TWILIO
segment

The State of Personalization

2022

Contents

Introduction

Welcome to the third annual State of Personalization Report, an exploration of the latest trends in personalization, first-party data, privacy, and consumer loyalty.

In this report, we surveyed close to 3,500 businesses and consumers around the world to get a pulse check of how attitudes and experiences with personalization have changed over the past 12 months.

Read on to explore what we found, and the themes shaping the future of personalization.
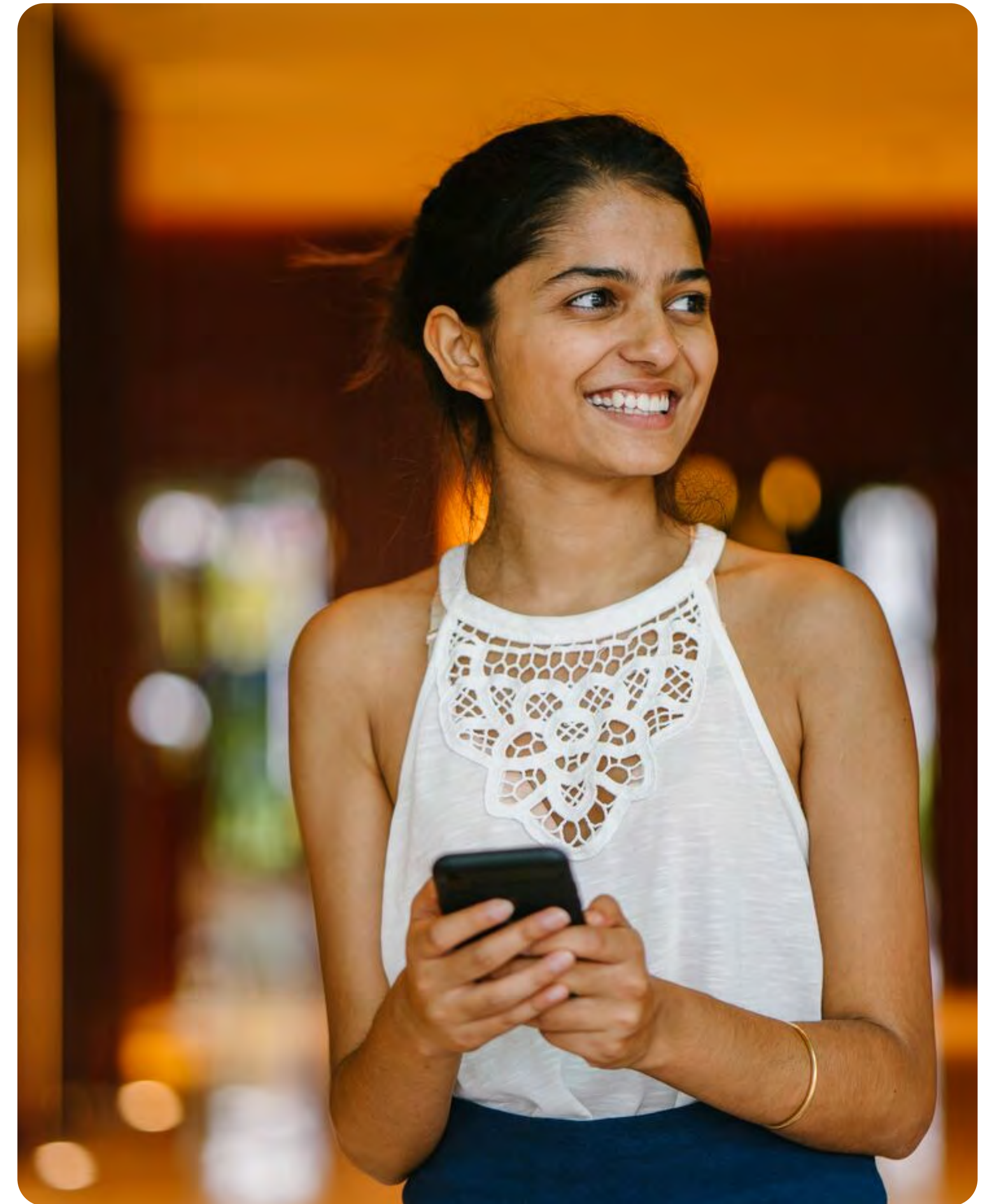
Key findings

Personalization and ROI go hand in hand

Nearly half (**49%**) of consumers say they will likely become repeat buyers after a personalized shopping experience with a retail brand

Businesses seek balance in the personalization-privacy paradox

Just **40%** of consumers say they trust brands to keep their personal data secure and use it responsibly

Investments in omnichannel are improving, but still have a long way to go

Only **35%** of companies feel they are successfully achieving omnichannel personalization, up from 24% in 2021

The bar for personalization is getting higher

Less than half (**47%**) of companies personalize communications based on real-time customer behavior.

Businesses are future-proofing their personalization efforts with first-party data

37% of brands exclusively use first-party data to personalize customer experiences, a six percentage point increase compared to 2021

Methodology

Twilio Segment conducted this research using online surveys distributed by Method Communications, between April and May 2022.

