



# The State of Personalization 2021

From nice-to-have to necessity for intelligent customer engagement





**75% of business leaders say personalization is table stakes for digital experiences.**

Source: The State of Personalization 2021



**52% of consumers agree that as personalized digital experiences with brands become more personalized, their satisfaction improves.**

Source: The State of Personalization 2021

# Introduction

**Personalization takes  
on new urgency.**

2020 transformed consumer behavior like never before.

With stay-at-home orders in place and brick-and-mortar businesses closed, companies of all sizes were forced to reconsider their customer engagement strategies.

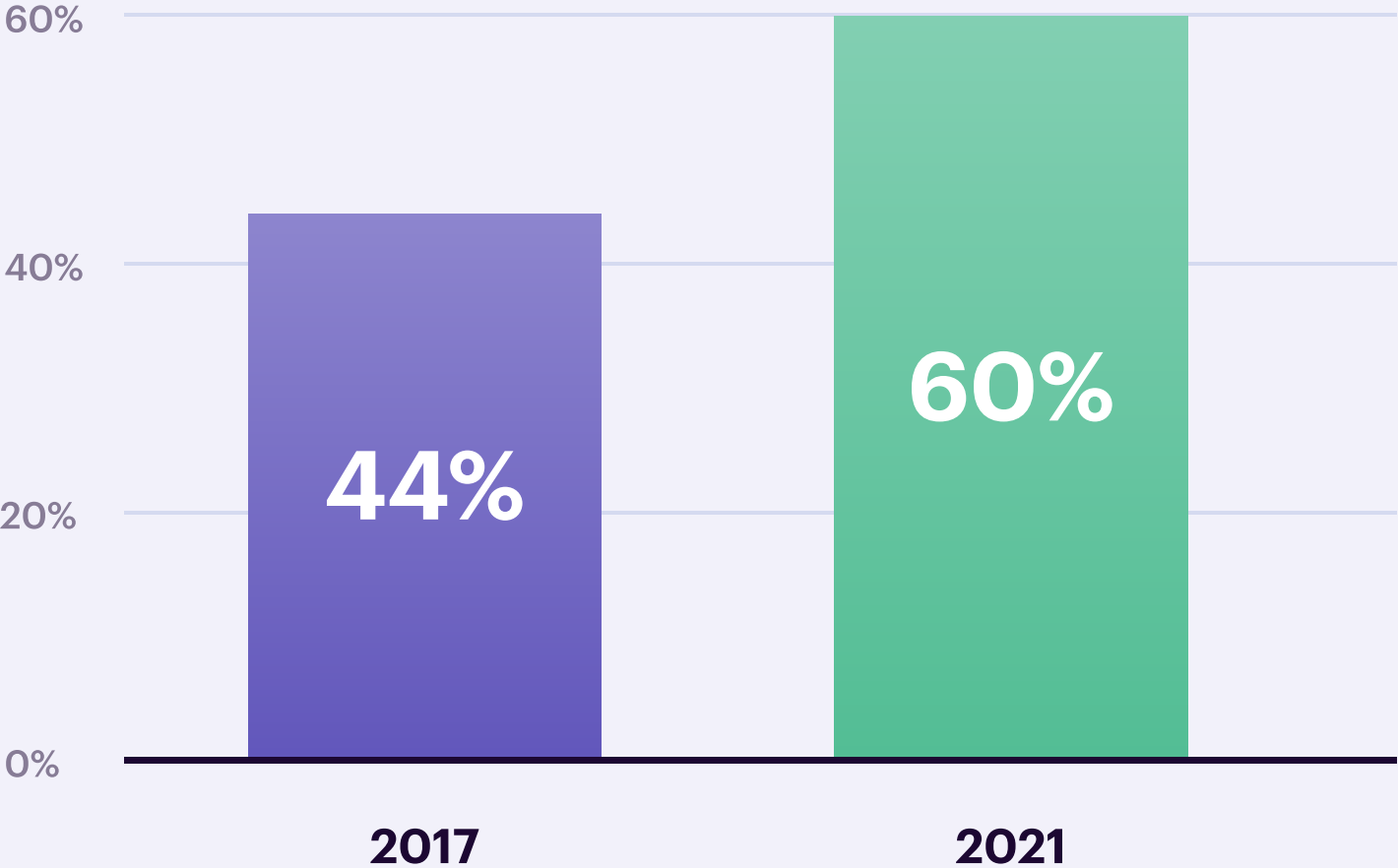
However, this “flight to digital” radically increased consumers' expectations far faster than what many brands were ready for.

Overnight, consumers expected brands to remember who they were, where they came from, and what they liked, regardless of what channel they came from.

This promise of personalized, one-to-one marketing might once have been a pipe dream. It is now increasingly table stakes for consumers.

But as consumers' expectations rise, are businesses equipped to deliver these experiences?

# How likely are you to become a repeat buyer after a personalized shopping experience?





**85% of businesses say they are providing personalized experiences to consumers.**

Source: The State of Personalization 2021

# Key Takeaways

To better understand the effects personalization is having on businesses and consumers across the world, [Twilio Segment](#), the #1 customer data platform, surveyed 3,000 businesses and consumers to gauge their views on the state of personalization.



## Consumer expectations are outpacing experiences

While 85% of the businesses studied by Twilio Segment believe they are offering personalized experiences, only 60% of consumers seem to think that's the case.

## Customer loyalty is on the line

If brands fail to offer a personalized experience, 45% of consumers say they're likely to take their business elsewhere.

## Personalization and privacy aren't mutually exclusive

69% of consumers say they appreciate personalization, so long as it's based on data they've shared with a business directly.

## Omnichannel is being overlooked

Just 24% of businesses say they are investing successfully in omnichannel personalization, with departmental silos and legacy infrastructure as the key barriers to success.



**60% of consumers say they are receiving personalized experiences from businesses.**

Source: The State of Personalization 2021



## When deciding whether to shop with a particular brand, what's most important?

|   |            |
|---|------------|
| <b>The brand is trustworthy and transparent</b>         | <b>55%</b> |
| The brand is socially and environmentally responsible   | 16%        |
| The brand offers a smooth digital experience            | 14%        |
| The brand offers a high level of personalization to me  | 10%        |
| The brand is well known and popular among my peer group | 6%         |

# As digital soars, personalization is within reach.

Personalization, once limited to best-of-breed companies like Amazon and Netflix, has entered the mainstream.

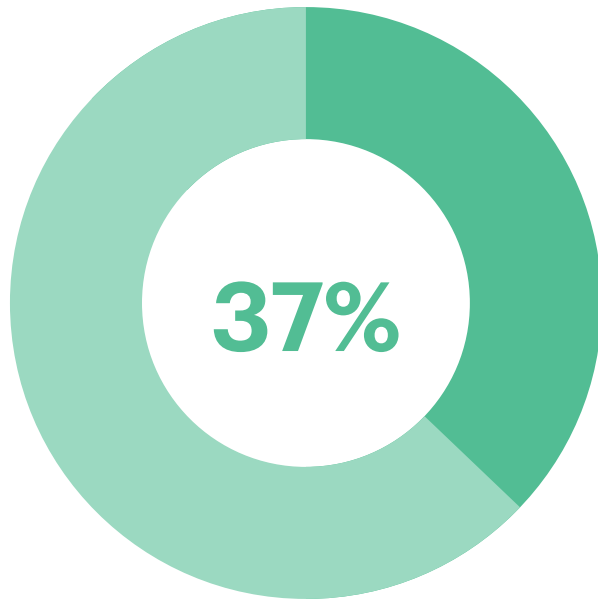
As COVID-19 hit and businesses began to shift their operations online, the quality of digital experiences became a focus for businesses and consumers alike.

To remain competitive, a highly personalized customer experience, built on a foundation of first-party data, was seen as the primary means of driving customer loyalty and differentiation, as well as a higher bottom line.

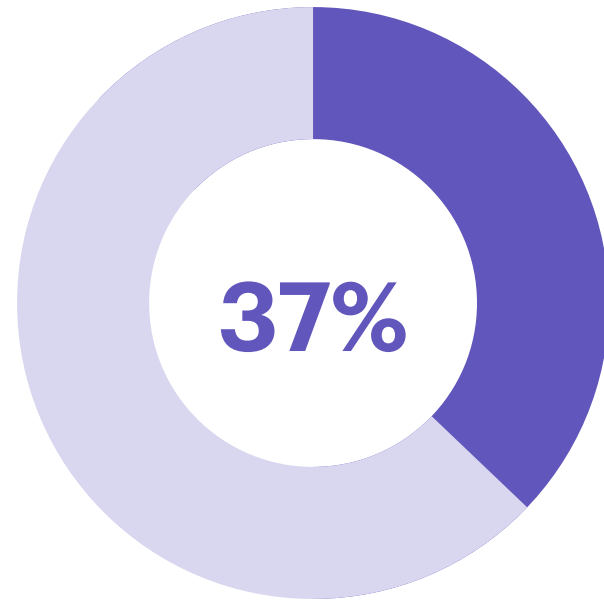
**But are businesses hitting the mark?**



**Do you trust retail brands to keep your personal data secure and use it responsibly?**



**Yes**



**No**



**48% of consumers appreciate the convenience of personalization, so long as their data is secure.**

Source: The State of Personalization 2021

# Personalization is no longer an option. It's a necessity.

Offering personalized digital experiences used to be a nice-to-have. Now, it's essential.

Both businesses and consumers agree: 75% of businesses believe personalization is table stakes, while over half of consumers say personalization improves the customer experience.



