



SMART GUIDE TO

AI MARKETING

Easily Understand and Scale
Smarter Marketing

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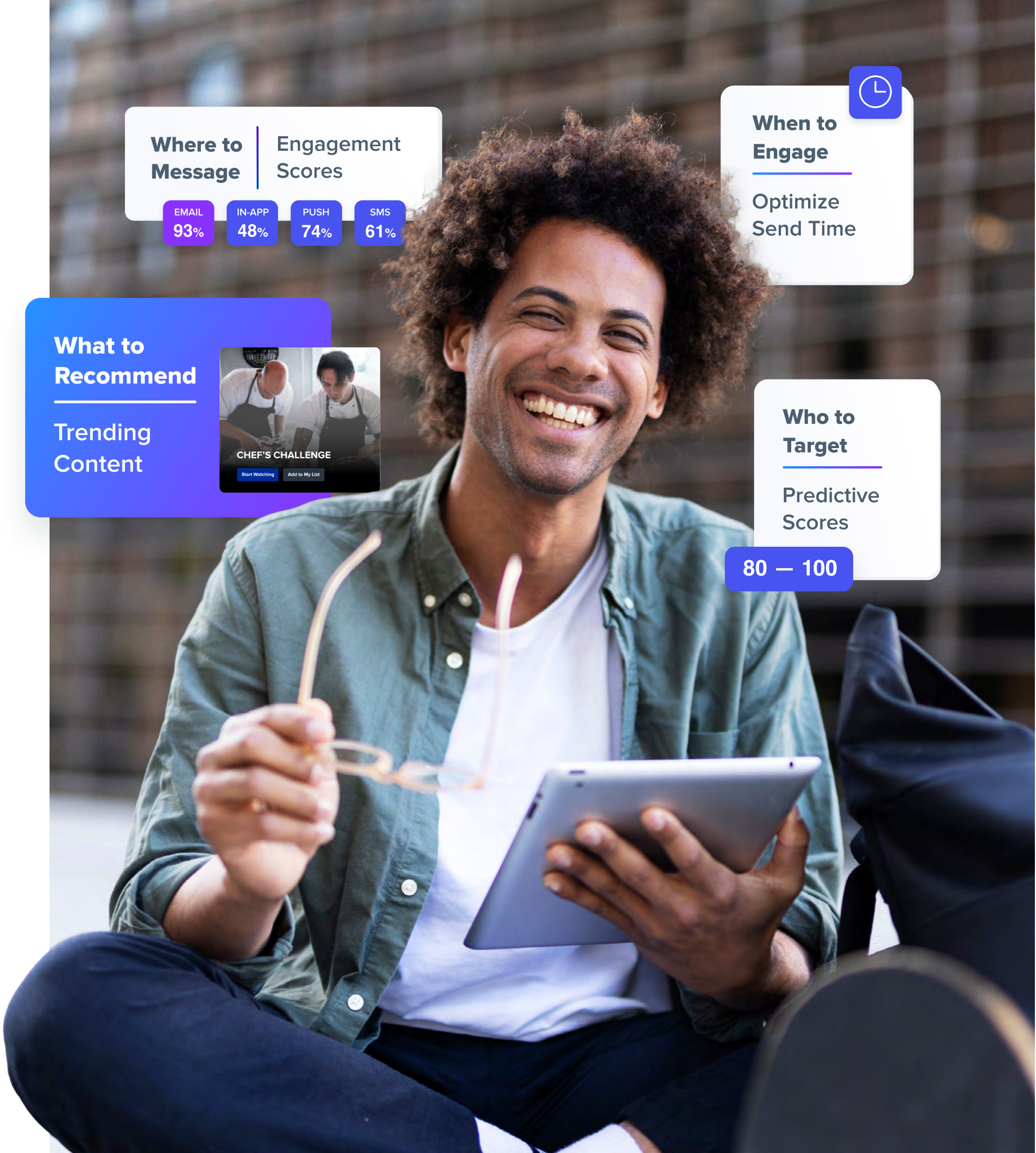
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AN INTRODUCTION

Smarter Marketing with AI

Accessible AI is a game-changer for marketing. Marketers can now harness its predictive power, unlock valuable customer insights, and personalize campaigns at scale. Let's break down the nuts and bolts of AI, explore its day-to-day applications, and discover remarkable results.

Today's customers have sky-high expectations for marketing — and these expectations extend to a growing number of channels and devices. What's more, marketers are also expected to have a greater hand in tailoring the entire customer journey. So how are marketers supposed to deliver personalized messaging across a myriad of channels, while remaining agile and responsive to each customer's evolving needs? The answer lies in AI marketing. In this guide, we'll introduce you to the AI marketing basics and how it helps marketers increase efficiency and ROI.