There were a total of 3,402 respondents (3,002 consumers and 400 businesses) from Australia, Brazil, Colombia, France, Germany, Italy, Japan, Mexico, Singapore, Spain, United Kingdom and United States, with a minimum of 250 respondents from each country.

To ensure our report incorporated both business and consumer attitudes towards personalization, we conducted two surveys.

Our consumer survey targeted adult consumers who have purchased something online in the past 6 months. These respondents were equally split across gender.

In addition, we also surveyed B2B and B2C business managers and above who are familiar with their company's customer experience, marketing tech, or customer data strategies.

Personalization and ROI go hand in hand

Personalization and ROI go hand in hand

Our survey data is clear – consumers are rewarding businesses who are getting personalization right.

These efforts may include personalized product recommendations, relevant offers and discounts, or a seamless experience across all channels (website, mobile, social media, etc.).

In mathematical terms, rich experiences equal repeat customers.

THE VINTAGE BAR

"Segment has empowered our company to make decisions smarter and faster to give our customers the best experience possible. With constant experimentation, sophisticated customer data models, and journey mapping, we can deliver personalization at scale and across all channels."
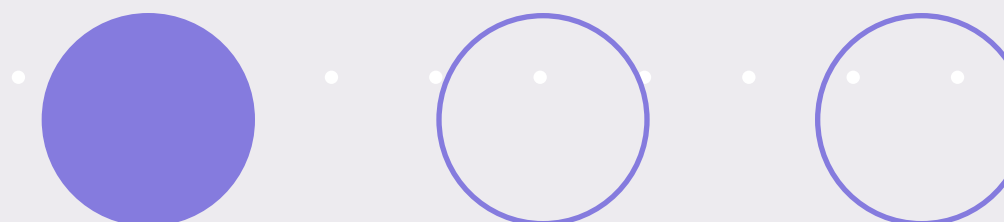
Nikolaj Toxværd
Chief Marketing Officer, The Vintage Bar

Nearly half (49%) of consumers say they will likely become a repeat buyer after a personalized shopping experience with a retailer

49%
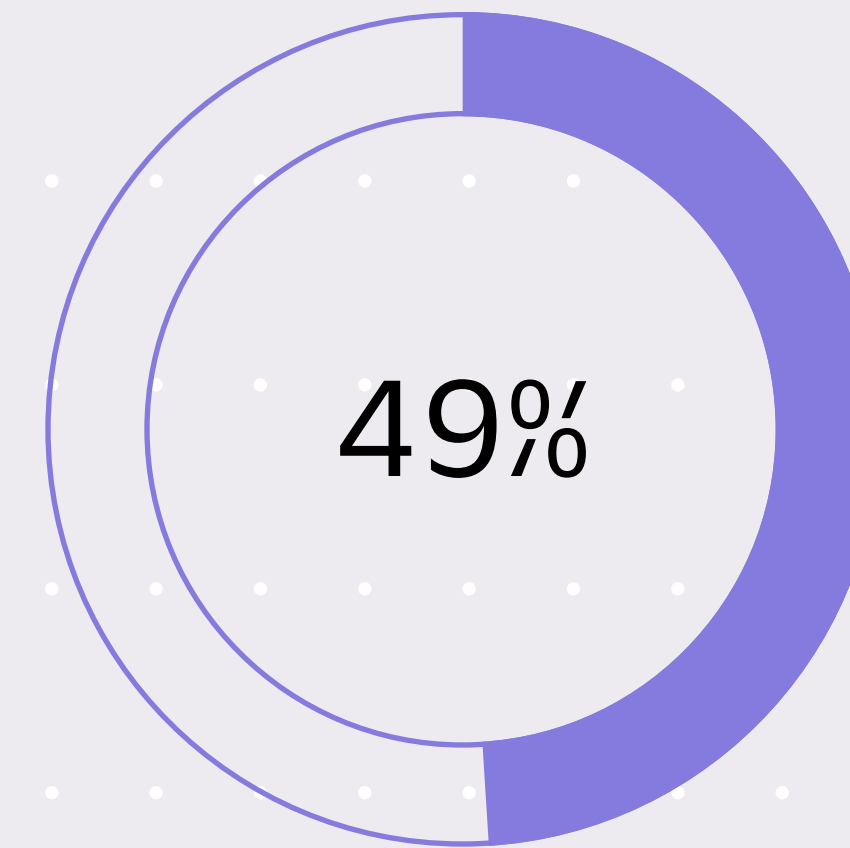
1 in 3 consumers (38%) say they will shop with a brand they've had a good experience with again, even if there are cheaper or more convenient options

The value of getting personalization right – or wrong – is growing.

The penalty for failing to live up to these heightened consumer expectations is significant, and rising.

Our survey showed that only a fraction of consumers reported their online experiences as being personalized, a significant impediment to their ongoing loyalty.

