What Retailers Need to Know About Machine Learning

Machine learning is a hot topic right now, but a lot of people are still wondering exactly what machine learning is, and how it can help businesses. QuickPivot understands this, so when we were designing our machine learning tool, Ada, we did so with the specific goal of helping marketers increase revenues.

We're on a mission to demystify machine learning by making it practical and actionable. The first step is to understand machine learning, why it's so important and the impact it'll have on marketers. Here's your quick guide to machine learning.

Defining Machine Learning

There are many complicated and nuanced definitions of machine learning, but we like this one from TechTarget, which defines it as, "a type of artificial intelligence (AI) that allows software applications to become more accurate in predicting outcomes without being explicitly programmed." The idea behind machine learning is that with advanced algorithms and statistical analysis, it is able to receive input data and then predict an output, such as a behavior or decision, and the more often it gets data, the smarter the predictions become.

How Does Machine Learning Help Marketers?

Marketing is all about creating awareness for your products and services, with the goal of having consumers purchase those offerings from your business. The challenge is that human behavior and buyer journeys are complex and influenced by a variety of factors. However, Imagine if you had a crystal ball where you could plug-in "if-then" questions, such as if a customer buys this jacket, then what else will they buy? This is exactly the type of question machine learning can answer.

Working together, CMOs and CIOs can use analytics and machine learning to make their customer engagement applications smarter by continuously enhancing the user experience, predicting outcomes, revealing new insights, anticipating user needs, and adapting to changing circumstances.

- A Customer-Obsessed Operating Model Demands A Close Partnership With Your CIO, April 2016, Forrester

Machine learning can take in all of the data that marketers have at their fingertips (but don't have the time to parse through), analyze it, and find trends and patterns. This makes it easier for marketers to know what, when and how to promote the good or service most likely to be purchased by specific consumers.

QuickPivot™

Meet Ada

Ada is QuickPivot's machine learning suite of predictive marketing models that unearths hidden insights from customer and product data.

QuickPivot developed three models to help retailers solve their biggest challenges:

Churn/
Calculate whether a customer will churn in 30, 60 or 90 days and how best to engage them before it's too late.

Basket/
Increase average customer spend by understanding which of your products are typically purchased together

Cluster/
Predict which purchase behaviors apply to certain demographics, finding both trends and anomalies

All QuickPivot needs are customer and order tables, and then we'll have results to you in one week. Get started today!

How Does Machine Learning Drive Revenue?

Returning to our crystal ball metaphor, it would be easy to get swept up and ask every if-then question that comes to mind. And while this would give you plenty of new data points and specific pieces of information, it wouldn't be actionable enough to create scalable marketing strategies.

Similarly, many marketers are overwhelmed with the idea of machine learning because the possibilities seem so broad that they don't even know where the start.

The key to successfully implementing machine learning is to pinpoint the challenges that are impeding revenue growth, and then to work backwards to see if machine learning could remedy the problem. For example, maybe there's a subset of customers who only purchase one item at a time. A machine learning service could identify patterns of products that are often purchased together, which is information you could use to better personalize your marketing and increase average order size.

Machine learning is a hot topic, but the reality is that not that many people are successfully using it, and most are just unsure about where to start.

Take the time to understand how machine learning could help your business drive revenue, and start with straightforward, actionable programs to see real outcomes. We can't wait to see what you do!

About QuickPivot

QuickPivot delivers fast, powerful, easy to use software for smart and nimble marketers with big ideas. The QuickPivot Cross-channel, Campaign Management (CCCM) platform combines big data analytics, discrete customer journey insights, visual and intuitive segmentation, and simplified customer journey mapping in one unified SaaS offering. Winner of several industry innovation awards, the QuickPivot platform enables marketers to deliver coordinated customer experiences across all channels, measure results in real-time, and refine marketing programs to improve performance.

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