**75% of business leaders say personalization is table stakes for digital experiences.**

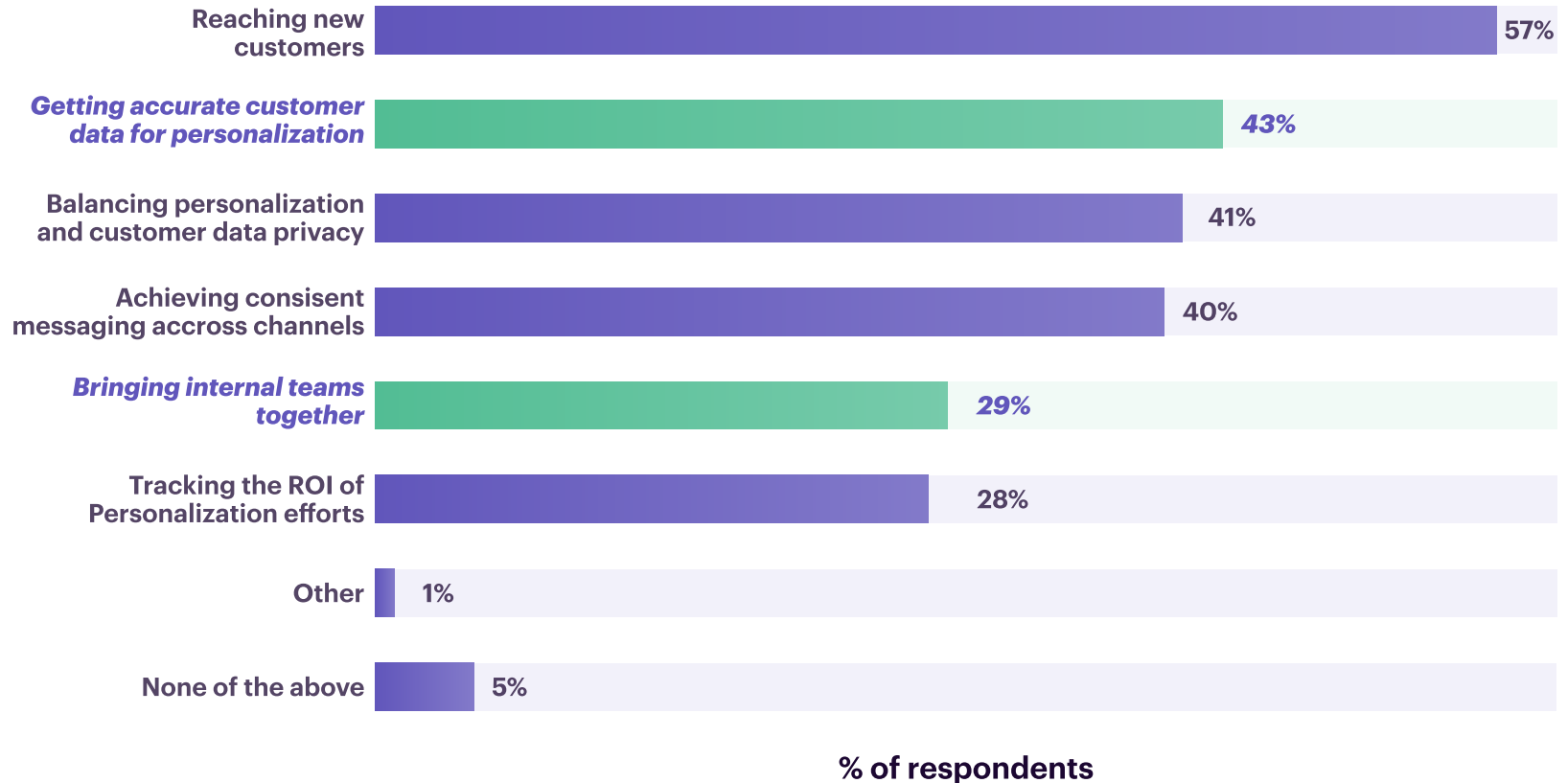
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**52% of consumers agree that as personalized digital experiences with brands become more personalized, their satisfaction improves.**

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# Which of the following are challenges for your brand today?





**7 out of 10 consumers are comfortable with personalization, as long as brands are using their own data and not purchased data.**

Source: The State of Personalization 2021

# Businesses investing in personalization are unlocking greater ROI.

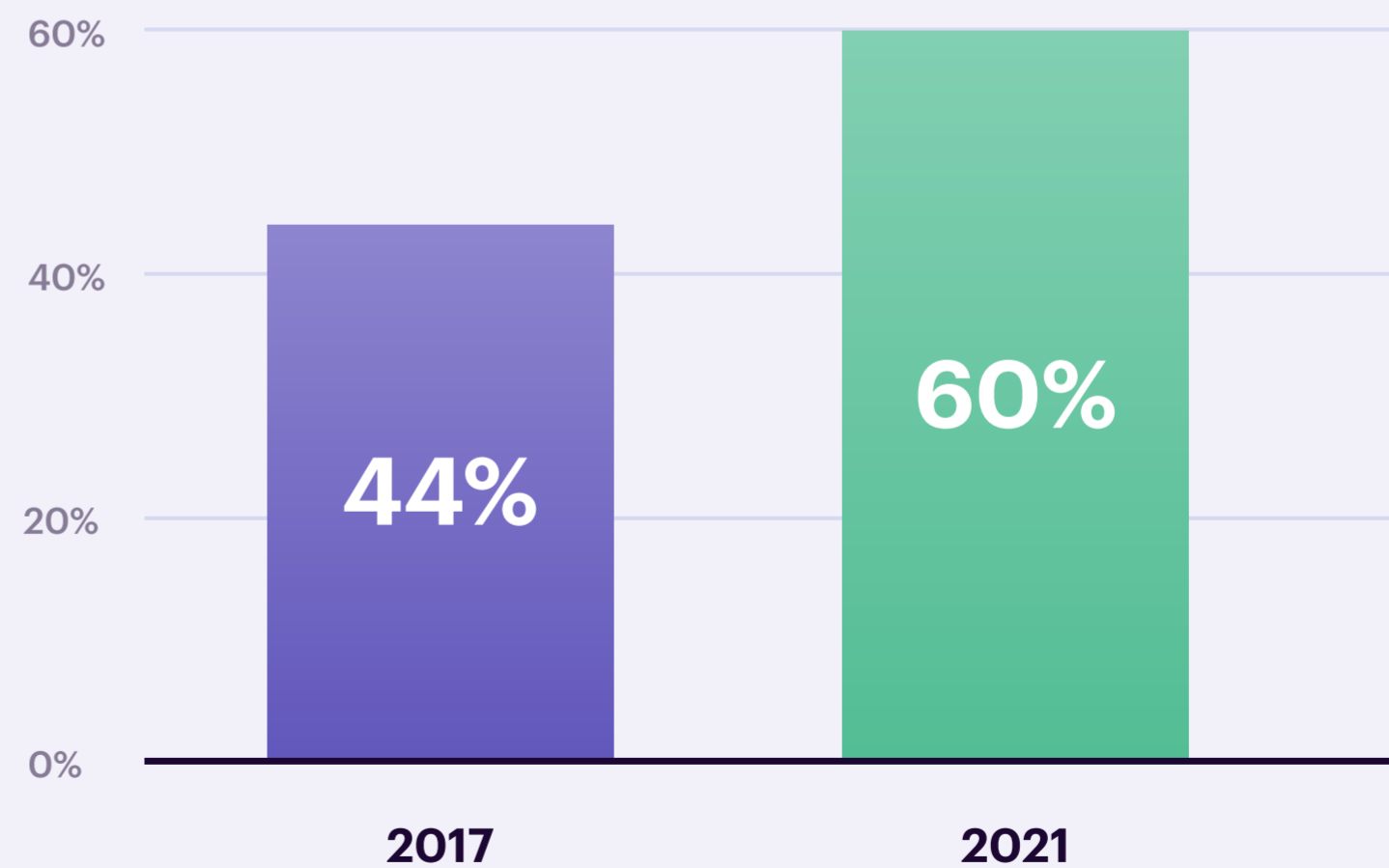
Businesses investing in personalization stand to drive greater revenue from those that don't.

60% of consumers say they will become repeat buyers after a personalized shopping experience with a retailer. When Segment asked consumers the same question in 2017, only 44% said the same.

What's more, nearly half say they're less likely to make a purchase from a brand after an unpersonalized experience.

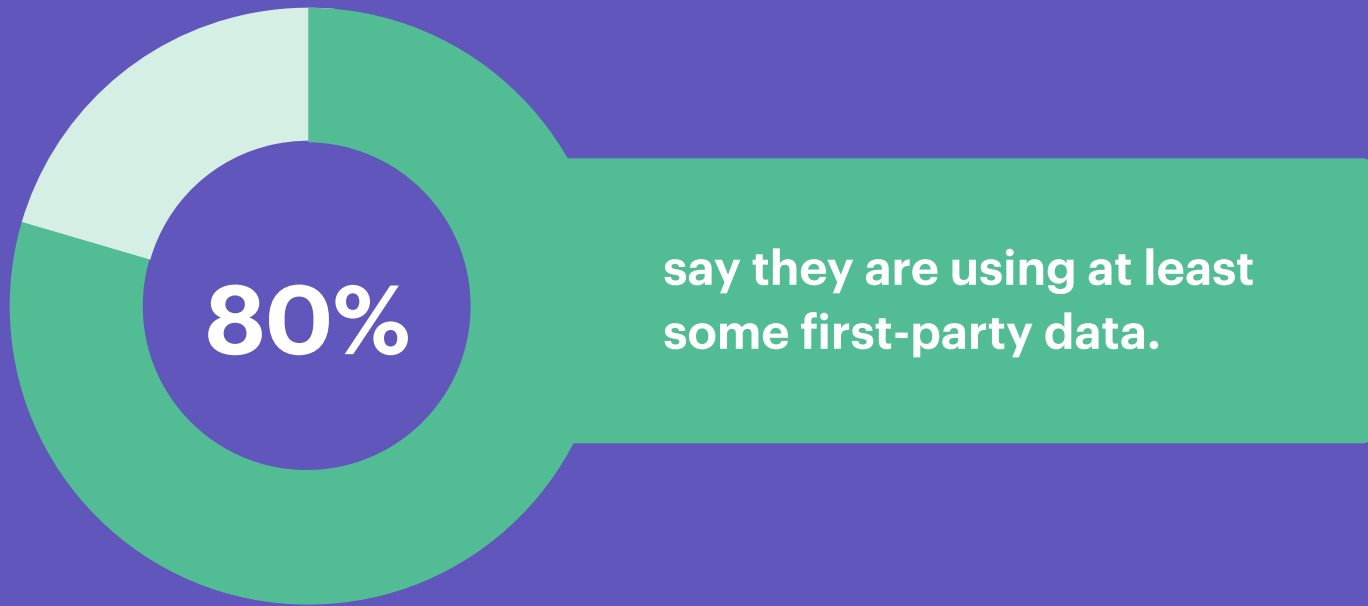
More than a third (36%) of consumers will shop with a brand again if they've had a good experience - even if there are other cheaper or more convenient options available.