62% of consumers say a brand will lose their loyalty if they deliver an un-personalized experience, up from 45% in 2021

| 2021 | 2022 |

45%

62%
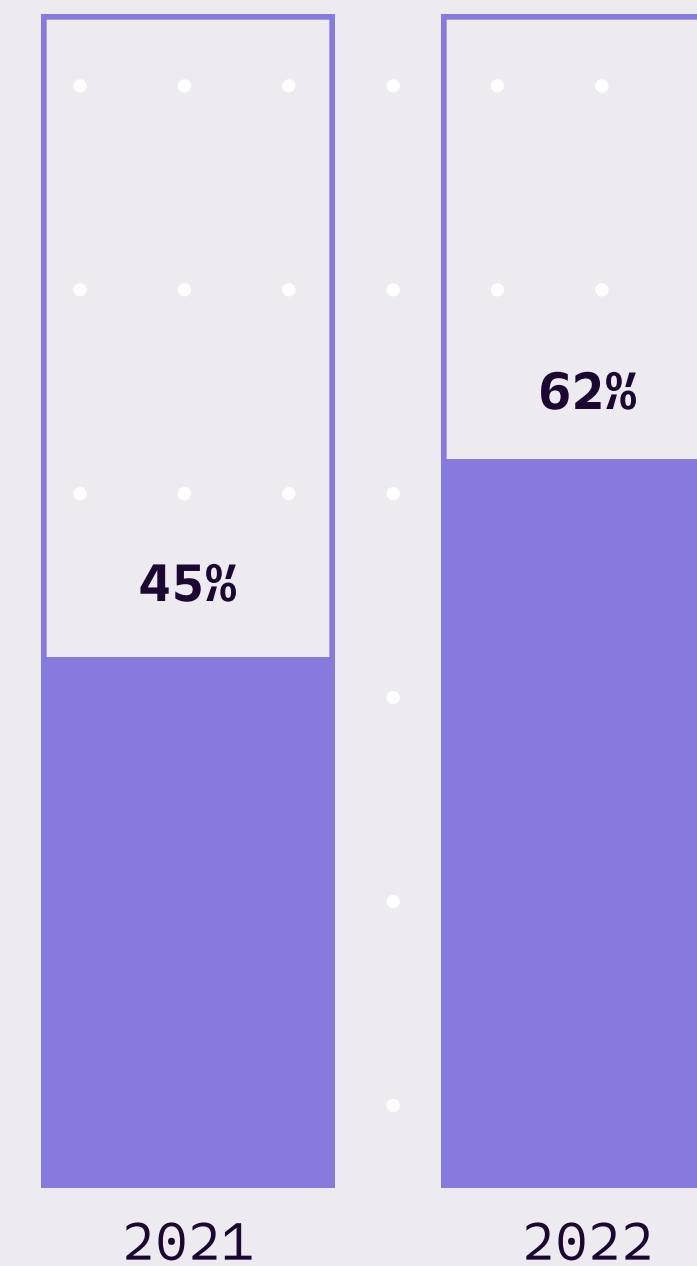
Personalization delivers more revenue across a customer's lifecycle.

What consumers and businesses agree on is this: consumers spend significantly more when they are offered engaging, personalized experiences.


DAILY HARVEST

"We have active conversations with our customers to understand who we're talking to, how we should communicate with them, what their preferences are, and then continuously learn from their behavior across all our touchpoints."

James Riso
VP of Insights and Analytics, Daily Harvest

Nearly 80% of business leaders say consumers spend more (34% more on average) when their experience is personalized

80%
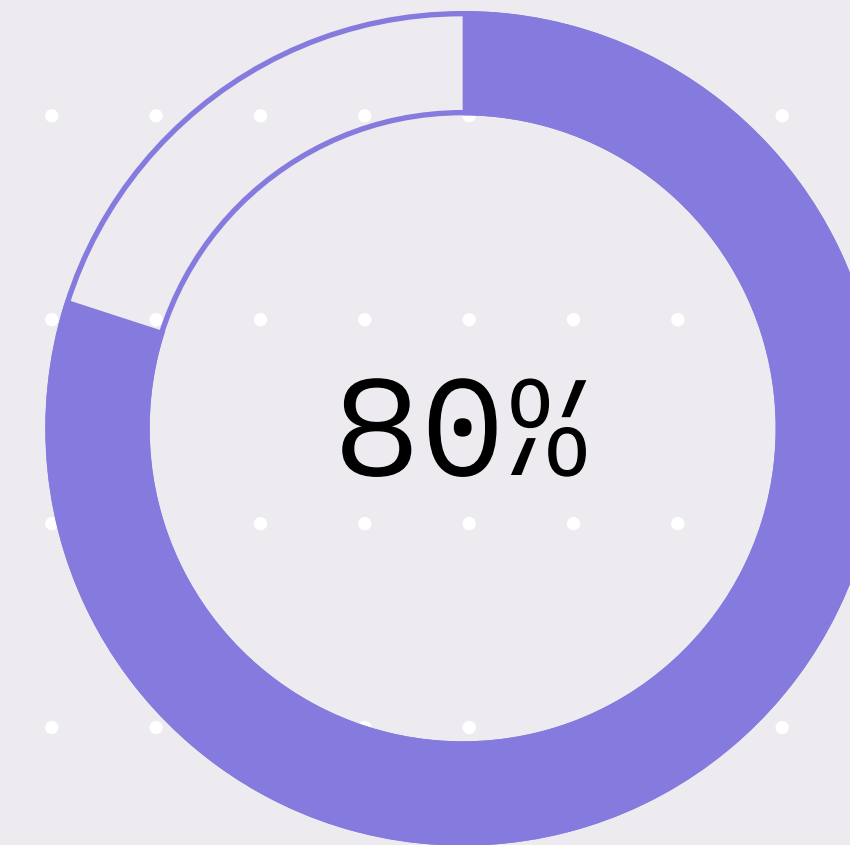
Businesses in South America realize highest return on investment

36% of South American business leaders say consumers spend significantly more money after a personalized experience, more than any other region.

