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The State of Personalisation in the UK

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

Introduction

Personalisation takes on new urgency.

The last year has transformed consumer behaviour like never before.

With high streets closed across the UK during the worst of the pandemic, companies of all sizes were forced to rethink their customer engagement strategies overnight.

The choice was stark: go digital, or go out of business.

As shopping habits shifted, British consumers came to expect deeply personalised experiences across every channel. Tailored, one-to-one marketing stopped being a 'nice to have' and became a basic expectation.

Personalisation is here to stay. But are British businesses equipped to deliver it?

Key Takeaways

To better understand the effects personalisation is having on businesses and consumers in the UK, Twilio Segment, the #1 customer data platform, surveyed 1,000 UK businesses and consumers to gauge their views on the state of personalisation in Britain today.

Consumer expectations are outpacing experiences

While 81% of the UK businesses surveyed by Twilio Segment believe they are offering personalised experiences, only 64% of consumers 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.

Personalisation *can* go hand in hand with privacy

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

Omnichannel has a long way to go

Only 14% of UK businesses say they are investing successfully in omnichannel personalisation because of business and technological barriers.

In the digital era, personalisation is no longer out of reach.

Today, it's possible for any brand to deliver the kind of hyper-personalised customer experiences that were once possible only for global giants like Amazon and Netflix.

Personalisation has entered the mainstream, and the digital shift sparked by COVID-19 has made it more important than ever.

In this brave new world, personalised customer experiences built on a foundation of first-party data are one of the most powerful ways to drive customer loyalty, create differentiation and support the bottom line.

But are UK businesses hitting the mark?

Personalisation is no longer an exception. It's the expectation.

The ability to offer personalised digital experiences is essential in a digital-first economy.

73% of businesses believe that personalisation is table stakes, while 43% of consumers see it as a basic requirement for shopping online.

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The ability to offer personalised digital experiences is essential in a digital-first economy.

Source: The State of Personalisation in the UK

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43% of British consumers view personalisation as a basic requirement for any online shopping experience.

Source: The State of Personalisation in the UK

Personalisation: where loyalty is lost and won.

A personalised experience can win brands loyal customers... or put them off for life.

60% of UK consumers say they're likely to become repeat buyers after a personalised shopping experience with a retailer.

On the flip side, a generic, impersonal experience has the power to turn customers away for good. 44% say they're less likely to buy again from a company if they've had this kind of experience.

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After a personalised shopping experience, 60% of UK consumers say they're likely to buy again from a retailer.

Source: The State of Personalisation in the UK

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But after an impersonal, generic experience, 44% of UK consumers say they are less likely to buy again from a brand.

Source: The State of Personalisation in the UK

Businesses investing in personalisation are unlocking greater ROI.

As well as driving customer loyalty, personalisation has other tangible benefits that help to boost a company's bottom line.

Interestingly, more than a third of UK consumers say they'll shop again with a brand if they've had a good customer experience, even if cheaper or more convenient options are available elsewhere.

And these consumers can also act as powerful brand advocates. After a good experience, nearly half say they're likely to leave a positive review.

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After a good customer experience, 37% of UK consumers say they'll shop again with a brand - even if cheaper or more convenient options are available elsewhere.

Source: The State of Personalisation in the UK

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47% say they're likely to leave a positive review for a brand after a personalised shopping experience.

Source: The State of Personalisation in the UK

There's a disconnect between businesses and consumer experiences.

A gap is emerging between expectations and reality.

81% of UK firms say they are providing personalised customer experiences, but only 64% of consumers believe this to be the case.

Although the pandemic accelerated the adoption of personalised, one-to-one marketing, the data suggests that most UK businesses are yet to take full advantage of it

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81% of UK businesses say they are providing personalised customer experiences...

Source: The State of Personalisation in the UK

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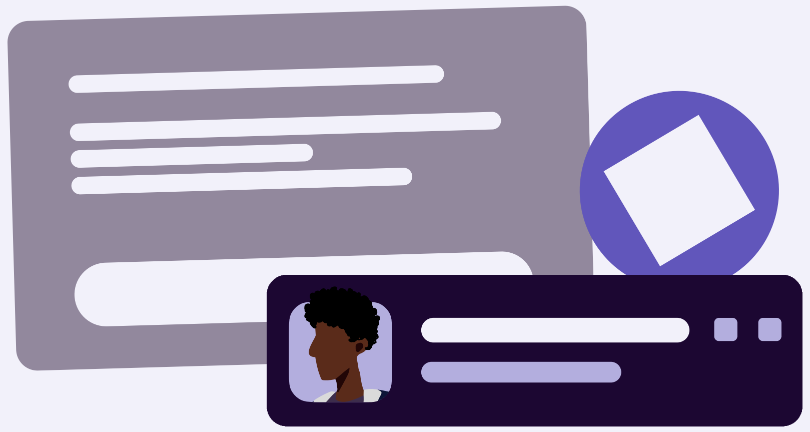
...but only 64% of consumers say that's what they're getting.

Source: The State of Personalisation in the UK

Privacy matters - and businesses are taking notice.