## How likely are you to become a repeat buyer after a personalized shopping experience?

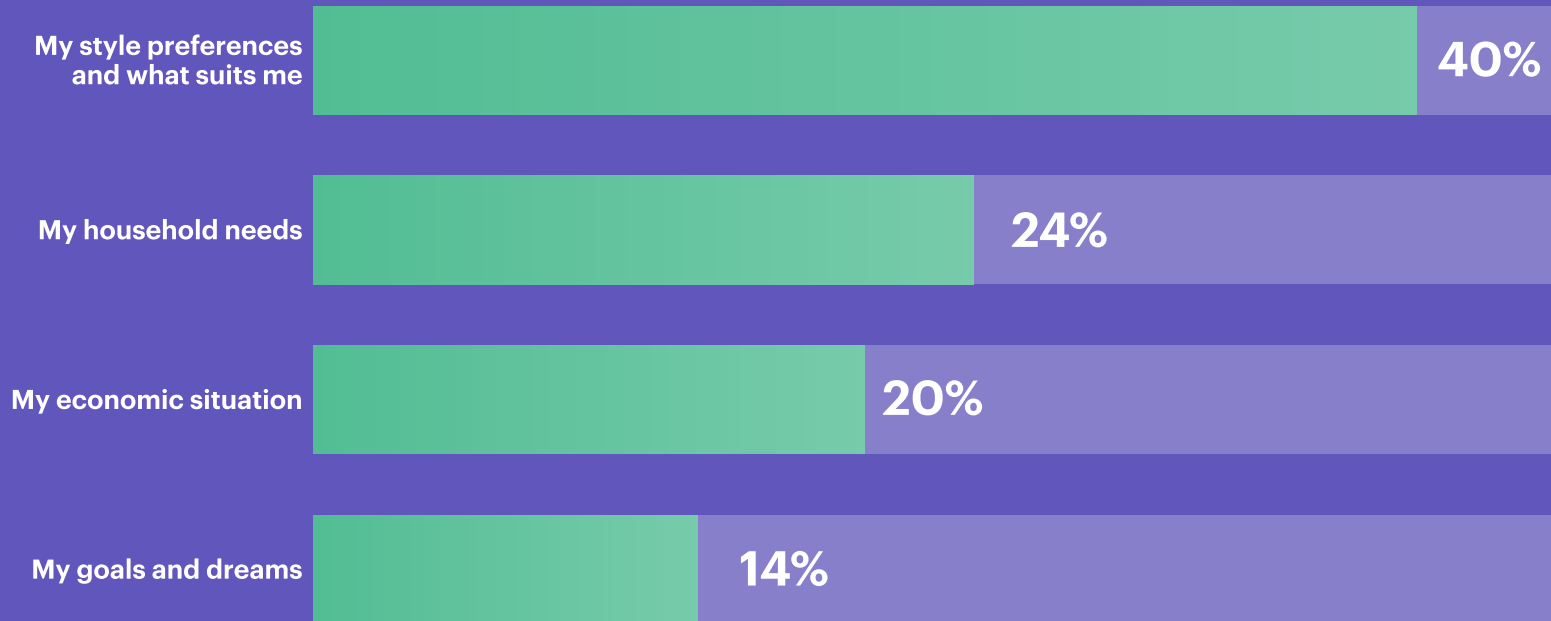




# What type of data do you use to personalize the customer experiences?



# What do you wish brands knew more about you?



% of respondents

# Businesses think they are offering more advanced experiences than consumers think they are getting.

However, despite recent improvements, most businesses have not yet harnessed the full potential of personalization, and a gap remains between consumer expectations and reality.

85% of businesses say they are providing personalized experiences to consumers, but only 60% of consumers think so.



**85% of businesses say they are providing personalized experiences to consumers.**

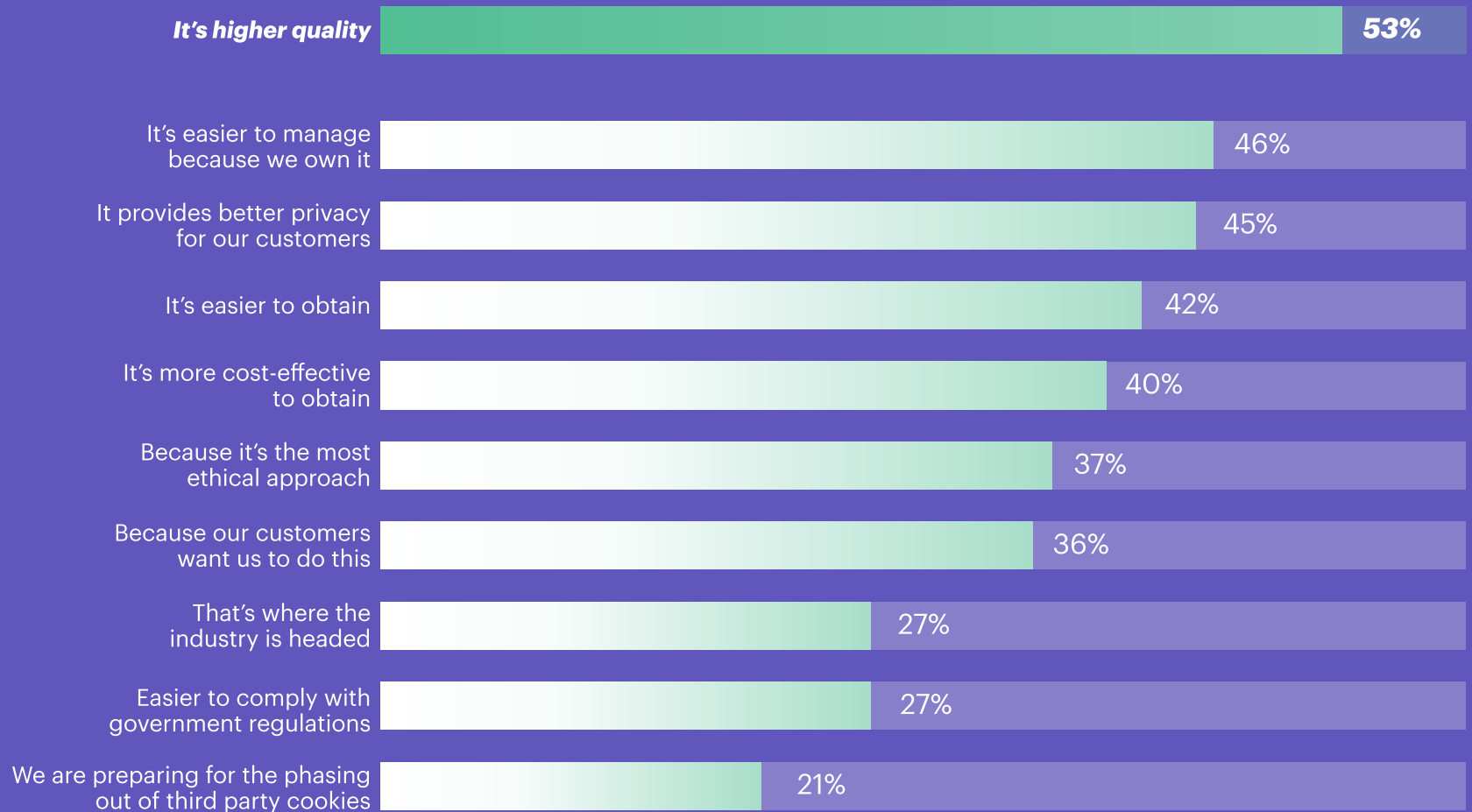
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**60% of consumers say they are receiving personalized experiences from businesses.**

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## Why is your company focusing on using first-party data for personalization?



% of respondents



**Less than 1 in 4 businesses say they are investing successfully in omnichannel personalization.**

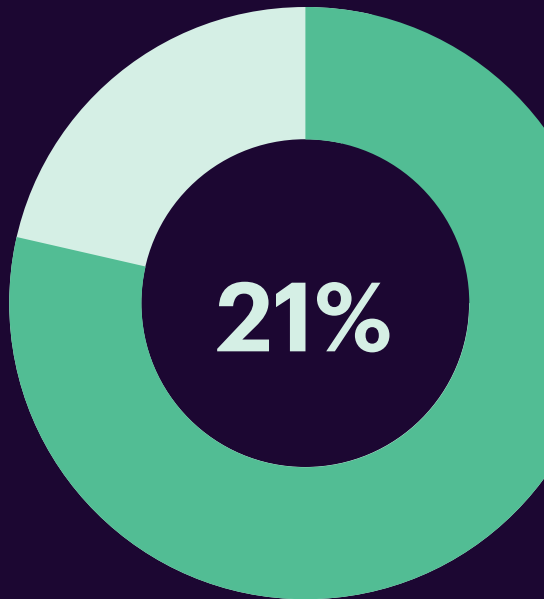
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# Attitudes toward privacy are changing, and businesses are having to keep up.