Investments in omnichannel are improving, but still have a long way to go

Investments in omnichannel are improving, but still have a long way to go

Last year, the majority of businesses we surveyed reported that their omnichannel strategy was not fully in place.

While the situation has improved in 2022, many shared that their omnichannel readiness is being limited due to technological and organizational constraints.

Only 35% of companies feel they are successfully achieving omnichannel personalization, up from 24% in 2021

24%

35%

2021   2022
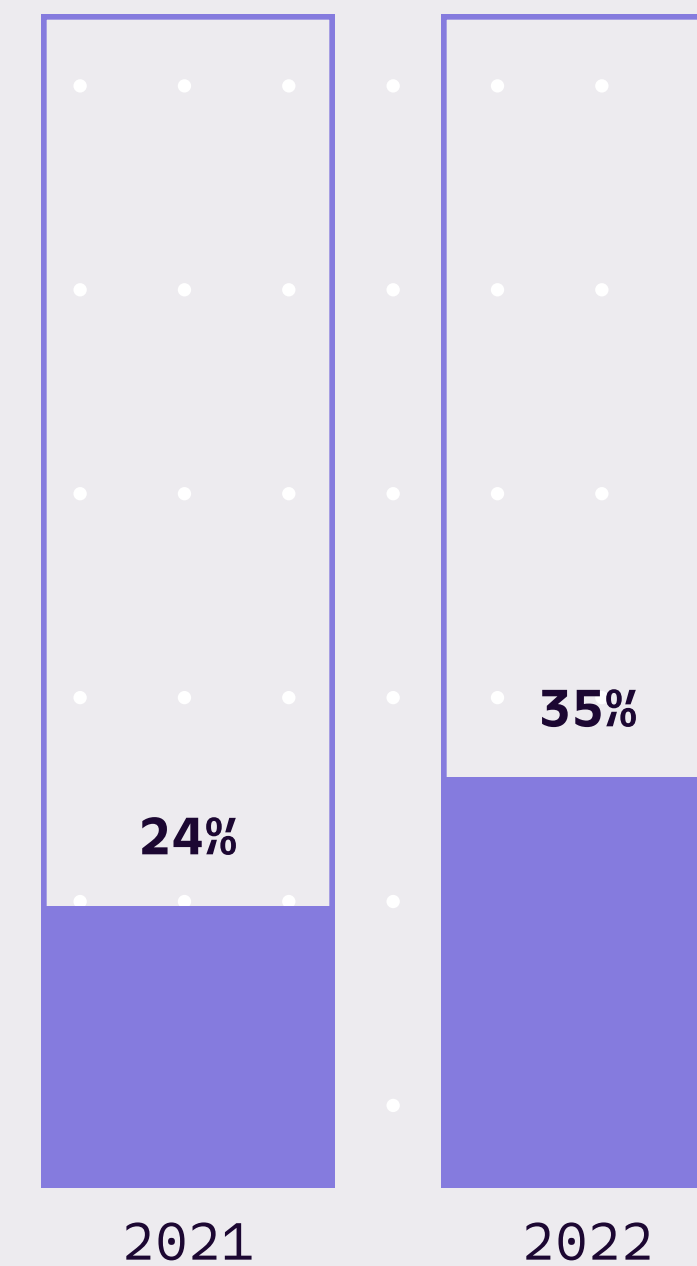
Businesses lack the confidence or technology for personalized experiences.

While 6 out of 10 respondents reported increasing investment in personalization in 2022, our survey shows they're struggling to implement and execute full-scale personalization initiatives.

The most commonly cited challenges in our survey fell into four broad categories: a lack of technology, unclear ROI, accurate data, and organizational impediments.

Rugs.com

"The ideal future state is targeting our customers with relevant products, as opposed to generic blasts of news or updates. It's actually personalizing and customizing their experience wherever they are, and with Twilio Segment Journeys, we're delivering cross-channel engagement like never before."

