EMBRACE BEHAVIOR-RICH
Intent Data
TO ENHANCE MARKETING, MERCHANDISING AND PRICING

retail
TouchPoints®

While the use of intent data has become an established tool within B2B circles, retailers are slowly realizing they can leverage it to create targeted, highly relevant customer experiences throughout the shopper journey.

In the retail world, intent data can refer to information collected about a person's shopping activity, with the added context of their behavioral patterns throughout the journey, collected with the goal of using that data to better predict purchase intent.

B2B companies identified buyer intent signals (**61%**) and timeframes for buying decisions (**58%**) as the primary data points they want to collect, according to the *Demand Gen Report* *2020 Database Strategies & Contact Acquisition Survey*. Like their B2B counterparts, retail marketers are beginning to see the value of getting granular with the data they gather from consumers so that they can better target messaging for key audiences.

This *Retail TouchPoints* special report will analyze the emergence of intent data and explain how retailers can use it to build out the most relevant experiences for consumers.

The report will feature:

- What typically constitutes "intent data" in a retail setting, particularly when it comes to factors such as **e-Commerce site history, product research, keywords used** and **content accessed**;

- The need to calculate **behavioral data on top of standard transactional data** to **calculate an intent score**;

- Why **clickstream data and receipt data** are two critical components to understanding the context within a shopper's journey, and to delivering content that **keeps shoppers in the consideration phase**,

- How an intent score still needs to be overlaid by business rules so that **retailers aren't overcommunicating with otherwise loyal shoppers**;

- How intent data affects the retailer's ability to not only recommend but **source the right products for the right consumers**, and how it **impacts pricing and sizing among other product features**; and

- Intent data's role in a world **severely impacted by COVID-19**.

"Companies that are best at measuring intent (i.e. Amazon) use large amounts of purchased and acquired data to augment their own data."

- NICK KRAMER, SSA & COMPANY

WHAT IS INTENT DATA?

The concept of intent data isn't entirely new, and it may be defined differently depending on who is describing the term. Some refer to it as "propensity data" or "propensity to buy." For retailers, intent data combines information about a person's shopping activity, contextualized by the behavior they exhibit throughout the customer journey. The goal is to better predict that shopper's purchase intent, and key contributing factors include:

- E-Commerce sites viewed (this includes non-retail web sites);

- Products the shopper has researched;

- Products they've previously purchased;

- How often they make a purchase;

- Search terms and keywords used; and

- Content accessed, such as white papers, landing pages, product information, marketing offers and product promotions.

When grouped together, retail marketers can uncover new ways to engage with these shoppers, while extrapolating engagement patterns to better interact with similar audiences. But there is still a huge gap in the acquisition and use of external data, whether purchased or acquired from public sources, according to Nick Kramer, VP of Digital – Analytics at **SSA & Company**.

"Companies that are best at measuring intent (i.e. **Amazon**) use large amounts of purchased and acquired data to augment their own data," Kramer said in an interview with *Retail TouchPoints*. "This data, third-party and insights captured by partners, vendors and other related channels, completes the picture of a customer and creates high fidelity inferences about new and anonymous customers. Retailers need to create a win-win value exchange with companies within the ecosystem for them to share their data assets."

> "While many retail companies have loyalty programs and offer credit cards, few leverage their own intent data to its full potential for personalized and targeted advertising."
>
> - DINO GEROUSIS, AARETE

Big Tech companies like Amazon, Google, Netflix and Facebook have been the most successful at leveraging intent data, particularly when it comes to marketing and delivering personalized products and services to their target clients, according to Dino Gerousis, Director of Digital Intelligence at **AArete**, a global management consulting firm focused on data-informed performance improvement. But outside of Amazon, retail has a lot to learn if it plans on bridging the gap with customers in the ways that Big Tech has.

"While many retail companies have loyalty programs and offer credit cards, **few leverage their own intent data to its full potential for personalized and targeted advertising**," Gerousis said in an interview with *Retail TouchPoints*. "Their email campaigns are often generic, and at most leverage basic demographics such as zip codes and gender, **ignoring past shopping experiences that include price ranges, clothes sizes, color and style preferences**. In contrast, large tech companies are benefiting by continuing to develop new and better algorithms to take even more advantage of the data."