Where to Message

Engagement Scores

EMAIL

93%

IN-APP

48%

PUSH

74%

SMS

61%

⌚

When to Engage

Optimize Send Time

What to Recommend

Trending Content

CHEF'S CHALLENGE

Start Watching Add to My List

Who to Target

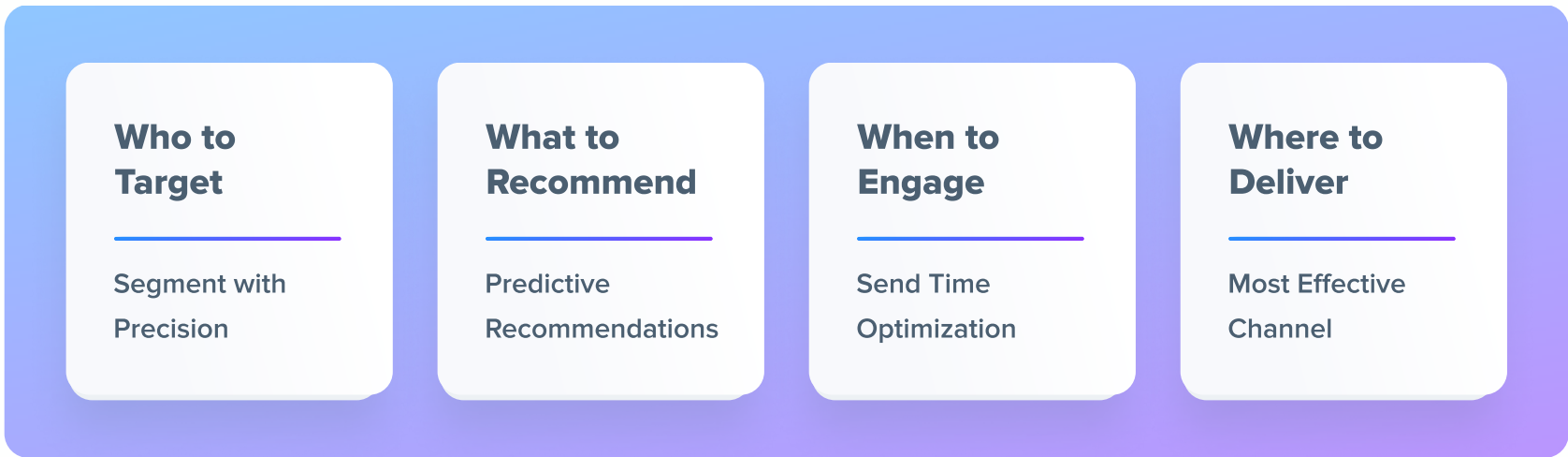
Predictive Scores

80 — 100

SEE QUANTIFIABLE CHANGE

How AI Can Revolutionize Your Marketing

In the past, personalization was a big challenge that required setting up complex rules and relying on IT teams. AI now enables marketers to easily gain valuable insights into customer behavior and preferences. With AI, personalization is effortless and immediate with no need for complicated rules or IT dependencies. Marketers can easily and quickly determine **who** to target, **what** to recommend, **when** to engage, and **where** to message customers – boosting campaign results and increasing efficiency. AI unlocks cross-channel customer engagement by answering who, what, when, how, and where for marketers.



- Discover new, high-value segments within your customer base and target with precision
- Autonomously personalize every message customers receive to their explicit and implicit preferences
- Sending at the perfect moment and on the best channel for engagement with campaign optimization
- Generate personalized content in the right style for each customer across channels, based on demographics and tone
- Easily optimize individual messages with automated messaging and creative
- Less guesswork, providing more signals to trigger next best action
- Reduced time to create segments, recommendations, and optimize campaigns
- Built-in, continuous self-learning
- Easier customizability to your unique needs

RESULTS SEEN BY

AI-Driven Marketers



Improved Performance

AI helps you better engage and convert customers through relevant, timely interactions. Built-in optimizations continuously improve campaigns as they run.



Increased Efficiency

You can streamline manual, time-consuming processes around data gathering, segmentation, customer insights, campaign orchestration, and execution.



Uplevelled Day-to-Day Responsibilities

AI frees marketers from mundane and tedious tasks so they can focus on creativity, strategy, and new revenue-generating ideas.

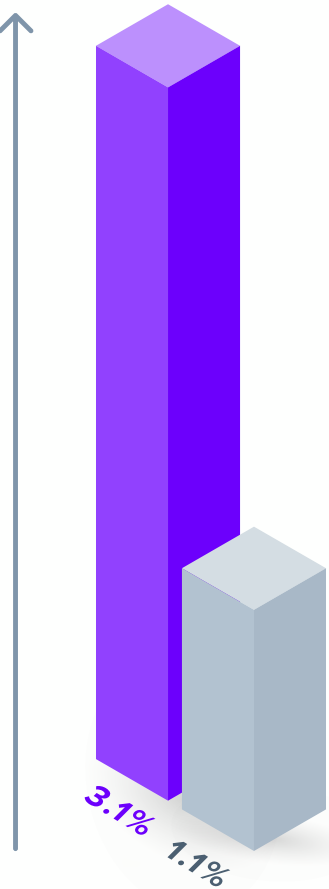


Became Self-Sufficient

With AI tools built specifically for them, marketers no longer need to rely heavily on engineering and data science resources to run campaigns.

Messages with AI-powered content and product recommendations increase conversion rates by