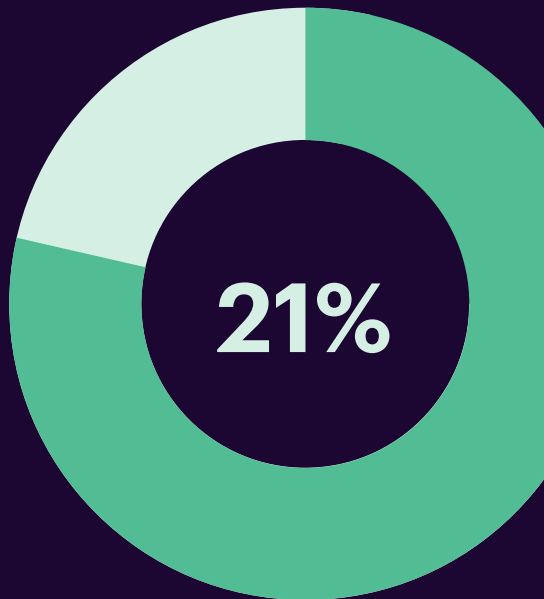
The average consumer has become increasingly aware of how companies are handling their personal data, and demand the highest level of privacy and security out of brands they interact with.

To meet these demands, businesses have to dedicate more resources to ensuring customer data is collected in a secure manner, while still ensuring they're delivering the customer-first experiences that consumers expect.

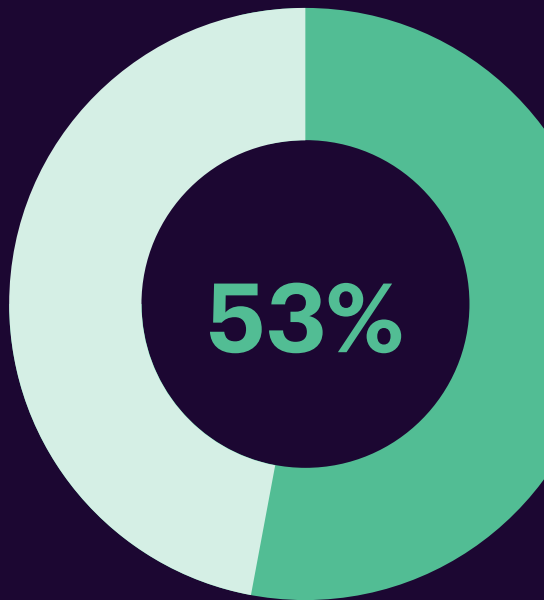




say technology and data is a blocker to omnichannel success.



say they don't see the ROI.



**of businesses are currently focused on improving existing channels rather than expanding their channel offerings.**



# Trust is good business.

Digital trust must be a cornerstone of a brand's digital transformation. Customer relationships are at stake.

55% of consumers say trustworthiness and transparency are the most important traits of a brand.

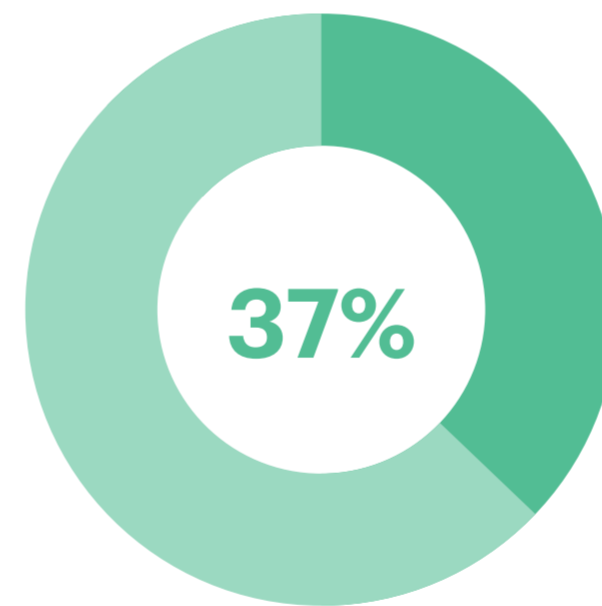
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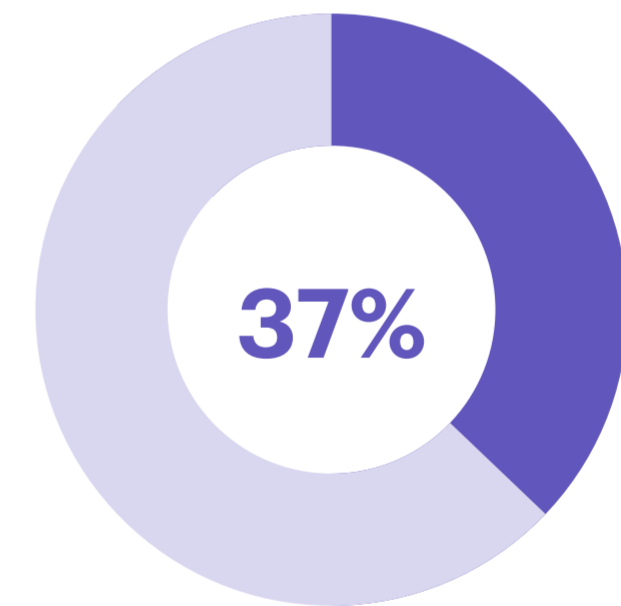
# Consumers are split about data security.

Consumers are divided about whether brands are acting in their best interest: 37% of consumers say they trust businesses to keep their personal data secure and use it responsibly, but another 37% don't trust online retailers with their personal data.

**Do you trust retail brands to keep your personal data secure and use it responsibly?**



**Yes**



**No**

# Striking the balance between convenience and privacy.

While overall knowledge of data security is on the rise, there appears to be a genuine willingness to share data safely and securely in exchange for the convenience of personalization.

Almost half of consumers say they're happy to exchange personal data in exchange for personalization.



**48% of consumers appreciate the convenience of personalization, so long as their data is secure.**

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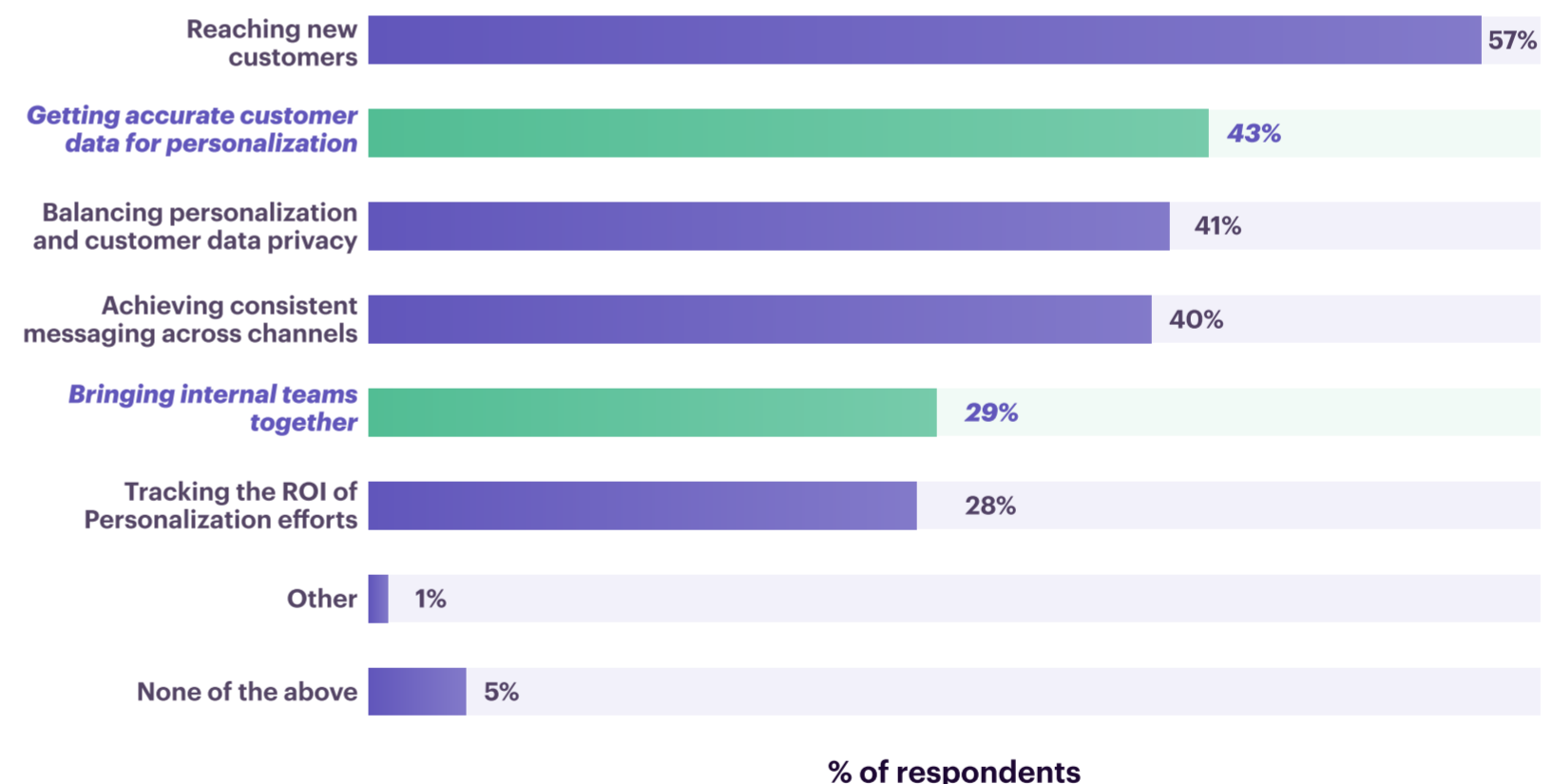
# Data accuracy and integrity remain challenges for businesses.

You can't personalize the customer experience when you can't access, let alone trust, your underlying data.

Unfortunately, getting high-quality data into the hands of teams across the organization is a challenge.

43% of organizations see accurate, real-time customer data as the biggest challenge to their personalization efforts, while an additional 29% of companies struggle with giving internal teams a single source of truth.

## Which of the following are challenges for your brand today?



# Personalized experiences and data privacy aren't mutually exclusive.

Government regulations such as [the GDPR](#), and recent moves from the likes of [Google](#) and [Apple](#), have ignited a global debate about data integrity.

Central to the debate is consumer privacy, and the right to control what data is collected and what's not.

These advancements have cleared the way for first-party data, data collected about a business' own interactions with its own customers, to move into the spotlight.