WHEN GETTING DOWN TO IT, INTENT DATA IS BEHAVIOR-DRIVEN

Retail marketers should key in not just on the transactional data from those past shopping experiences but the behaviors exhibited within them, according to Omer Artun, Chief Science Officer of **Acquia AgilOne**.

"Which emails did they click?" Artun said in an interview with *Retail TouchPoints*. "Did they click the new season email or the clearance email? When they browse, do they usually browse the black item or the green item? Using that non-purchase data, marketers can understand certain basic things such as what categories the customer has interest in. **When you get into more complex situations, try to make some inferences out of the behavior. Not just that I clicked on the clearance email, but that I'm 5X more likely to click on the clearance email than the new season email**."

INTENT DATA BY THE NUMBERS

24% of shoppers make **one to two** visits before making a purchase;

36% make **three to four** visits;

22% make **five** visits;

18% make **more than five** visits.

SOURCE: 2019 RETAIL BENCHMARK SURVEY BY LUCIDWORKS AND *RETAIL TOUCHPOINTS*

70%

Marketers who rely only on demographics, instead of in conjunction with shopper intent, to reach consumers risk missing more than **70%** of potential mobile shoppers. -Google
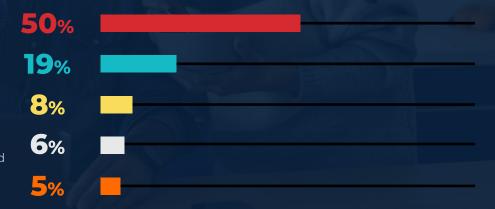
3X TO 5X

Several early adopters of intent data showed **3X to 5X** ROI on their intent data programs. -Aberdeen
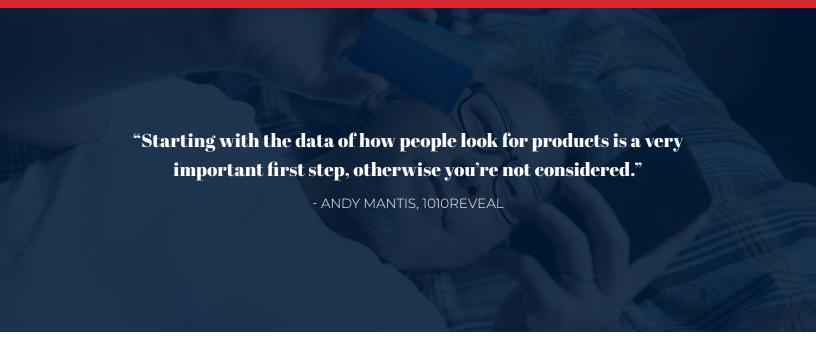
SOURCE: *DEMYSTIFYING B2B PURCHASE INTENT DATA REPORT*

50% of shoppers immediately head for the product they want to purchase, while the other half start by browsing sections including:

- **Sale Items** (**19%**);
- **Shipping information** (**8%**);
- **Payment information** (**6%**); and
- **Featured product recommendations** (**5%**)

50%

19%

8%

6%

5%

SOURCE: EPISERVER *REIMAGINING COMMERCE* STUDY

> *"Starting with the data of how people look for products is a very important first step, otherwise you're not considered."*
>
> - ANDY MANTIS, 1010REVEAL

CLICKSTREAM, RECEIPT DATA DELIVER CONTEXT FOR RELEVANT CONTENT IN CONSIDERATION PHASE

Retailers can gather behavioral data from sources such as a shopper's **clickstream data**, a detailed log of how they navigate through a web site during a task. The log may include the pages visited, time spent on each page, how they arrived on the page and where they went next. Marketers also can get contextual information from **receipt data**, which uncovers a typical shopper's basket size, repeat purchases and preferred brand names.

"When you're tying this data into actual purchases, you're able to see why a retailer or brand is winning and losing," said Andy Mantis, Chief Business Officer of **1010reveal**, which monitors the spending patterns of U.S. customers, in an interview with *Retail TouchPoints*. "Backing it up a little bit, no matter what someone's intent is in shopping, if you're a brand, **you need to get into their consideration set**. If your content doesn't match the way people shop — it might be how they're shopping on site, or how they're coming from Google to a site — they're not even going to be considered."