Grayson Bagwell
Director of Business Development and E-Commerce, Rugs.com

40% of companies feel that getting accurate customer data for personalization is a challenge

40%
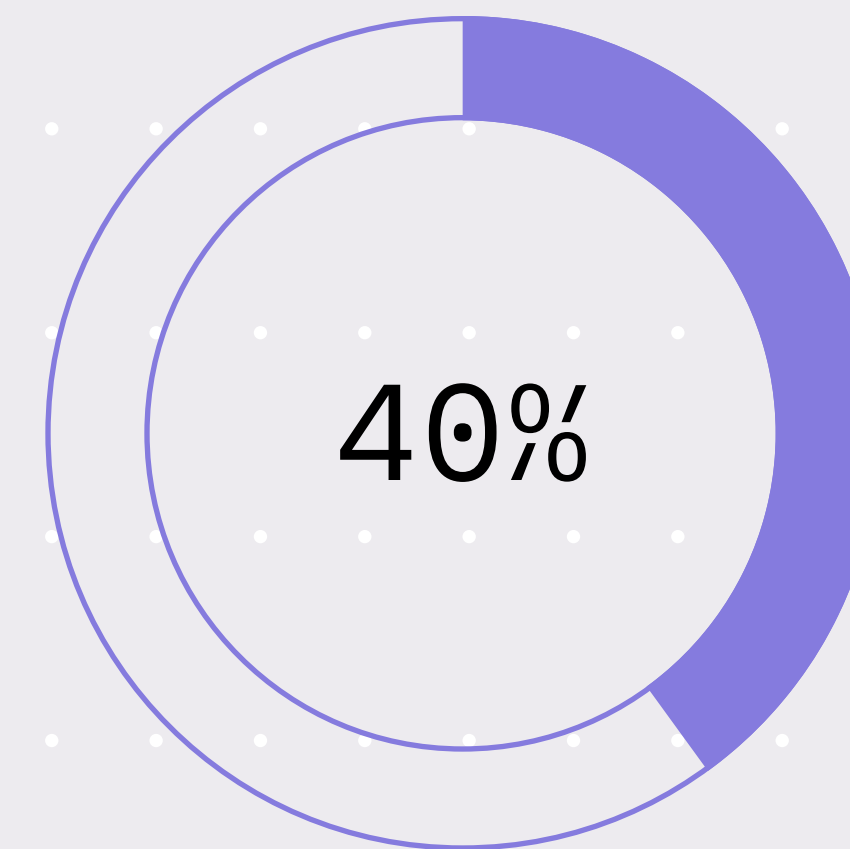
"*When you use any of our apps, you should be greeted like an old friend. When we deliver an ad to you, it should be relevant. When we suggest content to you, it should be in line with your tastes. This is all thanks to Twilio Segment.*"

Daryl Bowden
Executive Vice President of Technology, FOX

Businesses are future-proofing their personalization efforts with first-party data
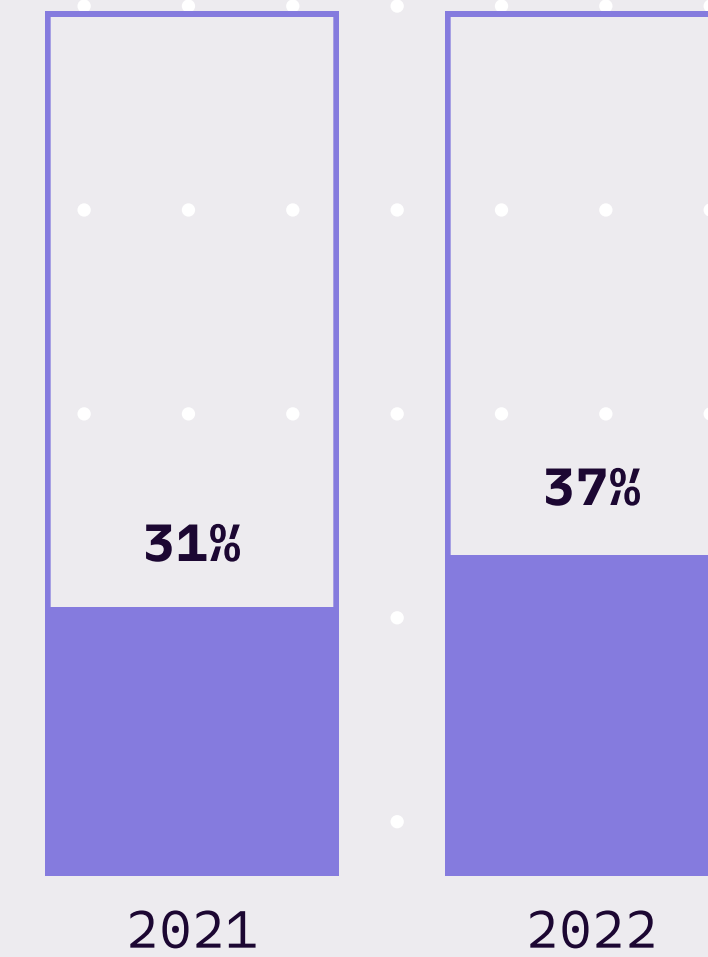
Businesses are future-proofing their personalization efforts with first-party data
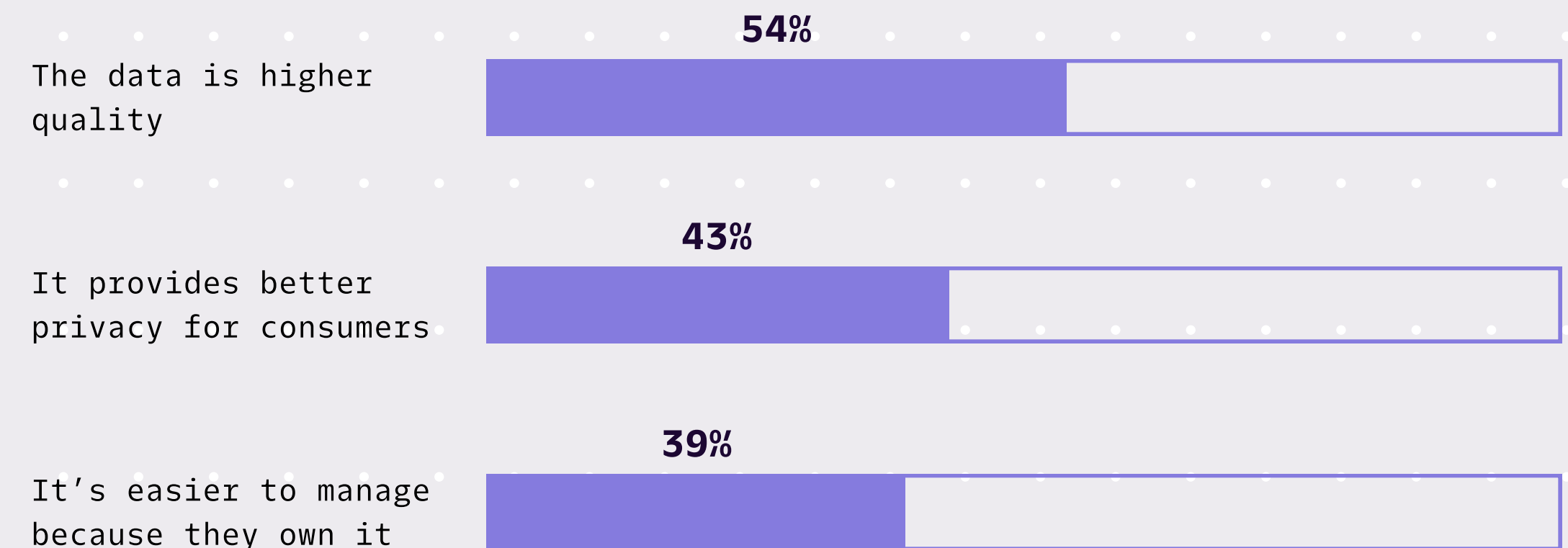
Due to regulatory changes and subsequent moves from tech giants like Apple and Google, businesses are facing a "now or never" moment to build a strategy for collecting, managing, using, and protecting first-party consumer data in a responsible way.