Thankfully, in today's digital world, that's hardly a scarce resource.



# Personalization and privacy: getting the best of both worlds.

Customers want personalized experiences and are increasingly willing to provide their data in order to get it.

69% of consumers say they are fine with personalization, so long as it's data they've shared with a business directly.

Nearly half (42%) of consumers expect to receive a relevant discount within 24 hours or sooner of identifying themselves to a brand.



**7 out of 10 consumers are comfortable with personalization, as long as brands are using their own data and not purchased data.**

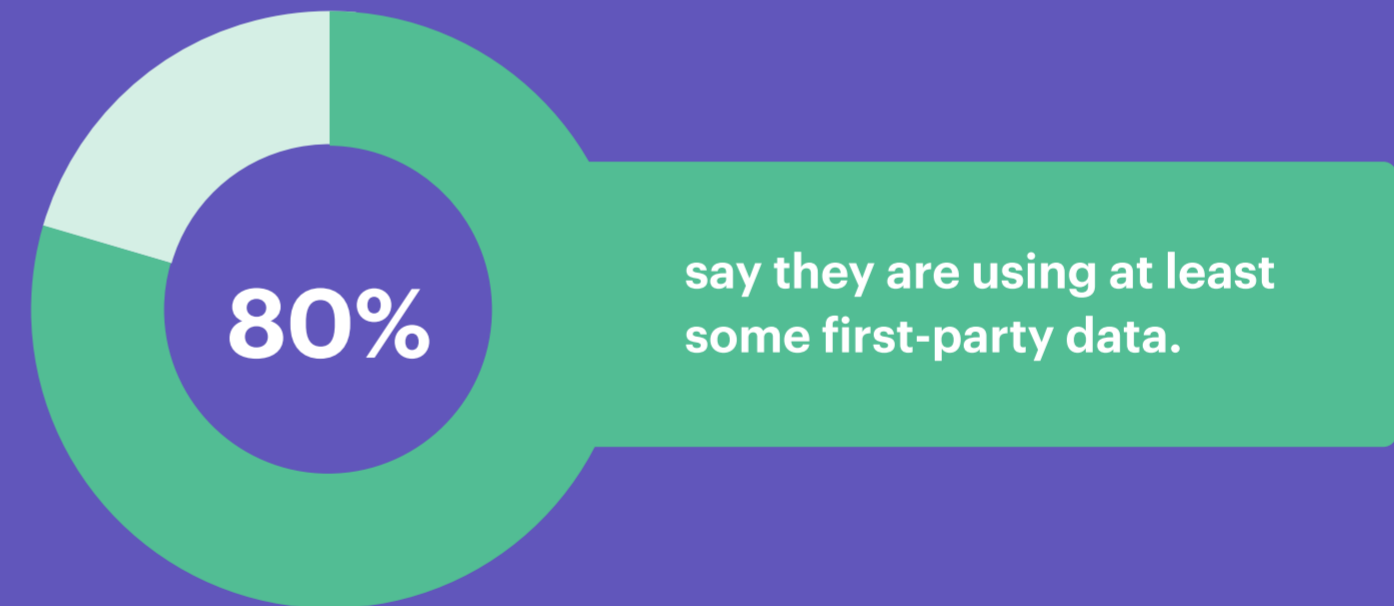
Source: The State of Personalization 2021

# The tide is turning towards first-party data.

First-party customer data collection is the foundation to personalization, and we're seeing more businesses invest in cross-channel, lifecycle personalization as the next step.

80% of businesses say they are using at least some first-party data to personalize the customer experience.

## What type of data do you use to personalize the customer experiences?



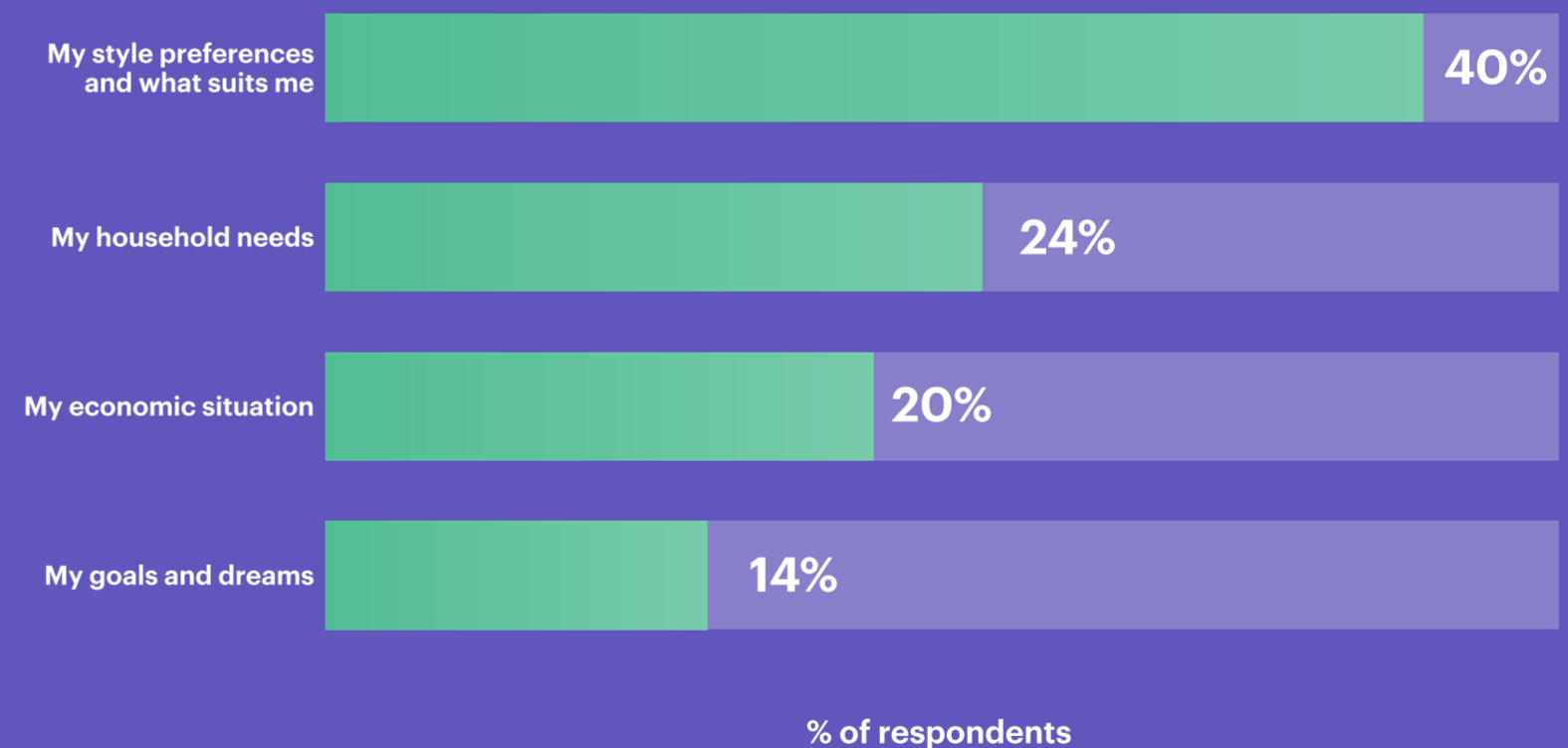
# Most consumers *do* want brands to know more about them.

Although a small portion of consumers have concerns about their personal data, nearly 70% prefer brands know more about them. Especially their style preferences, and household needs.

This preference is especially prevalent among younger demographics with 52% of Gen Z consumers wishing brands knew more about their style preferences and what suits them, compared to 42% of Millennials.

88% of Gen Z report being frustrated with unchanged shopping experiences after providing negative feedback, compared to 54% of Boomers.

## What do you wish brands knew more about you?





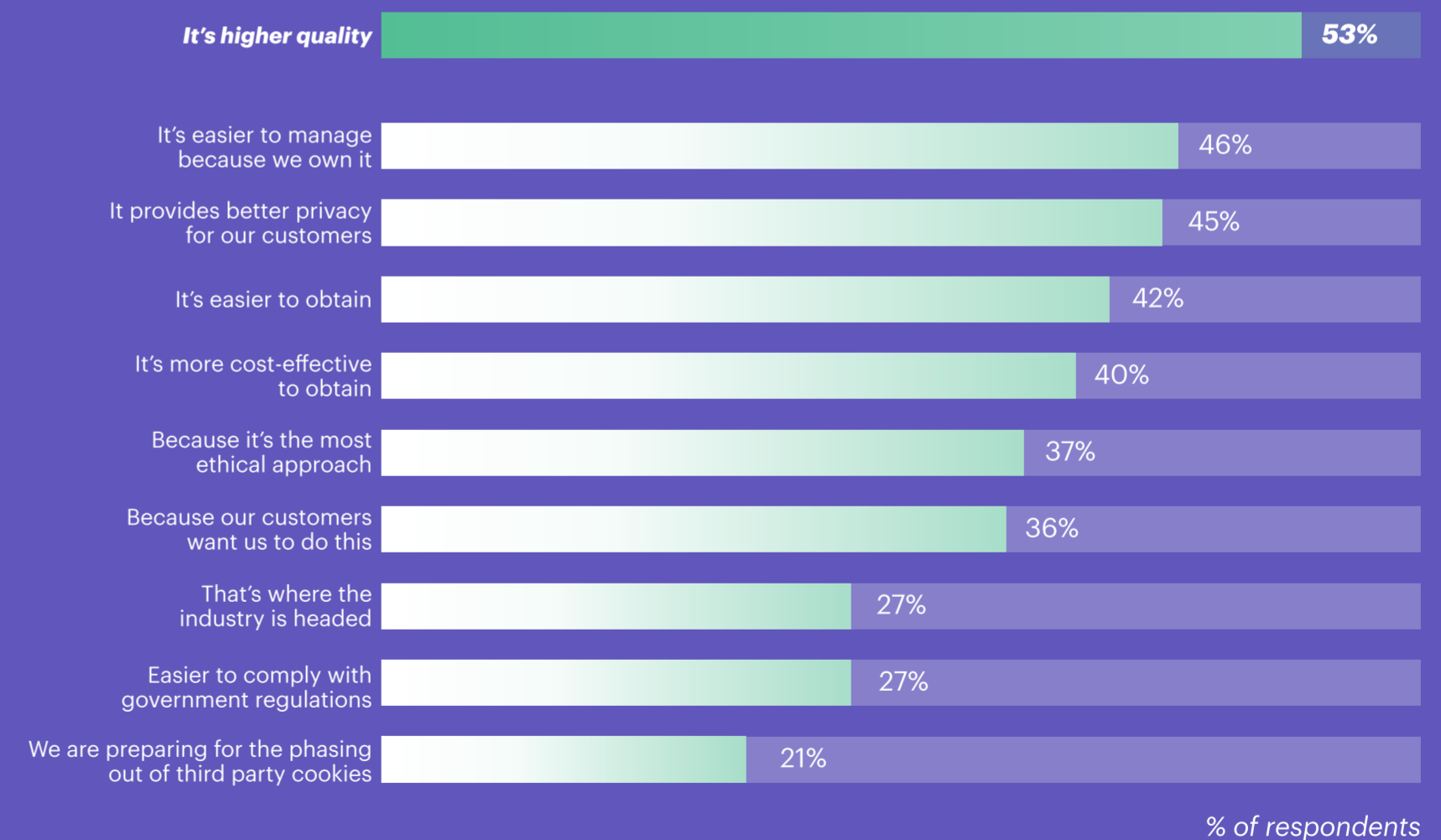
# Businesses investing in first-party data stand to benefit.