166¹%



¹2023 Benchmark Report | Blueshift



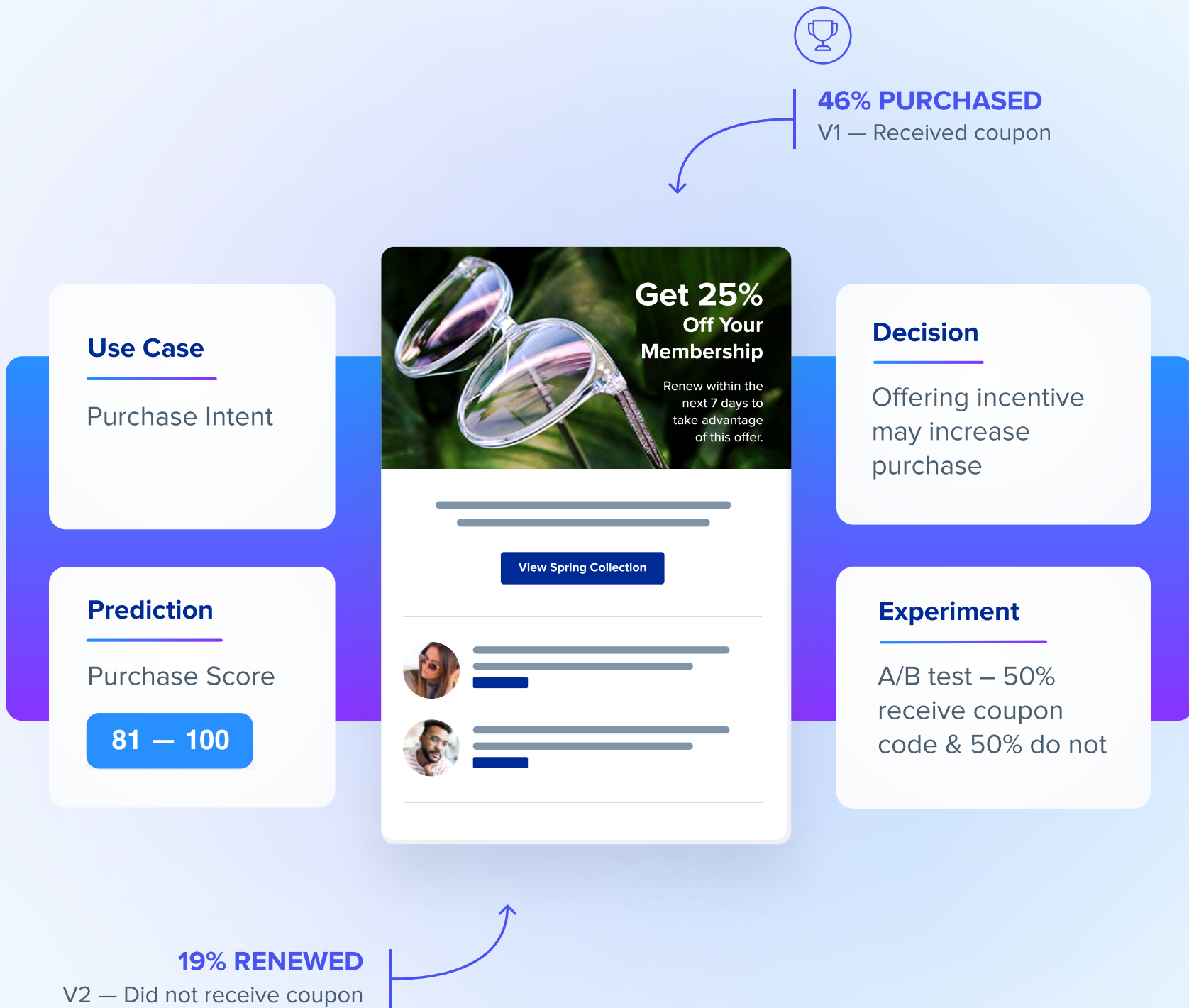
THE SECRET SAUCE

Breaking Down the Science

At its core, AI is simply a process of learning meaningful predictions or patterns through data and using the predictions to automate business decisions. Collectively, AI is a set of computational algorithms that takes data as inputs and produces insights in the form of predictions (scores) or patterns (segments or groups). We can then use these predictions to make automated decisions, and it's key to distinguish between the two.

- Predictions are insights
- Decisions are actions

Once AI reaches a conclusion as to its prediction and decision, it's critical to run experiments to test the validity of these statements.



AI LEARNING

Supervised vs Unsupervised

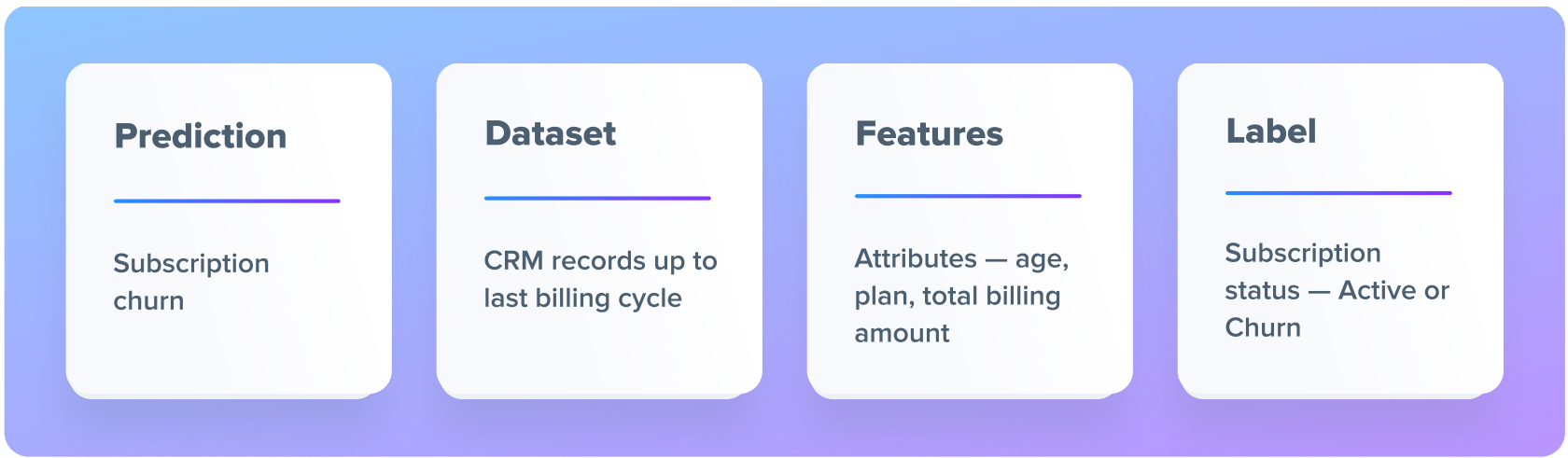
AI is here to bring meaning to vast amounts of data for marketers. Here are two popular ways that AI can derive meaningful insights.