All of this means the use of first-party data is now table stakes for marketers.

37% of brands exclusively use first-party data to personalize customer experiences, a six percentage point increase compared to 2021

31% 2021

37% 2022

Why business leaders are focused on first-party data:

The data is higher quality — **54%**

It provides better privacy for consumers — **43%**

It's easier to manage because they own it — **39%**

# Businesses are turning to new technology as the cookie crumbles.

The end of third-party cookies doesn't automatically mean disaster for digital marketers.

New technologies – such as customer data platforms – are giving businesses a compliant way to activate first-party data, and in turn are helping them deliver the same personalized experiences consumers have come to expect.

Half of companies surveyed say recent changes to data privacy regulations has made personalization more difficult
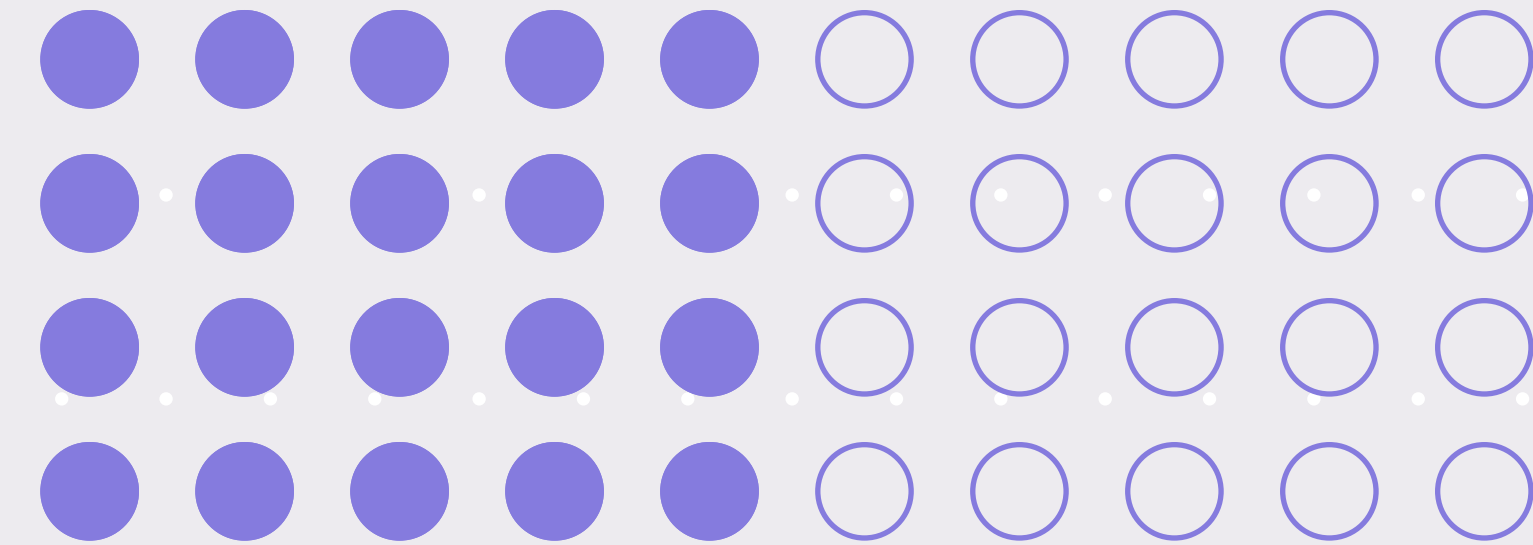
53% of business leaders report investing in better technology to manage customer data, in response to government and private company data privacy changes