Because of recent privacy announcements from Google and Apple, the industry has had to rethink its dependence on third-party data collection.

But the tide was turning well before then. Forward-thinking companies are seeking first-party data that's higher quality, easier to manage, and provides better privacy for customers.

53% of businesses say that first-party data gives them high-quality data for personalization.

## Why is your company focusing on using first-party data for personalization?



# Potholes along the customer journey emerge.

The average person touches their smartphone 2,617 times every day. They switch between an average of three devices to complete a task. And they use over 10 channels to communicate with businesses.

Yet despite consumers using more channels and devices than ever before, few businesses are prepared to deliver consistent, personalized experiences across channels.

Departmental silos and legacy infrastructure prevent the necessary context being shared between channels. Data from retail isn't usable for e-commerce. E-commerce data can't be referenced in the contact center.

To power these “omnichannel” experiences, businesses need to invest in technology that has a holistic view of all their different customer touchpoints, and use that data to proactively communicate across the entire customer journey.

# The omnichannel imperative.

More and more consumers (69% to be specific) expect a personal and consistent customer experience across multiple different channels, both physical and digital. Yet few businesses are following through with it.

Just 24% of businesses say they are investing successfully in omnichannel personalization.



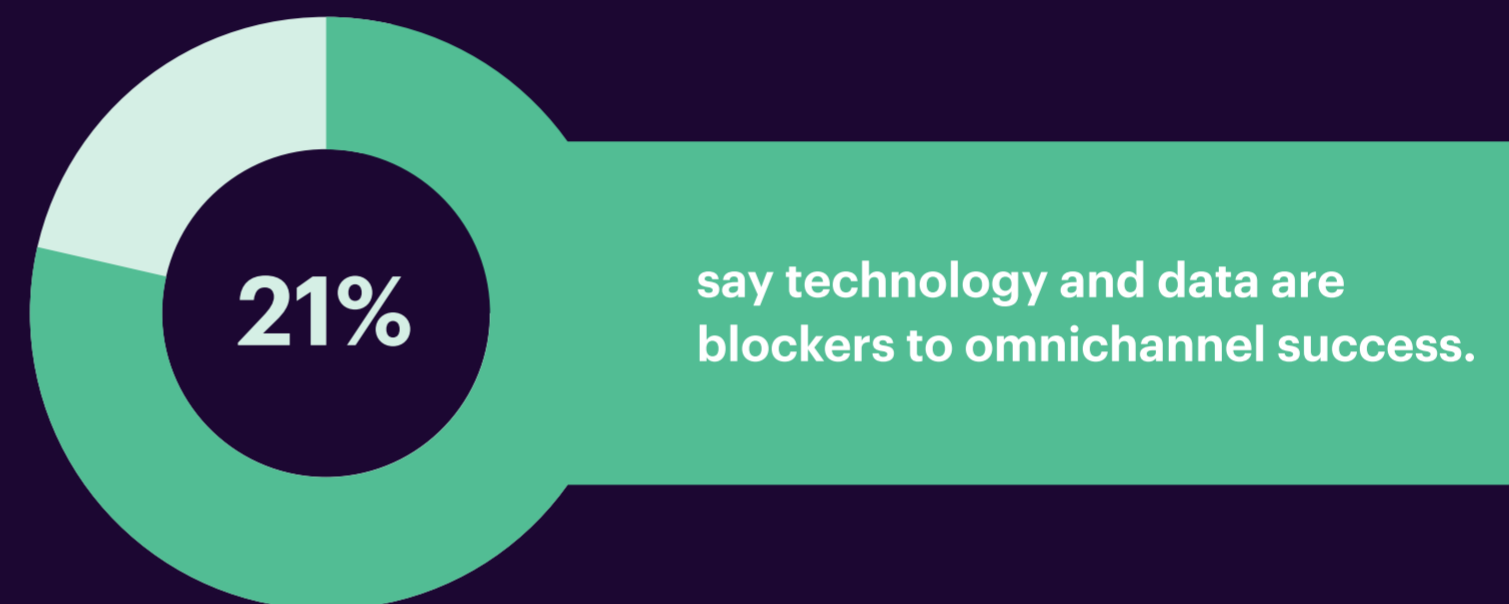
**Less than 1 in 4 businesses say they are investing successfully in omnichannel personalization.**

Source: The State of Personalization 2021

# Several omnichannel obstacles remain.

The barriers for companies trying to deliver successful omnichannel experiences are twofold – both technology and business.

21% say it's a technology or data issue, while another 21% say it's due to unclear cost-effectiveness.



# Omnichannel success requires quality as much as quantity.

As well as adding more channels, businesses are concentrating on reducing fragmentation between the channels they've already invested in.

Consumers agree. Given a choice, 61% say they'd prefer fewer, better channels when shopping with a brand.

77% of consumers say they're frustrated when they get push notifications or text messages for promotions they're not interested in.



# Personalize or perish

*The State of Personalization* makes it clear that brands only face two choices: personalize or perish.

**The digital acceleration sparked by the pandemic has created a new reality and new expectations. If they fail to take this seriously, customers will simply walk away and support the competition.**

**If you'd like to join the 20,000+ customers using Segment Twilio to power their personalization strategies, get started today.**

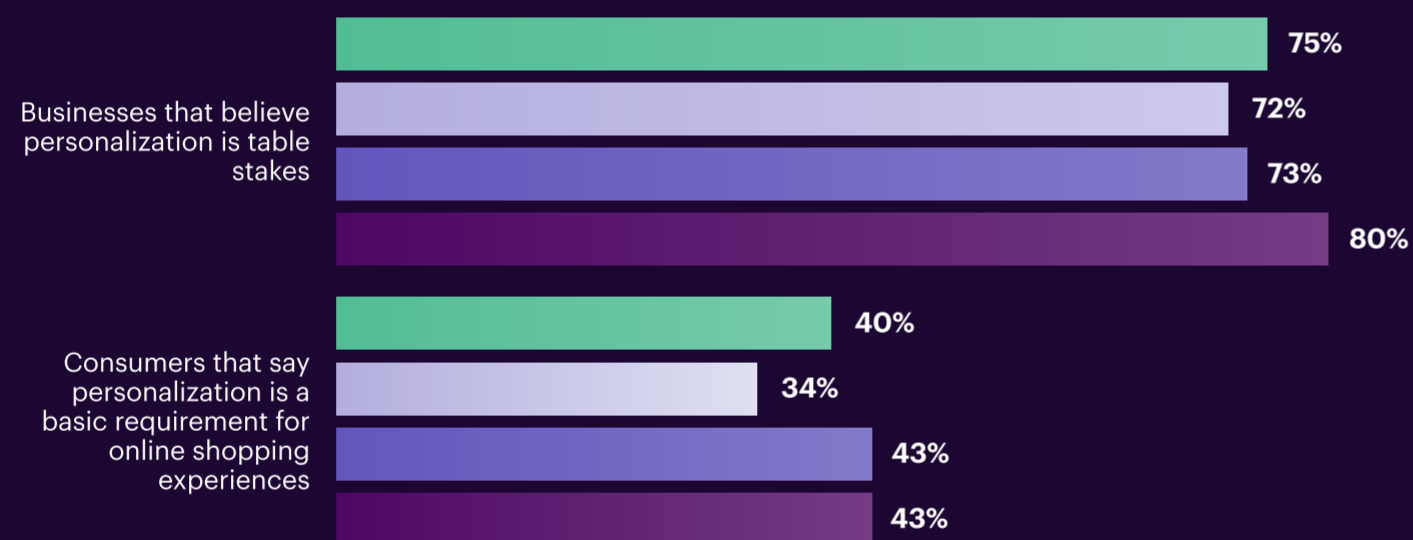
Get in touch at  
[segment.com/demo](https://segment.com/demo)