Supervised Learning

Supervised learning, a common and effective approach, are AI algorithms that learn meaningful relationships in data using **labeled** (outcomes) examples — you can use any dataset that can be labeled in this approach.

The examples (called **Dataset**) contain data (called **Features**) and outcomes (called **Label**).

The dataset is fed into an AI algorithm that learns how to map **Features** to **Label**. This mapping function is called a **Model**. This is the learning (training) stage of supervised learning.



Important Tips

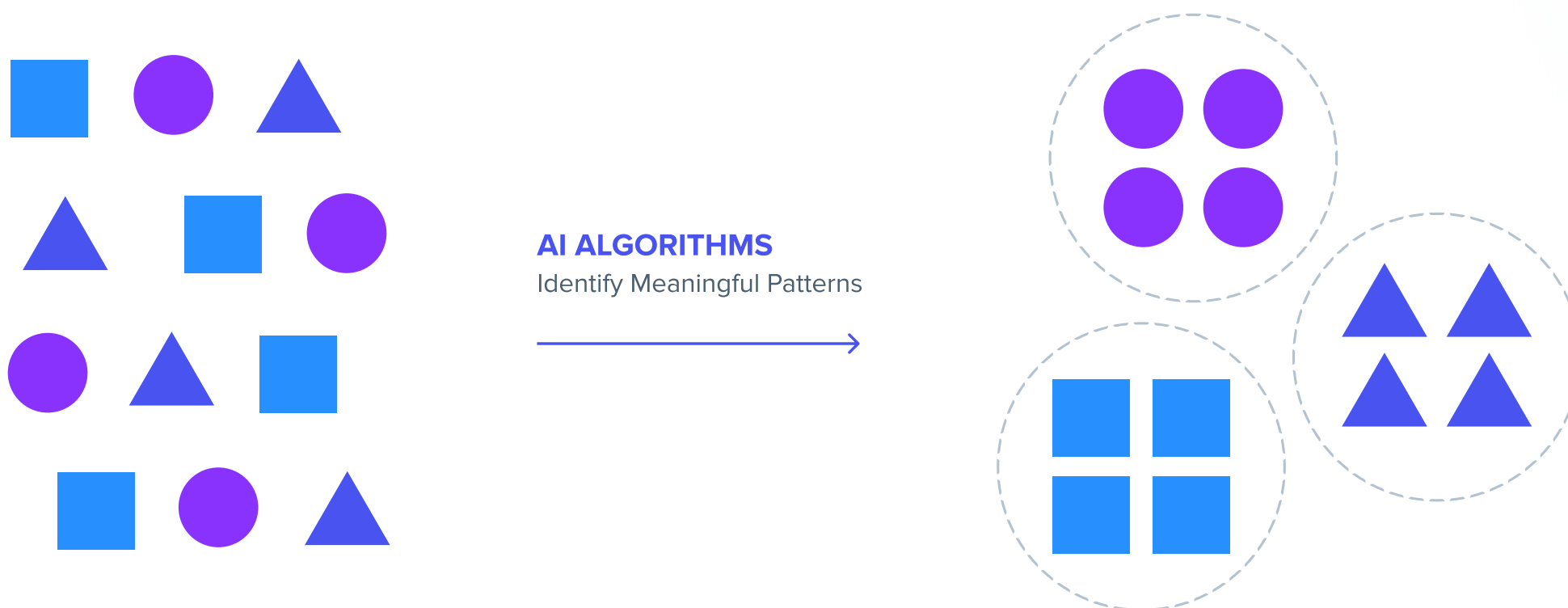
- The quality of the model and its predictions are only as good as the training dataset. The old adage of “garbage in, garbage out” applies here.
- Supervised learning is computationally scalable to large data sets.



Unsupervised Learning

Unsupervised learning is a class of AI algorithms used to identify meaningful patterns in the data — most commonly in grouping use cases. The data here does not have labels, so the model doesn't have any clues on how to divide and categorize the data. Instead, it needs to infer its own grouping rules. The process of grouping is called **Clustering**.

Clustering helps group similar items together in a cluster. The input to clustering is a dataset, and the output is a cluster name assigned to each item in the dataset.