53%
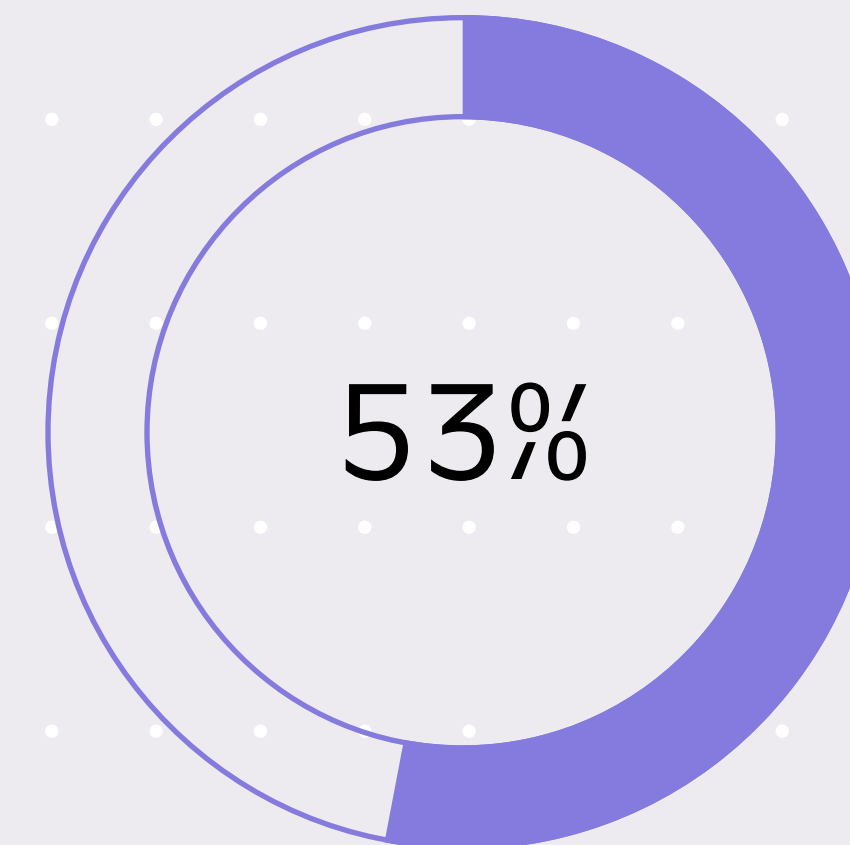
"*All in all, working with Twilio Segment has given us the chance to be proactive about data privacy changes. What could have been a mad scramble to get around the changes actually set us up for success by offering a better experience for our readers and advertisers.*"