## Methodology

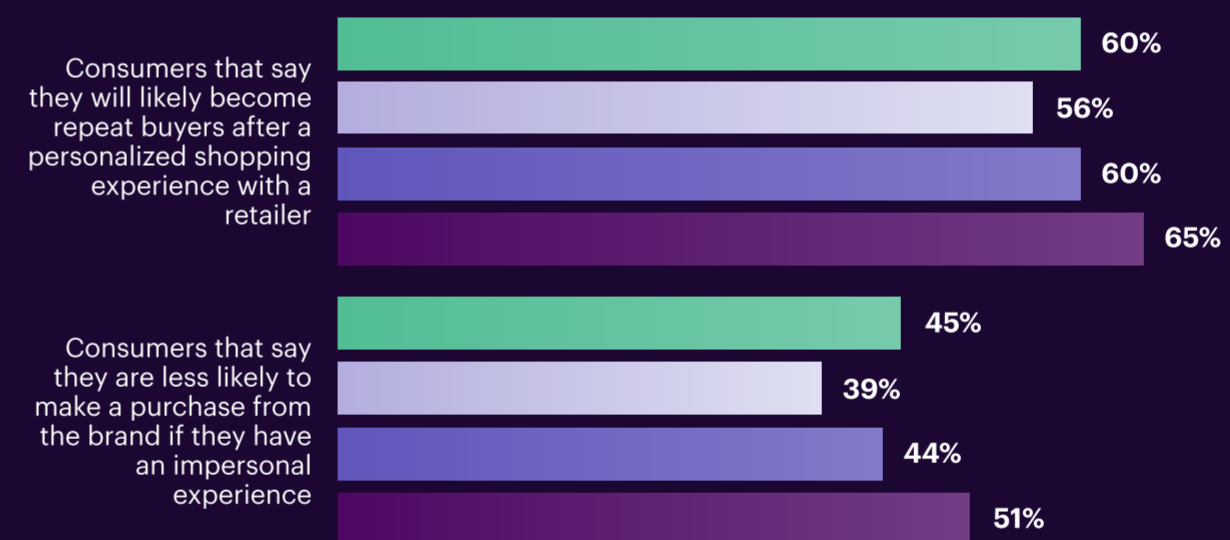
- Segment conducted this research using online surveys distributed by [RepData](#).
- Survey respondents were n=2,700 adult consumers who have purchased something online in the past 6 months, and n=300 adult manager+ decision-makers at consumer-facing companies that provide goods and/or services online.
- Respondents were from the United States, United Kingdom, Australia, and New Zealand.
- Data was collected from April 8 to April 20, 2021.

# Regional Appendix

## Personalization is no longer an option. It's a necessity.

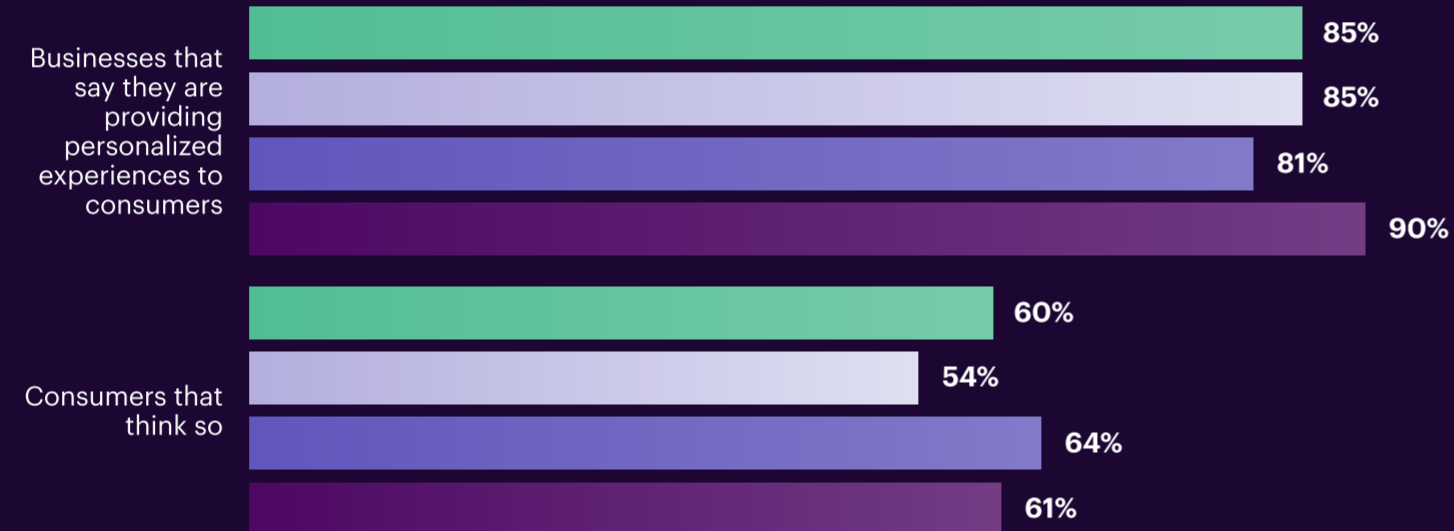


## Businesses investing in personalization are unlocking greater ROI.

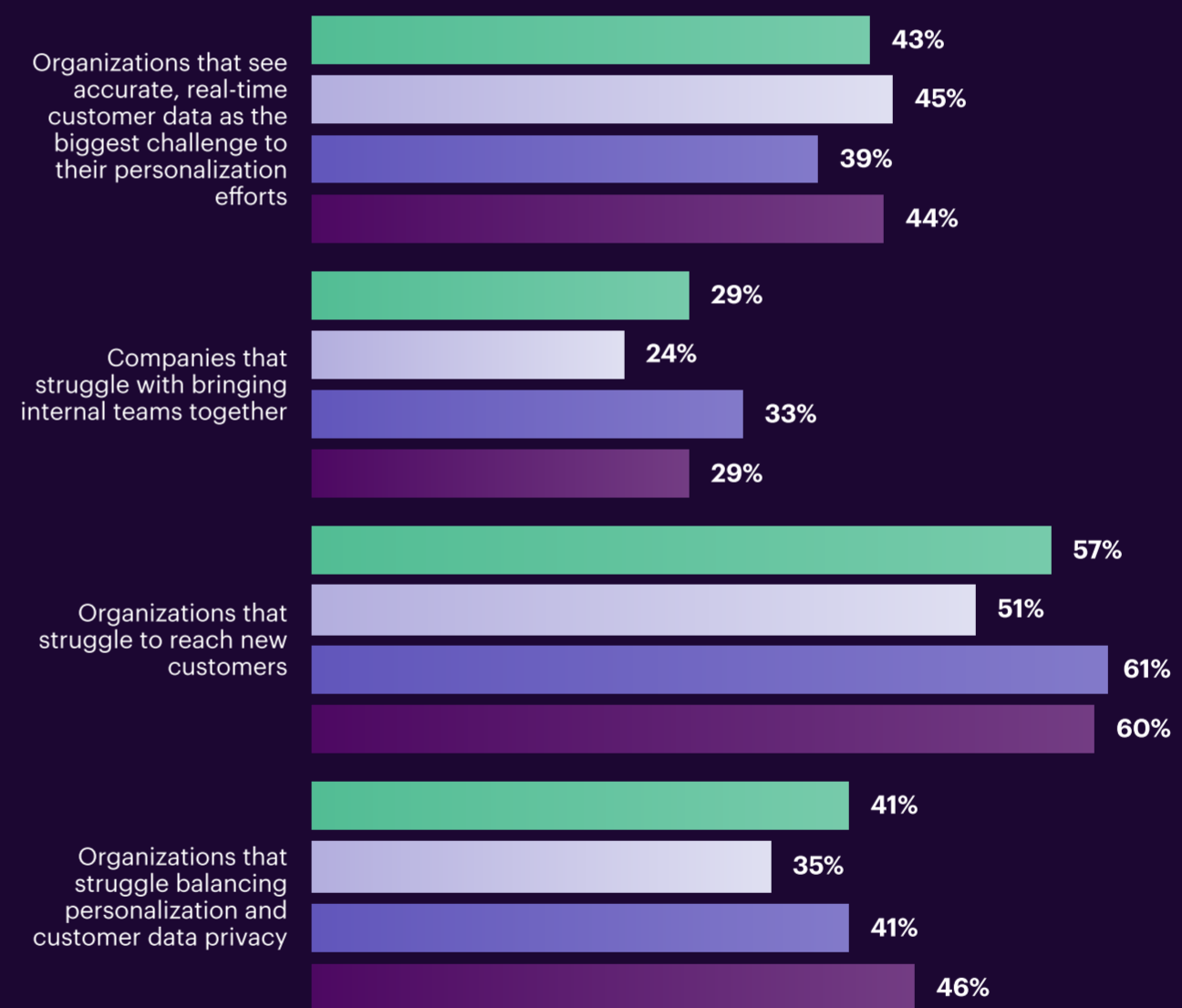


■ All respondents ■ US ■ UK ■ ANZ

### Businesses think they are offering more advanced experiences than consumers think they are getting.



### Data accuracy and integrity remain challenges for businesses.



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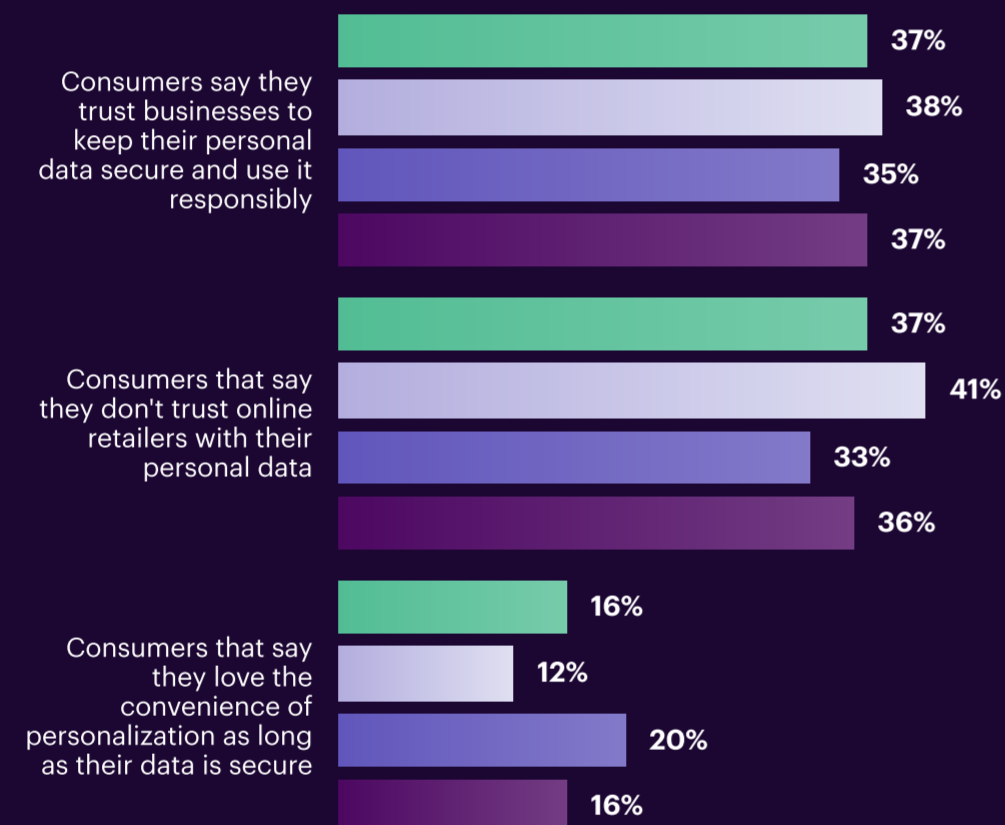
### Trust matters most when it comes to consumer data.