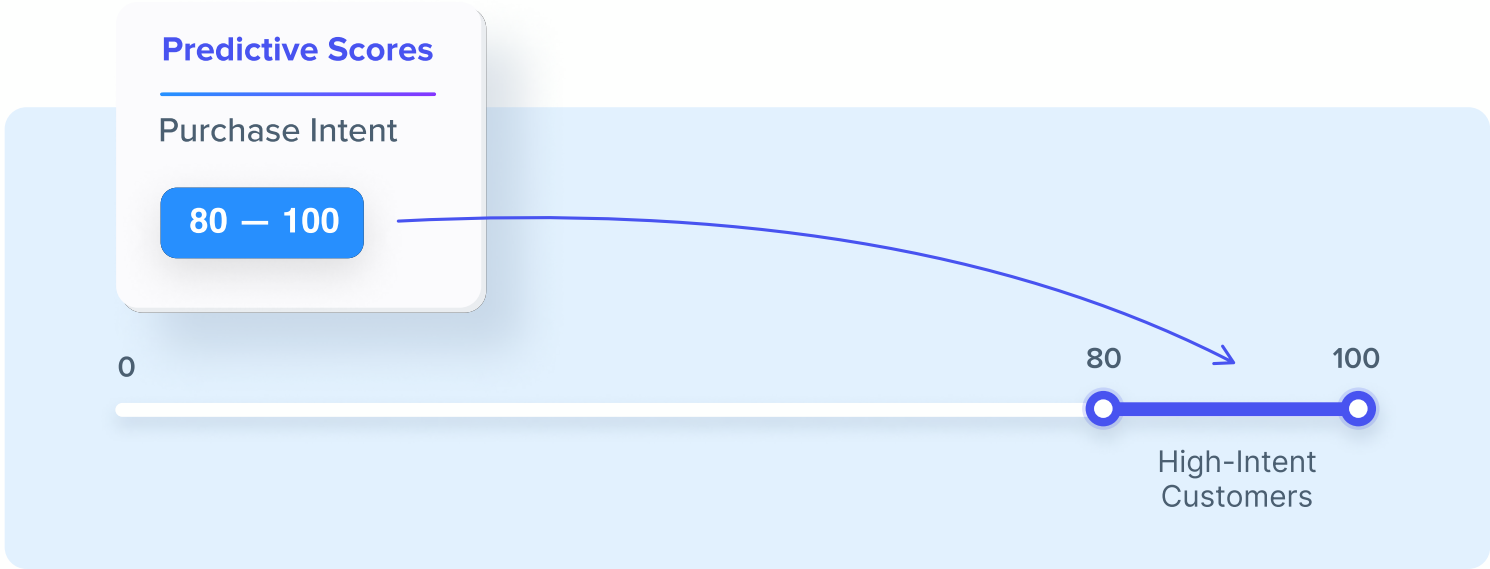
Important Tips

- Clusters are hard to interpret and require BI analytics to make sense of.
- Clustering algorithms are computationally expensive to train.
- Clusters can be used to assist humans in manually labeling examples so supervised learning could be used on top of the labeled clusters.

WHO TO TARGET

Selecting Your Perfect Audience

The days of depending solely on generic “batch and blast” campaigns are far behind us. Marketers now have a wealth of customer data at their fingertips, which presents both challenges and opportunities for effective segmentation. Traditionally, segmentation was a laborious offline process that quickly became outdated and unwieldy. However, with the advancements in AI tools today, marketers can effortlessly delve into precise and customized segments. Let’s examine 2 ways we can use AI to better understand the **Who** of our marketing.



PROPENSITY SCORING & LOOKALIKE AUDIENCES

Segmentation Techniques Using AI

Segmentation, or how we group customers to message, is essential to marketing. Segmentation allows marketers to effectively target and personalize outreach to specific audiences. Segmentation can be optimized and made easy with AI. Here are two of the ways marketers can leverage AI to enhance their segmentation strategies.

Propensity Scoring

AI empowers marketers to go beyond basic targeting such as demographics. Using Propensity Scoring, AI can calculate a customer’s probability to perform a specified action (think conversion, engagement, churn, etc.) by examining activities common before the desired action is taken to find useful patterns. As a result, brands can reduce customer churn and boost conversions by leveraging AI for more accurate targeting and deeper personalization.

This is achieved through supervised learning and these scores can range anywhere from 0-100 with 100 being the highest likelihood. To segment high-intent customers, marketers can simply pull a continuously-updated list of customers with a score of 80-100 to complete their desired goal.

Lookalike Audiences

AI can also help bring new customers to your brand with Lookalike Audiences. This method takes high-performing segments from your customers such as category affinity, LTV projections, and journey status, and then finds new customers with similar attributes.

The “ideal customer profiles” can then be used to identify, target, and acquire customers from a third-party data source, like Facebook or Google, who look similar to your champion customers. This method is impactful for marketers who have a lot of rich customer data at their disposal but want to increase their brand reach and customer base. These segments are also helpful for finding new customers based on seasonality, sale affinity, weekend vs weekday shoppers, and more.

HYPER-ACCURATE, 1:1 CONTENT

Recommendations

Your customers are looking for a seamless cross-channel experience that incorporates meaningful personalization throughout. This requires you to serve up personalized content across every channel — which is extremely challenging given how much data customers leave behind and the sheer size of product catalogs. The key to moving past generic batch recommendations is through using AI-powered **Predictive Recommendations**.

Luckily for marketers, recommendations are made easy with AI. Predictive Recommendations take the input of your catalog content, customer data, and customer interactions to produce personalized recommendations. Let’s examine ways AI can determine the best **What** for your messages.

“Blueshift really puts the customer needs first and they have an incredibly powerful platform, yet easy to use. Modern marketing and end-customer needs and expectations are being raised every day. Blueshift helps us to be relevant, interesting, and personalized to our end-customers.”