From a content standpoint, Mantis recommended retailers get fundamentals right — particularly in matching product descriptions with how people shop. For example, while a retailer may target health-conscious shoppers by including "protein" as part of a description, if a shopper specifically seeks out "plant-based protein," the retailer will not make it into that consumer's consideration set.

"Starting with the data of **how people look for products** is a very important first step, otherwise you're not considered," Mantis said.

> **"On top of all those different scores, let's overlay some optimization and business rules, so that we don't drive the customers crazy and chase them for everything."**
>
> - MARK SMITH, KITEWHEEL

FINDING THE 'INTENT SCORE' IS VITAL, BUT RETAILERS CAN'T AFFORD TO OVERCOMMUNICATE

With the right solutions in place, retailers can create a custom model that combs through billions of digital events, and uses analytics to pinpoint which shoppers are showing buying activity via certain actions or keywords. The retailer can then calculate the strength of a shopper's or a segment's intent signal — **calculated as an Intent Score** — as well as the type of content that was engaged with, in order to adjust its communication strategy.

After determining the intent score, retailers still have to be careful about how they communicate with the shopper — particularly when it comes to sending out a barrage of emails, regardless of how personalized they may be.

"On top of all those different scores, **let's overlay some optimization and business rules, so that we don't drive the customers crazy and chase them for everything**," said Mark Smith, CEO of **Kitewheel**. "Let's use some prioritization and some kind of phasing so that we take the shoppers through a customer journey that's very driven by these predictive scores, and you can guide the customer down a sensible track that is optimized so that you don't overcommunicate. **There's lots of evidence that getting that balance right increases the engagement from the customer and increases their purchases**. You're much more likely to do yourself harm by overcommunication — you just lose their attention."

Now, with so many customers stuck at home due to the COVID-19 pandemic, getting a correct, data-driven read on the shopper is key to keeping a human connection. Consumers don't want to be pestered into making a purchase, and may be turned off even if they're advertised a product that they'd normally want to buy.

"The retailers that move into a new approach of engaging in a different way with the customer, and make those moves now, are going to come out of this horrible situation better rather than worse," Smith said.

HARNESS THE POWER OF PREDICTIVE ANALYTICS TO BOOST MARKETING RESULTS

Leveraging the power of machine learning and the increasing availability of data, companies use predictive analytics to better identify customers' intent, design experiences tailored to individual preferences, inform product development decisions and improve business operations.

PREDICTIVE ANALYTICS USE CASES

IDENTIFY CUSTOMERS LIKELY TO CHURN

Predictive retention models can identify which customers are most likely to churn — companies can reach out to them with education on products or tailored promotions. Predictive models also can identify common behaviors of loyal customers. With that knowledge, companies can attempt to steer likely churners to adopt those desirable behaviors.

RECOMMENDATIONS FOR CROSS-SELL AND UPSELL

When selling a variety of products, predictive modeling can help improve the "recommended for you" engine by analyzing historical data and applying customer profiles to target optimal conversion. For example, someone who has purchased hiking boots might be shown other outdoor gear.

FOR PRODUCT DEVELOPMENT

Predictive analytics can help determine which features to include in upcoming releases. A recommendation engine can be used to score features with various attributes. Information such as what competitors are doing can also be incorporated.

INVENTORY FORECASTING AND PRICING STRATEGY

Businesses can use predictive analytics to get insights from combinations of data, such as inventory across a large number of SKUs, categories and locations overlaid with geographic sales data. This can identify buying patterns to inform pricing, promotional strategy and optimal inventory levels.

BENEFITS OF PREDICTIVE ANALYTICS

Fundamentally, predictive analytics are used to identify patterns in characteristics, behaviors and other shared traits in order to enable effective segmentation. Once the customer segments have been identified, marketers can create targeted campaigns with offers designed to achieve specific goals.

Predictive scoring enables marketing teams to allocate budgets wisely — focusing on getting the right message to the right people at the right time — and improve campaigns' ROI.

MAKING PREDICTIVE ANALYTICS ACCESSIBLE

Arm Treasure Data's Customer Data Platform (CDP) is purpose-built for marketers — developed with both data availability and accessibility in mind, designed to bring marketing and data teams together. The technology behind the Treasure Data CDP is a scalable, enterprise-grade big data platform. It combines pipelines of clean, unified customer data with a robust and reliable open source machine learning library.

