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How AI is taking marketing efficiency to the next level

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Artificial intelligence is having an outsize impact on how marketers connect and build relationships with customers.

Machine learning-based strategic recommendations are often used to optimize send times for email and SMS marketing campaigns, for example, as well as to set parameters for benchmarking, A/B testing, predicting customer lifetime value and measurement.

Now, ChatGPT and the recent wave of newer generative AI models are poised to revolutionize the way marketers create content for these campaigns, too.

At Klaviyo, a host of new tools and features built with generative AI's natural language processing can provide brands with inspiration and ideas for copy and messaging, creating targeted audience segments and other aspects of campaign development.

"New AI technologies allow us to solve problems that our customers really care about at a whole new level," said Jessica Schanzer, product marketing lead at Klaviyo. "In addition to the innovative solutions we're building, we're also taking many of the same things that customers have always done, and enabling them to execute easier and faster, and at a much greater scale.

Increasing efficiency, performance and lift

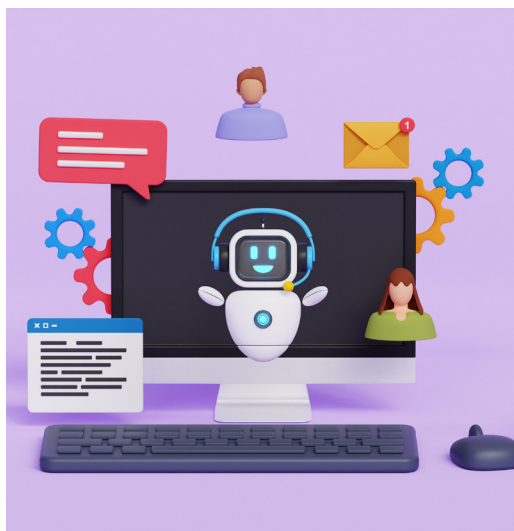
The correlation between AI and marketing efficiency is based on several factors.

For one thing, leveraging AI in the context of an SMS or email campaign, as well as other common engagement channels such as push notifications, frees up marketers to devote more time and energy to the more strategic and creative aspects of the campaign.

AI takes care of basic functions, like configuring email templates or writing programming instructions, so the marketer can execute more efficiently based on that work.

These improvements can have a ripple effect across the entire campaign. Based on an evaluation of Klaviyo tools that offer both AI and manual options—including sending optimization, predicting customer lifetime value and A/B testing features—using AI produced an average 2% to 10% increase in overall efficiency. And in the most successful experiments, Klaviyo has seen a lift as high as 30% in key outcomes.

"AI is going to touch every aspect of the platform," said Wayne Coburn, director of product management at Klaviyo. "It's going to help you write better copy and tweak and manage all of your automations. It's going to make everything you do be more effective and allow you to be a much better marketer."



ILLUSTRATIONS: GETTY IMAGES

Generative AI: Jet fuel for content and segmentation creation

Generative AI is now providing the jet fuel for creating content and audiences at breakneck speed. While data science and machine learning have long been core to Klaviyo's platform, the company began to introduce generative AI with tools that create text copy for SMS campaigns, as well as generate subject lines for promotional email messages, newsletters and retargeting campaigns.

Last month, Klaviyo launched a segments AI tool that allows brands to type a short prompt and instantly build a ready-to-use audience segment. For example, a skincare brand might decide to send a campaign for a new toner product to people who have already engaged with the brand through its subscriber list, by clicking on a link in one of its emails or text messages, or by viewing a related product—but haven't yet purchased.

"This is a fairly straightforward strategy, but the marketer might need some guidance on the right people to message, and how to build that segment in Klaviyo," said Schanzer. "With segments AI, you can simply describe the people you want to reach, and the tool builds the segment for you. In a few seconds, you're ready to send the campaign."

Better data quality builds trust in AI

While today's marketers increasingly use AI for a variety of functions, concerns remain over its accuracy and effectiveness. A recent survey from [The Conference Board](#) found that lack of accuracy and misinformation was the biggest challenge and concern about using AI cited by marketers (at 68%), followed by legal uncertainties (62%) and data security and privacy (57%).

Many accuracy-related issues, including the potential for AI-induced bias and error, can be traced back to the quality of the marketer's data. Because AI tools are built with machine learning programs that rely on historical data, brands cannot produce accurate AI-driven insights without sufficient data or the right approach to data organization.

"AI can't learn to be effective without well-organized, historical data across all customer touchpoints," said Schanzer. "This is the crux of Klaviyo's differentiation with AI: We were built as a data platform first, and we can pull in customer data from over 300 pre-built integrations."

When data is siloed, it creates unnecessary complexities that slow things down, like workflows and decision making, in addition to making it more difficult to get precise outputs. As Coburn noted, "This speaks to one of the biggest issues that many marketers have when it comes to trusting AI: Do I have enough data, and is it the right data?"

Transparency is key to AI accountability

Ensuring data quality is only a first step toward creating greater AI accountability. Increasing the transparency of AI models so that marketers can better understand how the tools work is critical to building trust and confidence in their regular use.