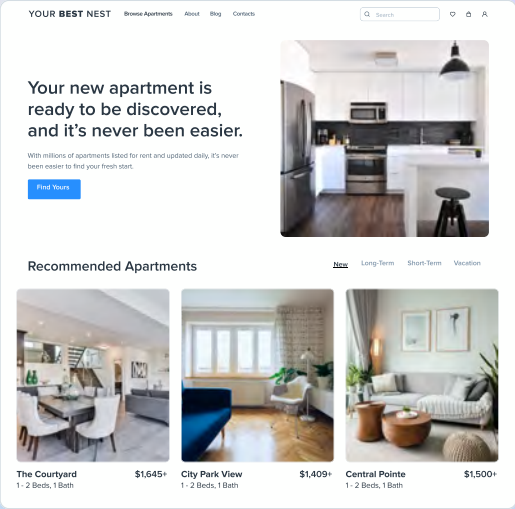


Fredrik Salzedo
Director of Retention, Discovery+



Recommendation

Tailored Content based on customer preferences



GOAL
Increase Engagement

OPTIMIZATION
Surface the right content for each customer by matching user preferences

TYPES OF RECOMMENDATIONS

What to Recommend

Trending Content or Items

Scans all recent sessions to determine which content or products are trending for your brand. These recommendations work well for broader segments and are useful for inactive or new users that aren't leaving behind a ton of data.

Recent or Expiring Content of Items

Uses your catalog to find new content or products, or content soon to expire to be used as recommendations to let customers know what's new or expiring.

Collaborative Filtering

Analyzes all customer sessions and compares those against individual sessions to produce recommendations such as "customers like you loved" to further guide customers to the next stage in their journey.

Next Best Product or Offer

AI can predict customer affinity to certain categories and products to generate recommendations based on behavioral data.

Similar Content of Items

Use tagging to group similar products or content, by using a similarity metric. This allows you to easily recommend products similar to what customers have interacted with or purchased in the past.

Important Tips

With Blueshift you can create your own custom recommendation scheme or choose from 100+ preloaded recommendation recipes for common industry use cases such as those listed above and easily add recommendations into your email creatives with the drag-and-drop editor.

CONTENT CREATION

Generative AI For Personalization

Creating compelling email content that resonates with your audience is essential for driving conversions, but it can be challenging to create content that speaks to each individual customer. Generative AI is another tool marketers can leverage for personalization. Generative AI refers to the type of AI that can be used to generate new content from text, images, audios, and more. Combining the power of Generative AI and first party customer data, GenAI for Personalization enables marketers to reach new heights in customer engagement and hyper-personalization.

By utilizing AI for content creation, marketers can both accelerate content creation and deliver more personalized and engaging content. This includes generating creative ideas for captivating email subject lines and preheaders, as well as refining and optimizing existing content. The ability to generate personalized content tailored to each customer's demographics, interests, and preferences becomes an invaluable tool for increasing engagement and driving conversions.

Generate Email Subject Line



For Gen-Z



Tone: Fun



“This newly-added apartment is so you! ✨
Make it yours today.”

SEND TIME OPTIMIZATION

When to Engage

The always-on customer is constantly being bombarded with thousands of marketing messages across multiple devices. The key to rising above the noise lies in meeting that customer in the right place and at the right time to optimize for engagement and conversion. That won't happen if you're simply guessing at the best time, or going with popular times like 5 PM. AI-powered Engage Time Optimization is the best way to ensure you're messaging each individual at their best time, every time.

Predictive **Engage Time Optimization** helps you optimize send times for downstream behaviors that lead to revenue, rather than initial open rates. It takes into account that people today are much more likely to have many frequent bursts of activity around the clock. From analyzing past messaging activity, customer attributes, and site activity, AI identifies and optimizes send times for each customer to the time that they are most likely to deeply engage with a brand — effectively pinpointing the perfect **When**.

“Blueshift has been key to creating personalized, automated journeys while also increasing efficiencies. We’re able to leverage predictive capabilities to identify the secret recipe for finding the right time and the right channel to send the right message.”



Kristina Paulos
Director of CRM Marketing, Slickdeals



HOW IT WORKS

What Powers Engage Time Optimization?

A “likelihood to engage” prediction will examine the recency and frequency of interactions with your brand such as:

- Session length, time spent, and depth of downstream activity
- Specific content pages viewed and associated UTM parameters
- Seasonality, time zone, and location attributes

These techniques then predict the likelihood of doing “goal” behaviors (defined by marketers) for each hour of the day and day of the week.

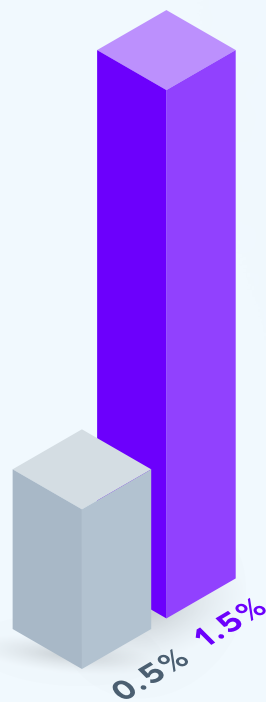
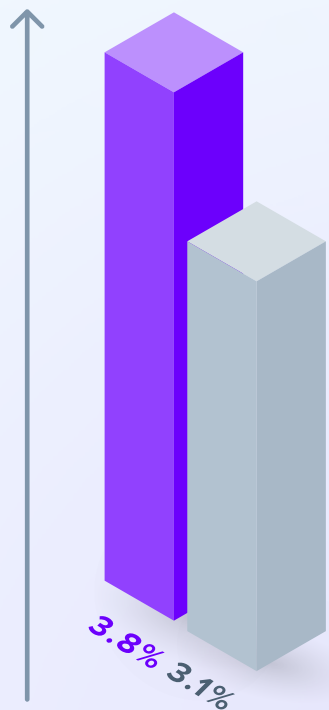
These AI-powered predictions easily fit into existing campaigns and autonomously select the optimal send time for each customer to maximize engagement. As the campaign runs, messages will send based on each customer’s engagement affinity window that AI has predicted.

