

PERSONALIZATION

How to start driving stronger business value by shaping experiences your customers want

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Personalization is more crucial than ever, according to Deloitte Digital's latest research.* Since our foundational study two years ago,¹ **consumer interest in personalization has increased 20%**, and 50% more brands consider it a core component of their customer strategies.

Yet despite heightened attention, only a quarter of brands are delivering the kind of personalization consumers recognize and want. How do these standouts do it? They recognize personalization as a mutual exchange in which customers share information about themselves—and brands reciprocate by delivering spot-on experiences that bring value to customers' lives.

This article is the first in a new series in which Deloitte Digital delves into areas of personalization that can help brands flourish by driving a positive, reciprocal exchange. Here, we're looking at how to get started with personalization.

PERSONALIZE WHAT MATTERS

Personalizing customer experience at scale can feel daunting at first. It may be tempting to manage this complexity by focusing on predetermined touch points in the customer journey. However, the real magic happens when you use the data you have about a customer—their demographics, preferred channels, past purchases and more—to understand their unique priorities and personalize the specific touch points that matter to them.

For example, our research showed that **78% of consumers want tangible, money-saving benefits from personalization**—but that

doesn't mean brands have to erode their margins by showering standard discounts on every customer. Rather, brands can deliver personalized offers by basing the depth and type of promotion on customer data.

When brands deliver standout personalized value, they report improved metrics across the entire customer journey: 45% higher conversion, 50% higher engagement and 45% higher lifetime value.



Nearly 3 in 4 consumers said they're more likely to purchase from brands that deliver personalized experiences—and they spend 37% more with those brands.

* This report highlights results from a January–February 2024 survey of 500 business executives who are responsible for personalizing the customer experience at US business-to-consumer companies, plus 1,000 adult consumers who had interacted with a brand online or through an app in recent months. Unless otherwise noted, the statistics and insights highlighted in this article are based on that research survey.

IT'S ABOUT BALANCE

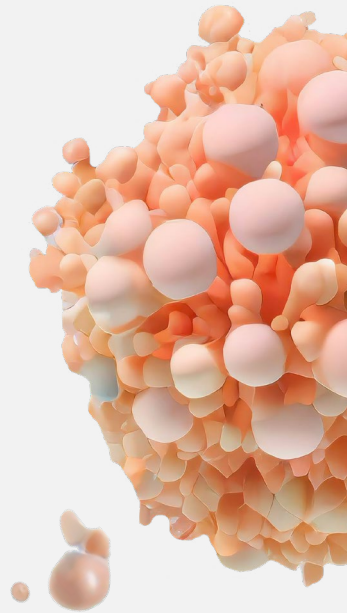
Ramping up your personalization efforts requires finding a balance between ambition and pragmatism. We often see brands struggle by either trying to do everything at once or being painstakingly tactical. By focusing on five core actions below, you'll strike the right balance and make meaningful progress in improving customer experience. While you may already excel at one or two of these, real impact happens when these actions are connected and working in harmony.

- **Set a bold strategy.** These days, slightly better product recommendations or slightly more tailored marketing emails are table stakes. Brands need an ambitious strategy—supported by top-down leadership—that's fixated on customer needs and uses data to serve those needs in natural and dynamic ways. **Among personalization standouts, 89% said that culture of personalization is driven by their leaders.** Setting this strategy in motion begins with assessing valuable customer segments and behaviors through first-party data and direct feedback, and then designing business models and future experiences that effectively utilize data, AI and other technologies.
- **Build a strong data foundation.** Brands need a strong blueprint for how to collect, manage, analyze and leverage the right data to support activation and measurement across channels. Having

a robust way to identify and engage customers is foundational, and **85% of personalization standouts say they collect extensive data to enable a 360-degree view of customers.** Almost three in four personalization standouts use a customer data platform (CDP) to harness first-party data—and about one-third of all surveyed brands are also using data clean rooms as a privacy-compliant way to combine second- or third-party data with their own data.

- **Analyze and experiment.** Among surveyed brands, **45% flagged analytics and modeling capabilities as lacking.** To deploy machine learning and AI capabilities more effectively, brands need to integrate a core set of models that can understand and predict what customers will want next. Testing is also moving away from simple A/B testing into multivariate algorithms that drive more meaningful experiences in real time.
- **Scale up content and design.** A handful of email variations doesn't cut it. Personalized content and design must be developed in components that can be reused and recombined based on the needs and interests of customers and on the specific channel requirements. Generative AI is helping brands produce higher quality and larger volumes of content and assets in brand-compliant ways. **We found that personalization standouts were 2 times as likely as lagging brands to have GenAI capabilities in place.**

- **Drive holistic change.** Personalization demands buy-in across the organization and often spurs changes in roles and processes. **Half of the brands we surveyed cited insufficient expertise, and half also cited weak cross-team collaboration.** That's why it's critical for company leaders to prioritize personalization as a cross-functional effort and encourage coordinated, transparent processes across teams. Among personalization standouts, **88% said their teams collaborate closely to execute a cohesive personalization strategy.**





TO CAPTURE VALUE, DELIVER VALUE

Personalization can undoubtedly boost sales, yet our research showed that its biggest potential lies in creating a genuine value exchange between organizations and their customers. As you get started with personalization—or seek to get better at it—your underlying goal should be to understand your customers and craft experiences that anticipate and support their needs from your brand.

While the five actions outlined above are crucial to any personalization initiative, your approach to combining them to create dynamic, tailored customer experiences will be unique, depending on your brand identity, customer needs and biggest areas of opportunity. That's where Deloitte Digital can help. We work with clients to get the combination right, helping them unlock business value and customer value alike.



QUESTIONS TO ASK YOURSELF:

1. Do you know what kind of experiences your customers most value?
2. Should your personalization strategy be clearer and/or more ambitious?
3. Which data, technologies and creative tools will you prioritize to scale personalization?
4. How will you operationalize your organization to effectively deliver personalization at scale?

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Download our full report on personalization [here](#).

ENDNOTES

1. Leala Shah Crawford, Embrace meaningful personalization to maximize growth, Deloitte Digital, July 2022, p. 2, <https://www.deloittdigital.com/content/dam/digital/global/legacy/documents/offerings/offering-20220713-personalization-pov.pdf>, accessed August 6, 2024.

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