This puts powerful machine learning tools into more hands, allowing more people to gain greater understanding of their customers, and building business practices around the customer.

"Intent data is where you see the actual choice set — both in terms of moving up and down the price ladder but also as to which products might be exchangeable in the customer's mind."

- JOHN BLANKENBAKER, SSA & COMPANY

INTENT DATA IS ABOUT MORE THAN MARKETING — IT MAKES A BIG IMPACT ON PRODUCT AVAILABILITY AND PRICE

Intent data isn't just designed to deliver relevant promotions or help the marketing team send through the right communication signals. By providing a stronger understanding of shoppers' behavioral habits, retailers can make better decisions related to their biggest value propositions: **product** and **pricing**. While transactional data gives a bare-bones insight into how much of each product is necessary to source, or gauge the range of where a product should be priced, behavior data may tell a different story.

"At its core, customer and cohort behavior data reveals the intent of the shopper and is essential to effective personalization," said John Blankenbaker, Principal Data Scientist at SSA & Company. "It allows a retailer to tailor the message and offer to have a better chance of success. **Intent data is where you see the actual choice set – both in terms of moving up and down the price ladder but also as to which products might be exchangeable in the customer's mind**."

For example, a shopper may linger on a page for five minutes for a denim jacket, only to buy a similar jacket elsewhere due to a difference in price or size availability. Had the retailer perhaps been able to gauge certain keywords more effectively, it might have realized just how interested the shopper was in that jacket.

"Examples of retailers not using intent data are **men's clothing retailers who advertise suits to loyal customers, yet the retailer does not carry specific customer sizes**, or **electronics stores that will advertise new lower prices of already purchased big ticket items by their customers**," Gerousis said. "Instead of taking advantage of their intent data to market what the client may need or want, they will create a sense of frustration or buyer's remorse. Key is to leverage analytics and data science to better target their clients at the right time with the right products and services, and this can be achieved through intent data."

INTENT DATA BECOMES EVEN MORE IMPORTANT AS SHOPPING HABITS DRASTICALLY CHANGE DUE TO COVID-19

Whether it's prioritizing specific audiences that retailers are trying to grab, identifying potential new segments of shoppers, better aligning factors like price, sizes and styles with consumers or simply giving marketers better insight into the promotions (and their timeliness) offered customers, forward-thinking retailers that leverage intent data can see enough results to gain buy-in throughout the organization.

But while leveraging this data could provide an edge against competitors, retailers must continue to recognize the massive shift in behavior in this COVID-19-impacted environment. It's a shift that is only going to drive more people online and make them prioritize different purchases. With all that said, this new world essentially forces more retailers to play catch-up with the shopper.

"As we're coming out of constraints of the pandemic hopefully sooner rather than later, the way people shop has changed, and when you're talking about things like intent data and just data overall, certain retailers will have real opportunity to gain loyalty based on these changes," Mantis said. "I think that we're at a point when it's even more important to take advantage of this type of information, because no one has seen this much change in buying behavior in our lifetimes."

arm
TREASURE DATA

Arm Treasure Data Customer Data Platform (CDP) empowers companies by delivering rich customer insights that drive outstanding customer experiences. Built on a strong data management foundation, our CDP enables brands to securely unify customer data across silos at scale so they can better identify, engage and acquire customers. The highly configurable platform evolves with your existing technology stack to future-proof all customer data initiatives. Arm Treasure Data is fully owned by Arm and has more than 400 customers including Fortune 500 and Global 2000 enterprises.

866.899.5386
www.treasuredata.com

retail TouchPoints®

Retail TouchPoints is an online publishing network for retail executives, with content focused on optimizing the customer experience across all channels. The *Retail TouchPoints* network is comprised of two weekly e-newsletters, special reports, web seminars, exclusive benchmark research, an insightful editorial blog, and a content-rich web site featuring daily news updates and multi-media interviews at **www.retailtouchpoints.com**. The *Retail TouchPoints* team also interacts with social media communities via Facebook, Twitter and LinkedIn.

201.257.8528
info@retailtouchpoints.com

ABOUT THE AUTHOR

Glenn Taylor, Senior Editor

Glenn Taylor is a retail journalist covering all aspects of the industry with interests tilted toward AI-driven personalization, conversational commerce and financial/business related news.