HIGHER CTR WITH AI-POWERED “RIGHT TIME”

23%

Campaigns using AI-powered engage time optimization (ETO) resulted in a **23% higher click-through rate.**

- CTR WITH ETO
- CTR WITHOUT ETO



BETTER CONVERSION WITH AI

200%

Campaigns using engage time optimization resulted in a **200% higher conversion rate.**

- CONVERSION RATE WITH ETO
- CONVERSION RATE WITHOUT ETO

CHANNEL ENGAGEMENT SCORES

Where to Message

As the number of marketing channels available continues to grow, it’s even more important to get channel selection right. A customer may hop between channels or favor a particular channel but customer behaviors and preferences often change as they move along their journey and new trends emerge. For marketers, it’s impossible to guess what channel is best at scale without the help of technology.

Similar to send time, marketers can also take advantage of AI to optimize channel selection with **Predictive Channel Engagement Scores**. These scores help marketers autonomously select which channel is best for marketing to each customer by predicting the likelihood of a user engaging with a message on each channel — email, push, in-app, SMS, etc. These scores are fed by:

- Historic behavioral data
- Catalog interactions
- User demographics and lifetime attributes
- Additional information pertinent to your business

“We wanted to find a way to centralize our data to have a good 360-view of the customer. Blueshift helps us with intelligent personalization to better understand the customer, how they’ve engaged with us, what channels they prefer, and when to engage with them.”



Samantha Turner

Director of Operations and Automation, Malwarebytes

The Best Where

These factors inform AI to produce scores from 0-100 for each channel, with higher scores indicating that a customer has a higher likelihood of engagement on that channel and can be set up to autonomously trigger the best **Where** within a campaign at any given stage.



APPLYING SCORES

Marketing Strategy

Determine Channels

Choose preferred message channel(s) based on the individual's channel engagement likelihood scores.

Create Triggers


Set up an cross-channel trigger that targets a customer in the decreasing order of their channel engagement scores.


Control Volume


Set customer messaging limits based on channel engagement scores.


Engagement & Reputation


Suppress a list of least likely customers to increase email engagement and IP reputation.