"Marketers want to know the product they're working with is not a black box," said Carola Leiva, senior product manager at Klaviyo. "Across our AI tools and features, we try to provide flexibility and controls that allow the marketer to adapt the product to their particular brand. We offer analytics to explain the

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—Jessica Schanzer, product marketing lead, Klaviyo

The AI X factor: Breaking down customer data silos

To crack the code on using AI to run a successful marketing campaign, companies first have to solve their customer data silo problem.

Consider: A typical small or mid-size company can easily use 10 or more software applications to engage with customers through various touchpoints on its website and e-commerce platform. Each of these applications creates its own set of unique data. The more complex and disjointed the martech stack, the more difficult and expensive it is for the marketer to store, access and leverage that data for use in a platform like Klaviyo.

This is the main reason Klaviyo built its solution from the bottom up, starting with data infrastructure and building the application interface on top of it, said Matt Preyss, lead product marketing manager at Klaviyo.

Below, Preyss describes the five key pillars of Klaviyo's approach to data collection and storage, and how the information gets funneled into the platform:

- **Collect raw event data and store it unaggregated at the customer profile level.** “We process over 2 billion shopper data points or events per day, which we then collect and store within the shopper profile. So our customers have that activity data to understand their customers' behaviors in addition to all of the historical data. We store this data unaggregated for segmentation and personalization, meaning our customers can get very granular and precise with their engagement strategies.”
- **No archiving customer data.** “Typically after a certain period, it can be anywhere from 30 days to 180 days, organizations

will archive data. Once this happens, it takes more time to access that data and use it. We do it differently; we don't archive data. It's easily accessible in real time for our customers, enabling them to execute faster without any usage restrictions, like creating segments or reports that go beyond a certain length in time.”

- **Flexible data storage and ingestion limits.** “Marketers can effectively bring in all their data to Klaviyo's platform and store it indefinitely in a way that's adaptable, scalable and flexible. We have over 300 pre-built integrations that plug into all these different data sources, allowing our customers to unify the data into a complete view of their customers so they can actually 'see' their whole customer.”
- **No pre-configuration requirements.** “So much time is often spent by data teams cleaning, configuring and mapping data so it's usable for things like machine learning. We ingest data in any format, so no mapping is needed, enabling faster implementation and time to value and giving marketing and technical teams more time to work on higher value-add activities.”
- **Flexible data partitioning for segmentation.** “Because of how we built our platform, customers can create hyper-targeted segments by combining any piece of profile/event data across their tech stack—including metadata, profile data, historical data and predictive analytics—all within an intuitive interface to ensure our customers can build and execute quickly.”

How do you expect the following aspects of your team’s jobs and work to be changed by AI (including generative)?

	Will improve/ improve a lot	Will deteriorate/ deteriorate a lot
Productivity	82%	4%
Learning and development	54%	17%
Business/financial results, ROI	51%	5%
Product/service innovation	50%	16%
Work quality	43%	27%
Creativity	42%	29%
Enjoyment of the type of work	39%	20%
Required qualification	33%	19%
Team culture	16%	22%
Number of jobs	4%	40%

Based on 280 respondents.
SOURCE: AI in Marketing and Communications Survey, June 2023, The Conference Board

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value the AI is providing and the decisions that are being made, so users can manually stop any automations if they like.”

As an example, Klaviyo is using AI to optimize pop-up forms that gather information such as email addresses and phone numbers from customers and new prospects. Over time, the AI learns when to serve up forms on the marketer’s website to get the most conversions. This data funnels into Klaviyo’s sign-up form analytics tab, where marketers can see how the AI’s tests are performing, report those out to leadership as needed, or pause the testing.

“Where the machine can provide the most value is in the things that require iterative work, more data analysis and pattern identification,” said Leiva. “At the same time, having the ability for human intervention and some sort of control on what the machine is able to do is what builds confidence in AI.”

Speed, iterative learning and the future of AI

In practical terms, AI’s contribution to marketing efficiency boils down to a set of tools that allow the marketer to perform better. And speed is a big part of the equation.

AI can speed up a marketer’s learning curve

and career progression because with it, they’re able to run tests faster, get more ideas and be more iterative—all with machine learning backing their hypotheses.

Still, one of the biggest question marks about AI’s future is its ultimate impact on creativity.

Today, marketers generally consider AI’s creative applications to be lagging far behind its potential to boost productivity, learning and development, business results and ROI. (See chart above.)

This sentiment could change once marketers begin to realize the full potential of Generative AI to produce market-worthy ideas and inform creative strategy.

“Many of the distinctions we draw today between machine learning and generative AI will not exist in the future,” argued Leiva. “Once you start to really power these large language models with information about what works for your customers, then you can potentially not only have a creative message, but one that we can predict how it’s going to work for your specific recipients—meaning we won’t even need to send it out to know how it’s going to perform.”

That’s the language of efficiency every marketer wants to speak.

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About Klaviyo

[Klaviyo](#) (CLAY-vee-oh) powers smarter digital relationships, making it easy for businesses to capture, store, analyze and predictively use their own data to drive measurable, high-value outcomes. Klaviyo's modern and intuitive SaaS platform enables business users of any skill level to harness their first-party data from more than 300 integrations to send the right message at the right time across email, SMS and push notifications. Innovative businesses like Dermalogica, Living Proof, Citizen Watch and more than 130,000 other paying users leverage Klaviyo to acquire, engage and retain customers—and grow on their own terms.

[See how Klaviyo can power smarter digital relationships for you.](#)

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