

## Boost your marketing ROI with predictive analytics



With unprecedented access to numerous competing brands, consumers are more empowered than ever. It's no longer enough to sell a good product or service; your customers want personalized solutions. But how do you match the right offers to the right customers for more profitable results? With [predictive analytics](#), you can leverage multiple data sources to identify customer pain points, anticipate needs, and create offerings tailored to specific customer segments. You'll be able to forecast potential outcomes and build marketing campaigns that generate better ROI.

### Predictive analytics unlocks the power of your data

Gone are the days of marketing strategy based solely on best guesses or relying on past performance as a predictor of future results. Imagine how much more efficient your sales team could be if they know which products to promote to specific segments, allowing your business to invest marketing resources toward the right audiences.

With predictive analytics, your business can gain valuable insights to [increase marketing effectiveness](#):

- **Acquire customers** — Who are your most attractive potential customers?
- **Grow customers** — Which marketing channels do your customers prefer? How do you increase revenue through these channels? What are the best ways to engage your customers?
- **Retain customers** — Why do your customers leave? How do you keep your high-value customers happy? How can you prevent them from leaving?



Predictive analytics leverages all of your available structured and unstructured data to glean insights that help you [understand what kinds of products your customers want](#) and what's likely to sell well. With a comprehensive data set that might include transactional history, email and chat transcripts, call center notes, survey feedback, and social media comments, survey feedback, and order history, you'll have a more robust understanding of your customers.

As an example, online technology retailer Sofmap used predictive analytics to examine customer purchase data, and determined their website design didn't lend itself to simple buying decisions for customers. Armed with this information, Sofmap implemented a user-friendly recommendation engine to improve their customer shopping experience. Their solution worked—page views increased by 67% each month and the company's profits tripled within a year.

### Drive profitable results by analyzing customer behaviors

While effective marketing helps you deliver the right message to the right audience, you also need to know which messages will motivate buying behavior. To get a general sense for what messaging will resonate with customers, companies have traditionally used market research to [segment customers](#) by a variety of factors, including demographics, geography, and lifestyle or values.



However, traditional market research is limited in that customers say what they *might* do in the future, but that may have little bearing on what they *actually* do. Predictive analysis, on the other hand, can provide insights into customer motivations and needs based on their behavior in the past.

As an example, First Tennessee Bank demonstrated how nuanced audience segmentation can increase ROI on marketing spend. The bank examined how real profit and loss data reflected customer needs, and used the data to develop targeted, high-value marketing offers for various customer segments. The results? A 3.1% increase in marketing response.

The bank saved on operational costs as well. Because they were able to identify a segment of customers most likely to respond to their offer, they reduced mailing costs 20%, and printing costs went down 17%. Rather than blasting the same piece to everyone on the bank's mailing list, First Tennessee was able to market a specific offer exclusively to the most attractive segment to achieve the best results.

Knowing your customers' needs and motivations is a key component of any marketing strategy. Using predictive analytics reveals valuable information about your customers that can drive a better return on your investments through targeted messaging and offers. Competition for customers is fierce no matter what the industry, and the winners will be those who develop a data-driven understanding of their customers.

## Let's Talk

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