In recent years, UK consumers have become increasingly aware of their personal data rights, expecting the highest levels of privacy and security from any brand they interact with.

This has created a balancing act: businesses have to ensure customer data is securely and sensitively handled whilst also delivering the hyper-personalised experiences consumers have come to expect.



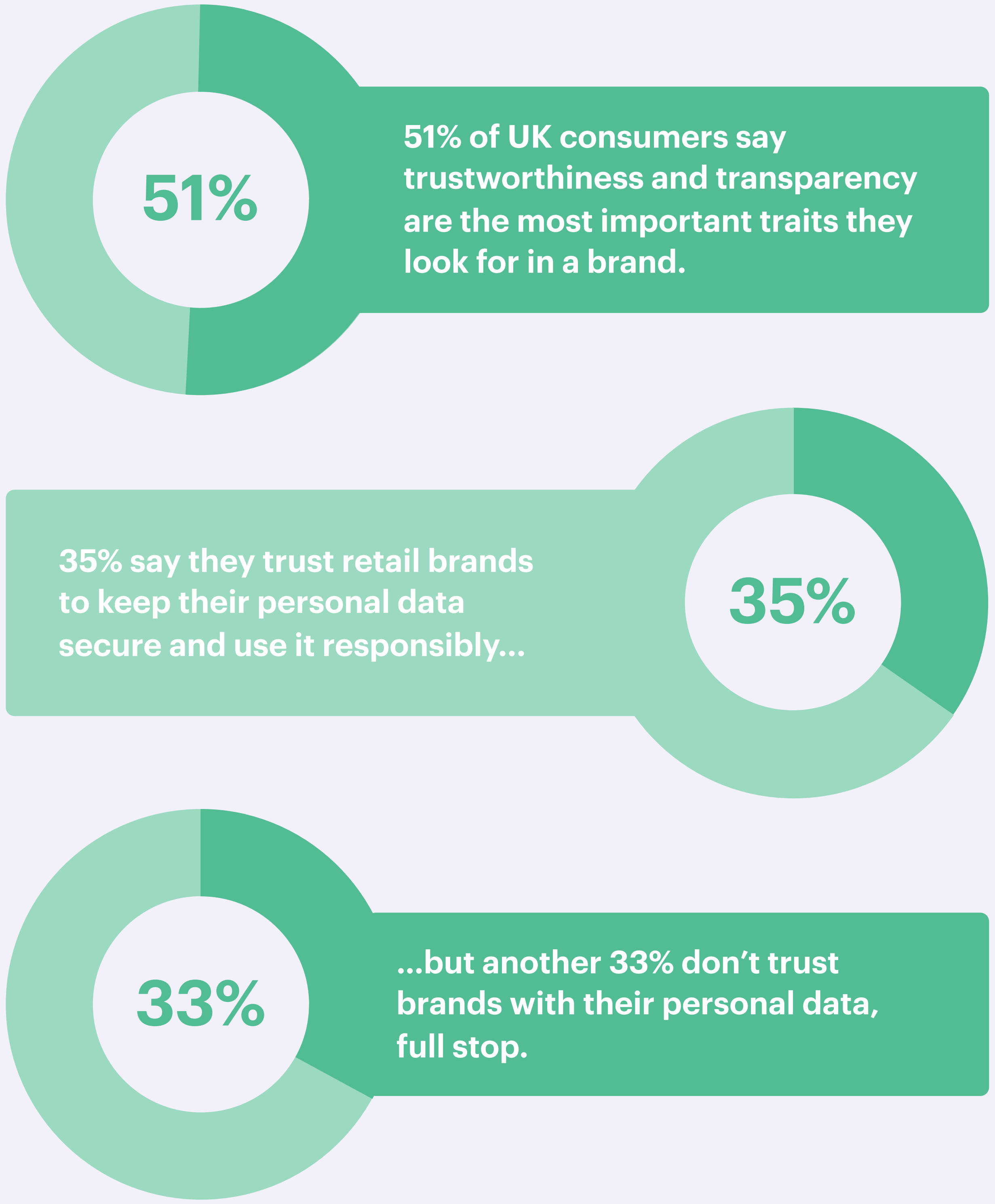
Trust is good business - but consumers must be won over.

All customer relationships depend on trust, and in the digital world, it matters more than ever.

Consumers want to know that their data is in good hands and that brands are acting in their best interests.

51% of UK consumers say trustworthiness and transparency are the most important traits of a brand.

But consumers are split about data security - 35% trust retail brands to keep their personal data secure and use it responsibly, while another 33% say they do not.



Striking the balance between convenience and privacy.

British consumers are willing to share their data with brands – the exchange just has to be safe, and it has to be worth it.

In particular, almost half are willing to securely share their data in exchange for personalisation and the convenience it brings.

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53% of UK consumers appreciate the convenience of personalisation, so long as their data is secure.

Source: The State of Personalisation in the UK

Ensuring data accuracy and integrity remains challenging for UK firms.

Data security and privacy aside, UK brands are struggling to even access and make the most of their customer data in the first place, impeding their personalisation efforts.