### Personalization and privacy: getting the best of both worlds.



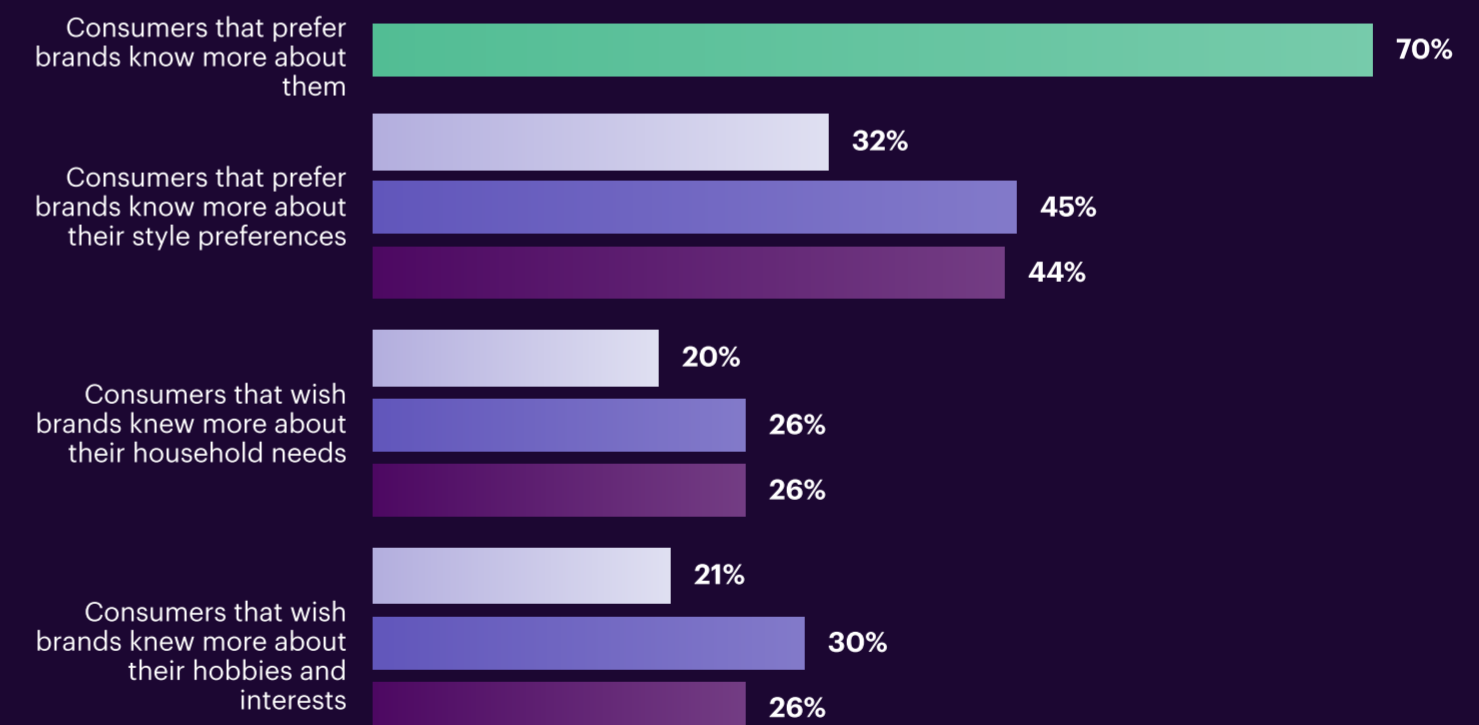
### Consumers have concerns about data security.



### The tide is turning towards first-party data.



### Most consumers do want brands to know more about them.

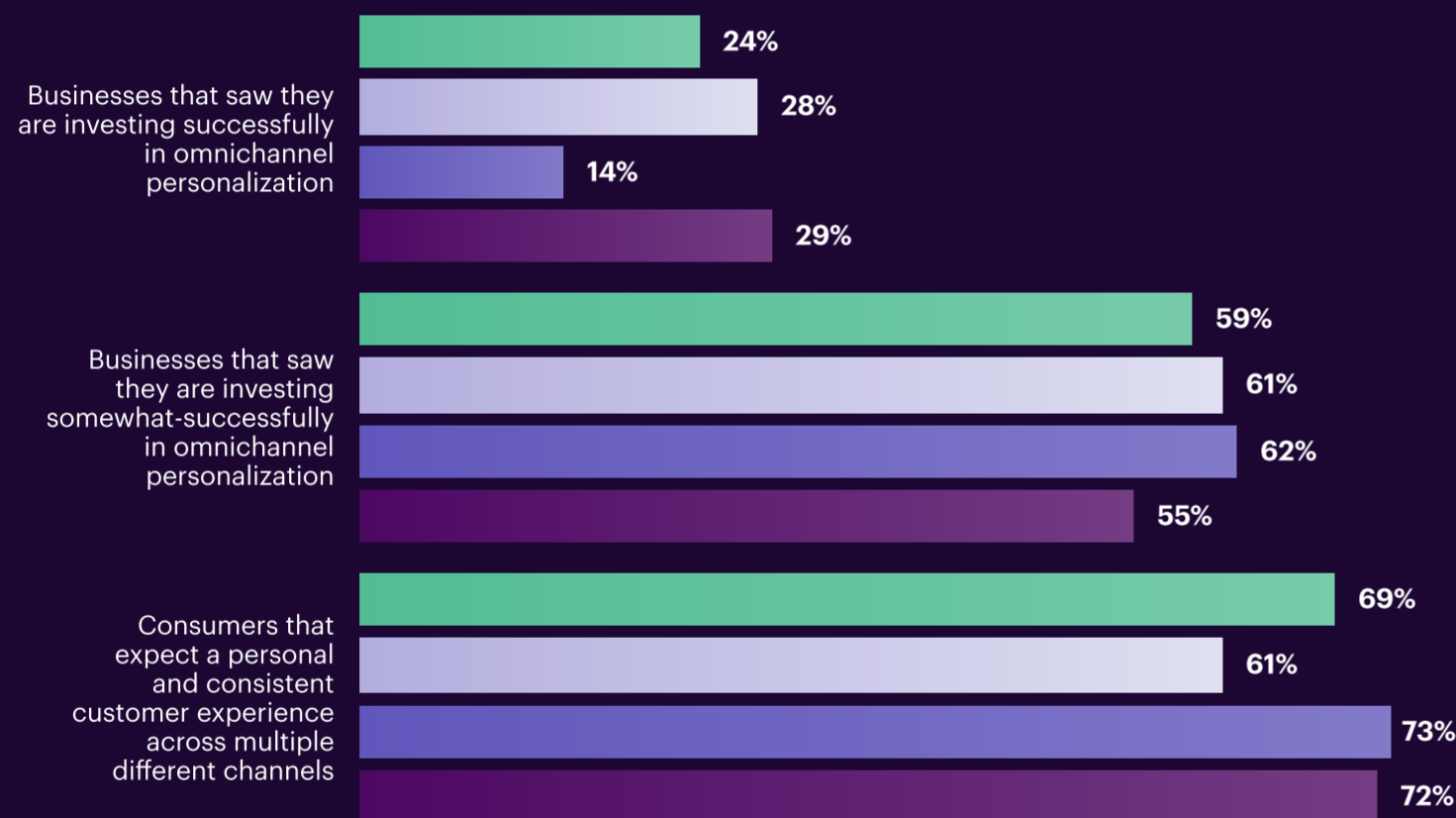


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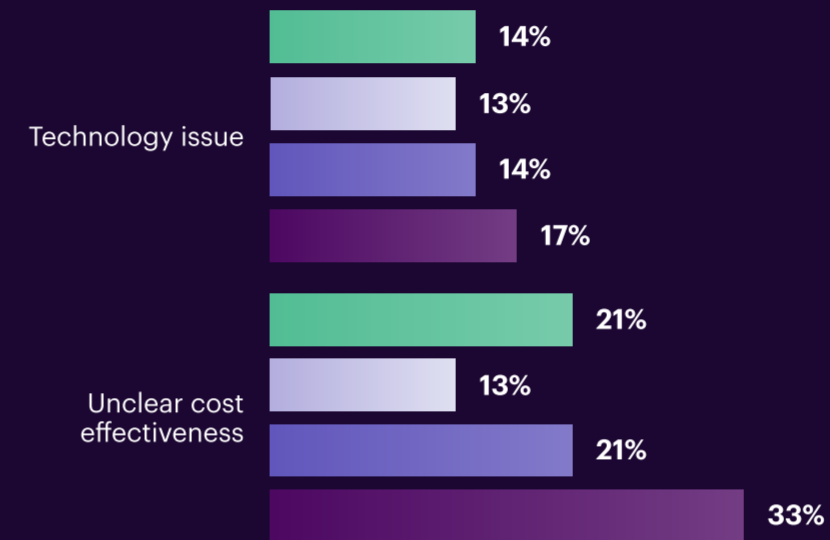
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