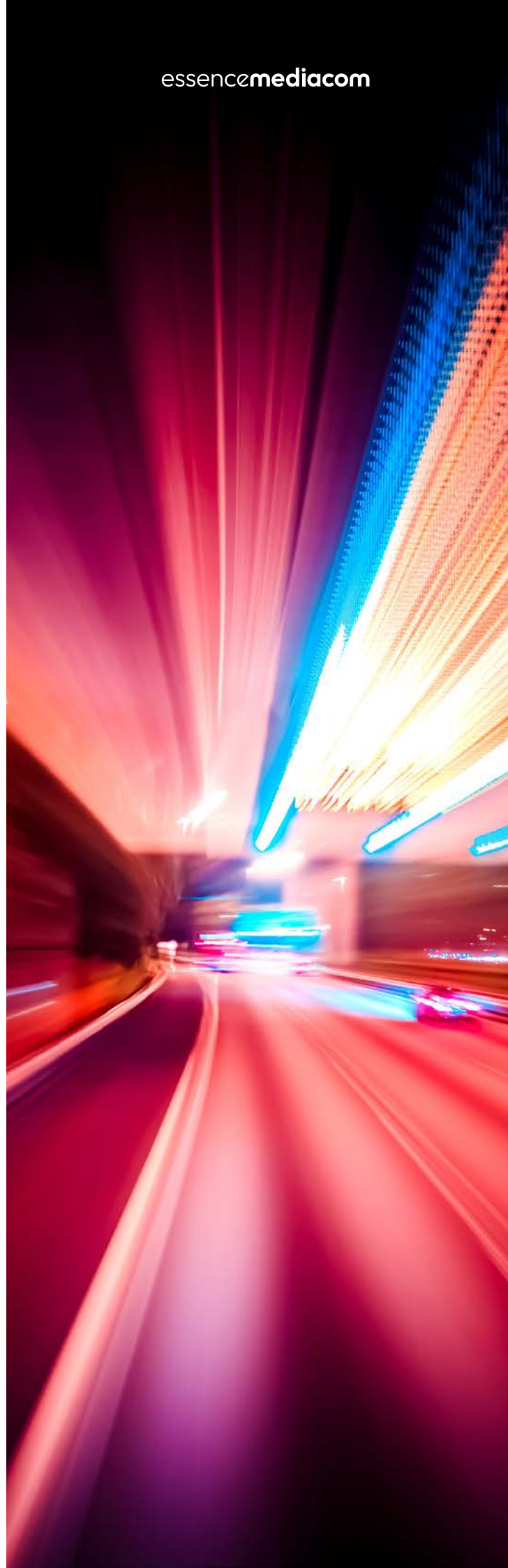
The setup alone is fundamentally flawed: currently, only **30%** of the open web is available for targeting with personalised communications, which leaves brands fighting for visibility in a space that is only set to grow more restricted. Yet many remain committed to chasing this holy grail, even when it will – and can – never exist.

Personalisation alone cannot deliver the data-driven breakthroughs of the future. That's why brands need to master the art of prediction to stay ahead of the game.

## THE BIG TECH CHALLENGE

Prediction gives businesses a way to take their first-party data further. However, it doesn't come without challenges, especially when it comes to the uniformity of approaches. Currently, over **50%** of consumers' media day is algorithmically-served, with **twice** as much time spent on platforms than traditional media.

Already, the majority of the digital marketing spend is focused on the big tech platforms, increasingly being distributed based on the machine learning (ML) algorithms they develop, such as Google's Performance Max or Meta's Advantage+ shopping campaigns. This will inevitably lead to a more homogenised approach: when using the same pool of data, methods and strategies, a competitive advantage is hard to establish.



While this might be good news for SMEs who gain access to advanced media approaches, it erodes the competitive advantage of big brands. Here, customisation of the predictive algorithms presents a great opportunity. By becoming better at predicting the future, they can wrestle back that crucial advantage and regain the edge over their competitors.

So, how exactly can prediction help businesses navigate future marketing challenges? Put simply, it provides the insight that allows brands to optimise budget allocation before a penny is spent, identify which messages best resonate with the target audience, and where new growth opportunities are likely to lie, even before they materialise.

This is where prediction plays a key role in complementing personalisation-based marketing strategies. Personalisation maximises value from customers you already know, but it doesn't excel when it comes to finding new customers to help grow the business. Prediction extends this reach to new audiences.

## PREDICTION IN PRACTICE

Unsurprisingly, some of the biggest brands have been quick to make prediction part of their marketing strategy alongside personalisation. A leading broadcaster, for example, wanted to increase the number of transactions from digital sales channels in its new customer acquisitions, and predictive analytics helped it identify the most promising growth opportunities.

By integrating its first-party data with hundreds of contextual, location, temporal, and technographic signals, EssenceMediacom was able to develop a customised predictive algorithm. It could forecast, in real time, customers' likelihood of converting into paid social and programmatic channels, which allowed for smarter altering of bid prices. This resulted in a 21% reduction in CPA compared to existing algorithms and over a hundred new contextual signals, further enriching the broadcaster's first-party data.

One major retailer, on the other hand, had a slightly different challenge. It wanted to build more relevant communications for its 17M loyalty programme customers





to deliver more revenue. Here, prediction was used to identify the most valuable customers through propensity and customer life stage models that showed which products should be advertised to which customers to encourage them to shop again with the retailer. In a year, the first party-activated media spend increased dramatically, from less than £1M in 2020 to nearly £6M in 2022.

## DISSECTING BIG DATA

As the above examples demonstrate, prediction can deliver the results brands need to thrive. However, its success depends on having the right skills to turn it into actionable outcomes. It takes a forward-thinking approach and considerable investment in people and technology to enable prediction at a level that can generate genuine business value.

The teams working on delivering it need a diverse skill set and a thorough understanding of all types of data. They must be able to dissect big data and generate value from it by removing everything irrelevant. At the same time, they must also look deeper into first-party data and leverage and enhance the whole extent of owned data to find new creative ways to drive value. This could mean looking at business data, such as stock availability, to generate new sales insights to guide activities.

Modelling capabilities are also vital – more accurate modelling translates into higher prediction accuracy, which creates a competitive difference. To achieve the scale and relevance needed for delivering targeted media, the data layer of the future will be built around geo keys. Enabling multiple datasets to be embedded in a futureproof, privacy-first manner, allowing easy integration of brands' first-party data. These data sets will be vital for powering advanced predictive analytics in the future, especially for brands that are not data-rich or have swathes of first-party data.

## FINDING THE REAL DIFFERENTIATOR

Mastering prediction takes effort, data to build upon, and the right partner to develop the bespoke strategy that makes it go one step further. Off-the-shelf algorithms can get you started, but the real competitive edge is defined through customised solutions that leverage the unique attributes of brands' first-party data to determine where the most value is.

Personalisation is still an essential part of the marketing toolkit, but brands need marketing strategies that extend beyond that. To successfully navigate the new communications economy, they will have to adopt a prediction-focused mentality. This means finding the best use for their owned data through prediction and leveraging customised algorithms to stay one step ahead of not just competition, but also platforms.