Segment: Likely to Engage

Send: Recommendations

Generate Content: Gen-Z





Channel: Email

Time: 3 PM



YOUR **BEST** NEST

Check Out The Unique Spaces We Picked For You, Kennedy! 🔥

Get The First Look

Engagement Scores

Identify the Right Channel
In-App / Email / SMS / Push

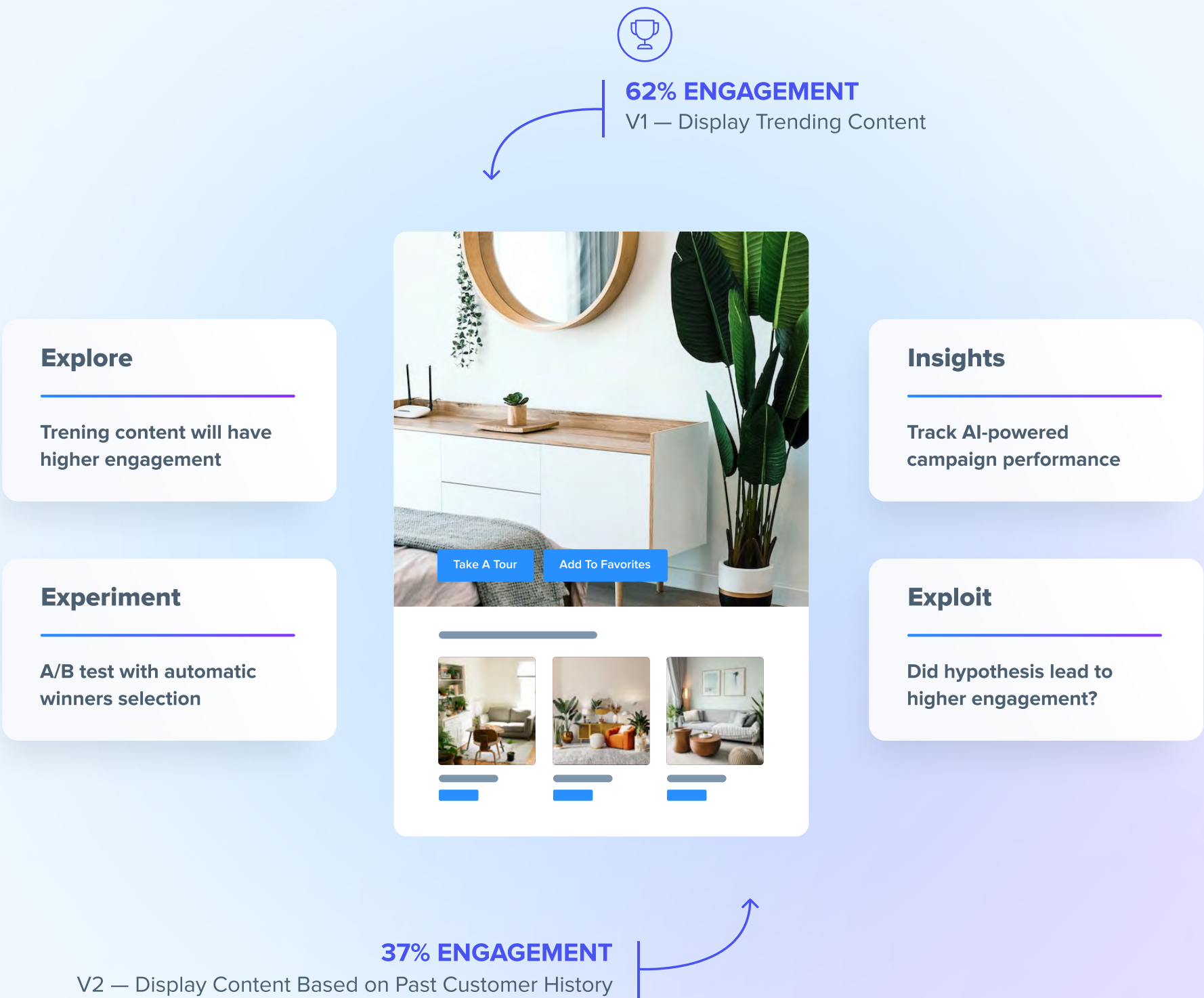
THE FRAMEWORK

Testing and Experimentation

To use AI to its fullest and test efficacy it is useful to understand the experimentation lifecycle in the explore-exploit framework.

- **Explore** — Create a hypothesis about which interventions to use (e.g. sending promotion, display specific content), set up metrics (higher retention, higher engagement), then design and run an experiment until the results are conclusive.
- **Exploit** — If the hypothesis is true, use the hypothesis for long term business decisions. If not, repeat the experiment to keep exploring.

Designing sound experiments to test the efficacy of the predictions is vital to understanding if the intended intervention leads to the desired outcome. As the scale of data and campaigns grow this can become a challenge to do it manually, which is where AI comes in.



AUTOMATED TESTING

Experimentation with AI

AI marketing platforms that have built-in solutions for automated testing save enormous amounts of time in running experiments, tracking metrics for each test case, and reporting the significance of the observed results. There are several popular ways to run, measure, and report on these experiments.

A/B Testing

Use A/B tests to split the audience and send different messages to each subset of the audience. Remember, A/B Tests need to be statistically significant for their results to be valid.

Automatic Winner Selection

As the scale of A/B testing increases, marketers often find themselves doing repetitive analyses often in spreadsheets. Using automated winner selection with the pre-set criterion on desired goal behaviors — click rates, number of orders, revenue, etc — the system can run A/B testing on a portion of the audience and automatically choose the winner and send the winning variation to the remaining audience.

Population Testing with Test & Control Audiences

In addition to A/B testing, marketers can split audiences into test and control buckets and measure the efficacy of intervention vs no intervention. When the unit economics of intervention is costly, it's often desirable to measure and establish the soundness of intervention before scaling such interventions.

Insights

While AI algorithms have a built-in, continuous process of testing, learning, and optimizing, marketers should still track and validate how their AI-powered campaigns are performing and adjust models and marketing actions as necessary. Stick to AI solutions that are transparent both on the inputs of the models and the output of the results to ensure you're making the right investments for your business.

KEEPING PERSONAL DATA SAFE

Privacy, Transparency, and Trust

Modern AI is able to process more data than ever before.

While this provides many opportunities for marketers, it can also surface customer privacy, trust, and bias issues in how that data is sourced, processed, and used. As you begin your AI marketing journey, make sure that you choose AI marketing solutions that meet data privacy and anti-discrimination standards and adhere to all legal regulations.



SECURE AND PRIVATE

Compliant Customer Data

Data Privacy

Customers today expect brands to provide a personalized experience and those experiences require gathering data about customer preferences and browsing patterns. Customers’ willingness to share personal data comes with the expectation that it will be used for better experiences and their privacy will remain respected. Striking this delicate balance is necessary for brands to earn and keep consumer trust.

Transparency and Trust

Adopting AI requires trust in the process. Such trust can only come with having transparency into and control over its inputs and outputs. This includes having the ability to customize inputs, understand the model insights, and validate predictions. With any platform you vet, it’s important to determine each software’s “AI ethos” — do they have white-box, or fully transparent, models and openness to using AI from your other tools? Or, is their “secret sauce” truly kept secret and their AI policy restrictive, leaving your team in the dark terms of how your customers’ data is being used?

Bias

Biases are data generation processes leading to undesirable outcomes towards a subset of customers based on specific attributes. These biases can be a side effect of modern AI models that process vast amounts of data where noisy inputs could lead to over-generalizing for certain subsets of the customers.

YOUR TIME IS NOW

The Future with AI Marketing

AI serves as a powerful tool for marketers. With AI, marketers gain higher levels of efficiency and productivity – giving them back the time to focus on creativity, strategy, and improving customer engagement.

AI helps marketers:

- Be more agile, productive, and effective at their jobs
- Free up from both mundane, repetitive tasks as well as complex computational activities
- Launch and optimize campaigns faster by eliminating heavy reliance on data teams for models and insights.

At Blueshift, our goal is to unlock every marketer’s potential to drive customer-centric engagement by making data and intelligence effortlessly actionable on every marketing channel.

With Blueshift, marketers can easily and quickly use AI to determine who to target, what to recommend, when to engage, and where to message customers. Through unified data, cross-channel orchestration, intelligent decisioning, and unmatched scale, Blueshift gives brands all the tools they need to seamlessly deliver 1:1 experiences in real-time across the entire customer journey.

[Talk To Sales](#)

[Get Demo](#)



SMART GUIDE



More than **70%** of marketers plan to increase their usage of AI²



²Predictions 2023: Artificial Intelligence | Forrester