In the early days of digital marketing, analytics emerged to tell us what happened and, as analytics got better, why it happened. Then solutions arrived to make it easier to act on data and optimize results. However, the amount of available data today presents a challenge to quickly extract insights and act while those insights are still valuable. Predictive marketing enables digital marketers and analysts to harness powerful data science processes, such as data mining and statistical modeling, to understand past performance to better optimize future marketing activities. Adobe's predictive marketing capability extends the power of the Adobe Marketing Cloud to enhance your digital marketing optimization activities and make more intelligent, forward-looking decisions with the power of data science.

Business trends and challenges

A number of market drivers are putting pressure on the way marketers traditionally conduct their digital marketing practices.

**Big Data explosion**—It is increasingly difficult to analyze and understand customer behaviors with the increasing volume and detail of information captured by enterprises and the rise of multimedia, social media, and the Internet. A recent report from Gartner indicated that within the next five years, enterprise data is expected to grow by 650%.

**Increased marketing accountability and agility**—Marketers are expected to continue to deliver greater business value with less budget, but the proliferation of digital marketing channels makes it hard to determine where to invest resources. According to 2013 eMarketer and American Marketing Association studies, within the next five years, advertisers are expecting to increase their mobile advertising spending nearly 400%, and chief marketing officers are expecting social media spending to compose 21% of their total budget.

**Personalization in digital experiences**—Consumers are more discriminating about their digital expectations, and consumers demand personalization and relevant content. However, the rise of smartphones and tablets makes it challenging to present a consistent user experience across devices and the web. A recent report from the Pew Research Center showed that 56% of American adults have a smartphone and 35% own a tablet.

These trends lead to significant business challenges for marketers who need to embrace predictive marketing capabilities to improve digital marketing optimization efforts.

**Lack of statistical skills and empowerment**—Digital marketers and analysts rely heavily on teams of statisticians and mathematicians, leading to miscommunication and wasted time from cross-functional dependence.

**Difficulty in using tools**—The core problem with today's predictive marketing offerings is that many of them are power tools, not solutions designed for the mass business market.

**Little process integration**—There is minimal process and product integration between digital marketing optimization applications and statistical modeling tools.
Predictive marketing in Adobe Analytics

To address the business challenges of predictive marketing, Adobe is empowering digital marketers and analysts with advanced predictive marketing capabilities through innovations in modeling automation and data visualization. The Adobe Analytics predictive marketing capability provides valuable information.

**Anomaly detection**

*Identify anomalies by recognizing statistically significant spikes or dips across any metric.*

**What problem is Adobe addressing?**

Marketers and analysts do not always know which metrics and data are important and which levers will drive outcomes.

*Example:* An alert in Adobe Analytics informs you that your email sign-ups were statistically lower than expected on Monday.

**Statistical correlations**

*Measure meaningful relationships to unearth hidden opportunities and variables of interest for more advanced data-mining capabilities.*

**What problem is Adobe addressing?**

Most analysts have too much data and not enough time to analyze it. This can stagnate analysis and overwhelm analytics practitioners.

**Audience clustering**

*Intelligently categorize individuals into distinct, actionable personas, based on similarities in product preferences, geo-demographics, and behavioral attributes.*

**What problem is Adobe addressing?**

Marketers make educated guesses about which attributes and criteria are needed to create targetable segments, leading them to miss distinct, high-value visitor segments.

*Example:* After analyzing hundreds of metrics in less than 10 minutes, you uncover significant customer attributes associated with email sign-ups that were previously unknown to you.

*Example:* Moving beyond simple segmentation, you harness the power of machine learning to unearth valuable audiences for your email sign-up campaign.
Customer propensity scoring

Predict and target those customers that are most likely to perform an action, such as convert, churn, or respond.

What problem is Adobe addressing?
Even with definable customer segments, it is difficult for marketers to determine where to spend their time to create the biggest impact.

Example: You predict that targeting the top 20% of potential customers will result in a 300% lift in email sign-ups.

Optimization

Integrate prediction directly into customer execution points, such as Adobe Target, Adobe Media Optimizer, and Adobe Social.

What problem is Adobe addressing?
To create more relevant experiences for customers, marketers traditionally have to rely on other departments and tools.

Example: You instantly engage with your newly discovered audience, leveraging integrations with Adobe Target, Adobe Media Optimizer, and Adobe Social.

For more information