39% of British firms see collecting accurate, real-time customer data as the biggest challenge to personalisation, while a third of companies struggle to provide internal teams with a single source of truth about their customers.

Finally, 41% admit they struggle to balance customer data privacy with personalisation.

The top four data challenges faced by British brands today:

Reaching new customers	61%
Balancing personalisation and privacy	41%
Getting accurate customer data for personalisation	39%
Achieving consistent messaging across channels	39%

Data privacy and personalised experiences can go hand in hand.

Since the GDPR was implemented in 2018, data privacy has been front-of-mind for all UK businesses.

Recent policy changes from Google and Apple have sparked further changes, opening a wider debate about data integrity and the right to control what data is collected and what isn't.

First-party data - collected by a brand about its interactions with its own customers - has become an increasingly valuable resource in this newly cookieless, privacy-first world.

Thankfully, it's not hard to come by in today's hyper-connected world.

Personalisation and privacy: consumers want the best of both worlds.

Personalisation can go hand-in-hand with privacy when it's built on first-party customer data.

UK consumers want personalised experiences and are increasingly willing to provide their data to get them.

69% of UK consumers say they are fine with personalisation, so long as brands are using data that they've shared with them directly, not data they've purchased from third parties.

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

Source: The State of Personalisation in the UK

British consumers want brands to get to know them.

Although some UK consumers have concerns about their personal data, nearly 70% prefer brands to know more about them.

From style preferences to household needs, they want brands to have a better sense of who they are, what interests them, and what suits them.

This is especially true for younger consumers: 54% of Gen Z shoppers wish brands knew more about their style preferences and what suits them compared to 29% of Generation X.

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Nearly 70% of British consumers prefer brands to know more about them.

Source: The State of Personalisation in the UK

What do you wish brands knew more about you?

My style preferences and what suits me	45%
My hobbies and interests	30%
My household needs	26%
My economic situation	23%
My goals and dreams	17%

The future is with first-party data.

First-party data collection is the foundation for personalisation - and thanks to recent consumer privacy trends, more brands are taking notice.

British companies already recognise the power of higher quality, easier to manage data that provides better privacy for customers. Today, 82% say they're using at least some first-party data.

Compared to other forms of data, 41% say it gives them higher-quality data for personalisation, 50% say it's easier to manage, and 46% say it's easier to obtain.

UK consumers are embracing personalisation - 64% say they like or love to see personalised ads on social media.

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

It's easier to manage	50%
It's easier to obtain	46%
It's the most ethical approach	39%
It provides better privacy for customers	35%
It makes it easier to comply with regulations	35%

The customer journey is still far from perfect.

The average person touches their phone over 2,600 times every day. They switch between an average of three devices to complete a task, and they use over 10 channels on average to connect with businesses.

This explosion in customer touchpoints has made first-party customer data ever richer and more plentiful - but in spite of this, few British businesses are using it consistently to deliver personalised experiences across channels.

That's because technical problems like data siloing and legacy infrastructure are still an issue for many companies. Too often, data from bricks and mortar retail isn't usable for e-commerce, while e-commerce data can't be referenced by customer service.

To power consistent "omnichannel" experiences, businesses need to invest in technology that has a holistic view of all their different touchpoints, and then use the resulting data to personalise and improve the entire customer journey.

The omnichannel expectation.

73% of UK consumers expect a consistent, personal customer experience across channels, both physical and digital.

But few businesses are providing it.

In the UK, only 14% of businesses think they are successfully investing in omnichannel personalisation.

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Nearly three-quarters of UK consumers expect a personal and consistent experience across channels.

Source: The State of Personalisation in the UK

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Less than 1 in 5 UK businesses say they are successfully investing in omnichannel personalisation.

Source: The State of Personalisation in the UK

The barriers to omnichannel success.

For British companies trying to deliver omnichannel experiences, technology and business barriers still stand in the way.

Amongst the UK businesses struggling to make omnichannel a success, 14% said technology was a major blocker, while another 21% said the challenge was a lack of cost-effectiveness.

The quality of an omnichannel strategy matters just as much as the quantity of channels used.

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

Less can be more. Given a choice, 55% of British consumers said they'd prefer fewer, better channels when shopping with a brand.

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58% of UK businesses are currently focused on improving existing channels rather than expanding their channel offerings.

Source: The State of Personalisation in the UK

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Given a choice 55% of British consumers said they'd prefer fewer, better channels when shopping with a brand.

Source: The State of Personalisation in the UK

Personalise or perish

The *State of Personalisation* makes one thing clear: personalisation is now imperative for British brands that want to succeed in a digital economy.

In a competitive digital environment, innovative and digitally-native brands will continue to set new standards for the digital experience, raising customer expectations along with them.

To thrive, brands must adapt to the new status quo or face losing their customers to the competition.

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

Get in touch at segment.com/demo

Methodology

- Segment conducted this research using online surveys distributed by RepData.
- From the United Kingdom, survey respondents were n=900 adult consumers who have purchased something online in the past 6 months, and n=100 adult manager+ decision-makers at consumer-facing companies that provide goods and/or services online
- Data was collected from April 8 to April 20, 2021