

AI-DRIVEN PERSONALIZATION:
Transform commerce
at the speed of want.



Customer expectations for commerce are changing faster than ever. Technologies and methods of digital engagement that once seemed cutting edge have become commonplace across industries. The result? Today's *next big thing* is tomorrow's *no big deal*.

In this environment, your brand's commerce strategies, channels and capabilities can't just move at the speed of business. They need to move at the speed of *want*.

In a new series of articles Deloitte Digital explores six trends in digital commerce that are helping brands become more indispensable for customers—and more agile and resilient as businesses. AI-driven personalization is one of those trends.

AI-driven personalization

The best digital commerce experiences don't just put products or services within reach. They guide you to things you didn't even know existed—and yet on first sight, fit you perfectly. They intuit your tipping point for making a purchase, whether it be an irresistible color, pattern, feature, discount or a particular day of the year. They quench your needs and make you feel known and recognized as an individual.

This kind of immediate, intuitive engagement has powerful value for brands that get it right: 69% of consumers said they are more likely to purchase from a brand that personalizes experiences.¹

How brands are getting personal.

Personalized commerce experiences require a tightly connected mix of capabilities—both human and machine—working from a strong foundation of data, processes and

technologies. Here are key actions that are helping companies make it happen:

- **Take control of customer data.**

A customer data platform (CDP) connects everything you know about each customer—including marketing, in-store, online, sales and service interactions—to help you predict the right places, spaces, messages and offers to engage individuals based on their unique wants and needs.

- **Create more, smaller customer cohorts.**

Winning brands are harnessing customer data to create hypersegmented cohorts of people with similar preferences and behavioral patterns; and then serving up experiences that make those customers feel seen and understood. Over time, this intuitive engagement helps build trust that drives greater customer lifetime value.

- **Test and learn.** Controlled testing across a range of commerce experience parameters—from the way a product is described in your app to the color of buttons on your website—is key to success. But it's important to focus on the right questions. Start by strategizing what to test, identifying who to test it on and determining how success should be measured.

- **Automate decisioning and delivery.**

Machine learning and AI help you respond personally and instinctively, at scale. By tapping data in the moment, decisioning technologies spot patterns and can recognize, for instance, when a 10% discount will make all the difference to a customer who's returned three times to look at a product. By delivering the right message at the right time, you are able to drive impact to the bottom line—automatically.

The key to connecting with customers: connecting across your own touch points.

The capabilities, technologies and data brands use to personalize commerce can help drive richer customer experiences even in isolation. But the next, more powerful move on the path is to make sure those experiences feel consistent and connected. After all, a personalized offer for a seasonal sweater sent via email isn't so special if a customer has to hunt for the sweater on your website or app. Similarly, trust built over the course of a sequence of purchases with your brand will be shaken or even

broken if the customer's history appears to be forgotten the next time that customer comes shopping.

Connected teams, systems, processes and governance are essential to producing connected experiences. That means thinking holistically about *all* of the customer's touch points with your brand over time. And then working to ensure processes are in place to leverage the insights, messages and offers that help make those individual experiences feel intuitive—like relevant episodes in an ongoing, coherent story between you and your customers.

In the midst of these efforts, never lose sight of the most basic and important goals of personalization: customer trust and loyalty. Decisions about the data you collect and the experiences you orchestrate, as well as the options you provide to customers for transparency and control, should be rooted first and foremost in what you learn from the signals your customers send you. Their data, after all, isn't just bits and bytes. It can reveal much about both broad preferences and individual idiosyncrasies, evolving expectations and growing (or eroding) trust.

Connect those insights and experiences, and the sales are likely to follow.

Why personalization matters to commerce.

Brands with leading personalization capabilities saw a **1.5x greater increase in revenue per customer and loyalty metrics** compared to brands with low personalization maturity.²



Sources

1. Deloitte Digital, *Embrace meaningful personalization to maximize growth*, July 2022, p. 2, <https://www.deloittedigital.com/content/dam/deloittedigital/us/documents/offerings/offering-20220713-personalization-pov.pdf>, accessed January 20, 2023.
2. Deloitte Digital, *Embrace meaningful personalization*, July 2022, p. 5.

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