Daniel Alvarez
Chief Product Officer, Quartz

# Businesses seek balance in the personalization-privacy paradox
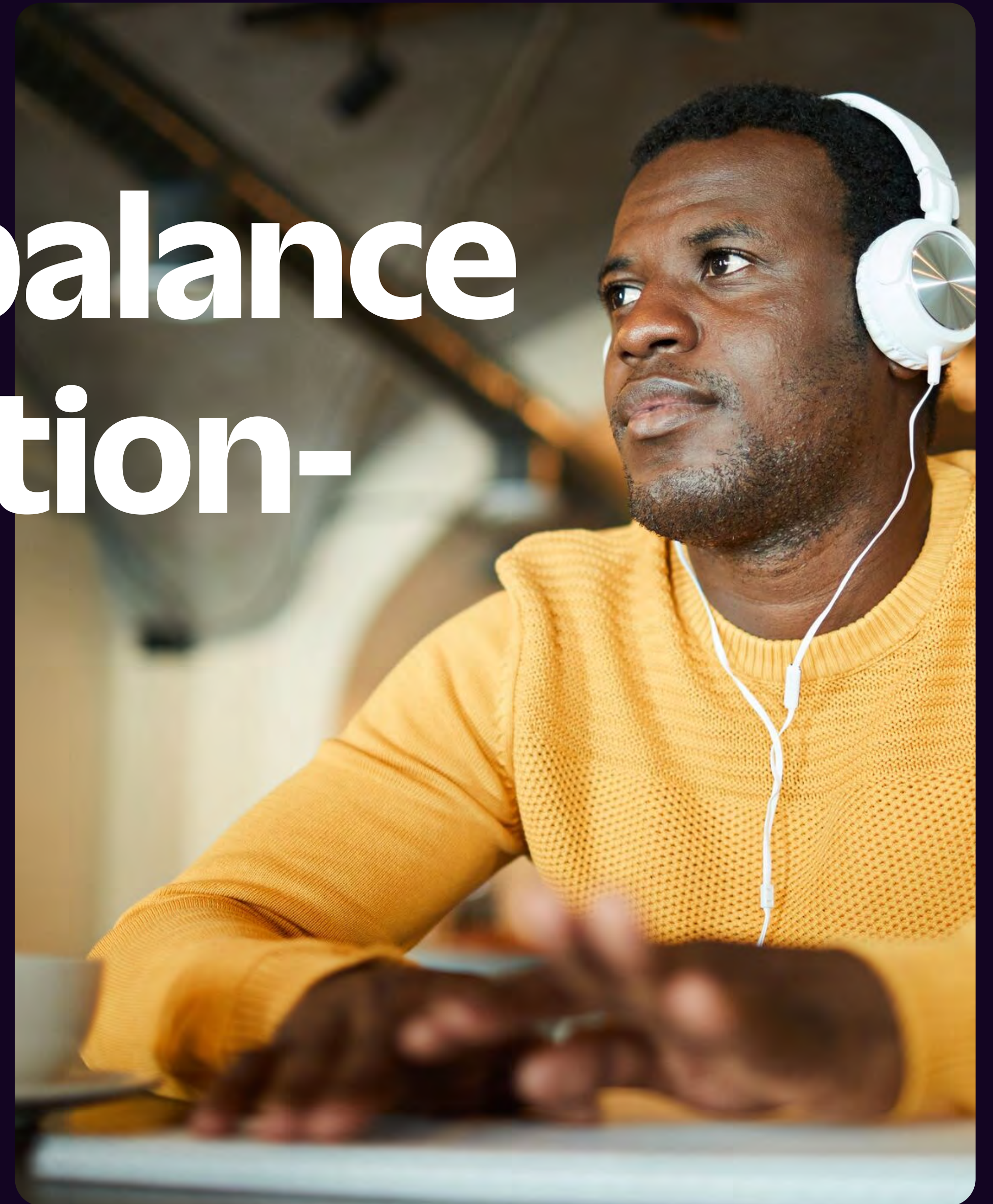
# Businesses seek balance in the personalization-privacy paradox

Although consumers prefer personalization, there is a delicate balance when it comes to curating digital experiences.

Our data shows that data protection and privacy are top of mind for today's consumers as they grow wary of communication that feels invasive.

60% of consumers say trustworthiness and transparency are the most important traits of a brand, dominating all other traits, up from 55% in 2021
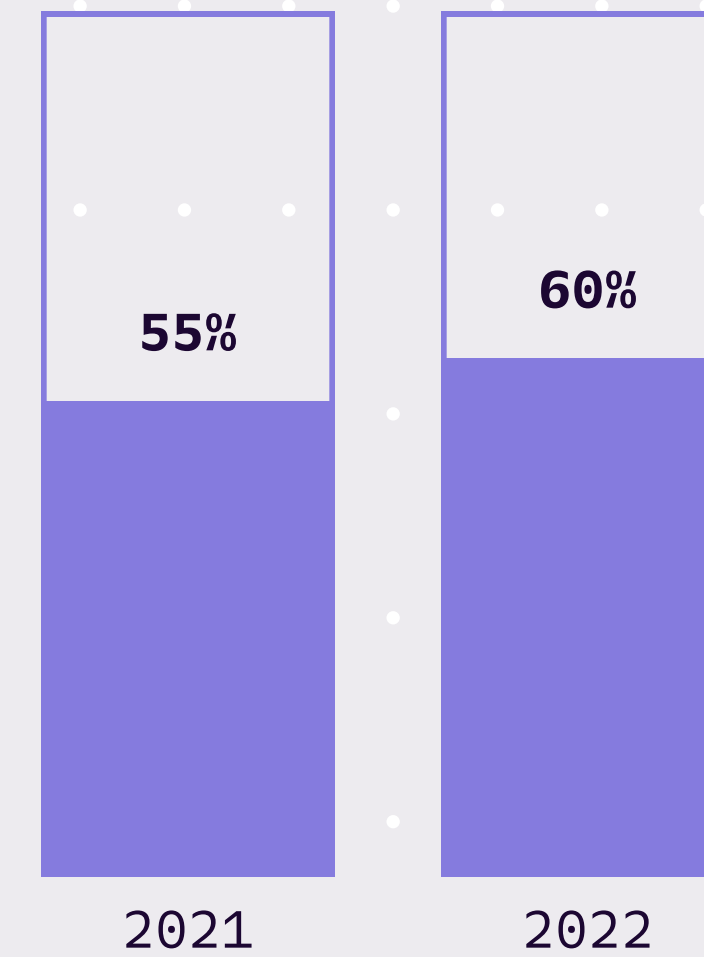
55% 2021

60% 2022

Just 40% of consumers say they trust brands to keep their personal data secure and use it responsibly

40%
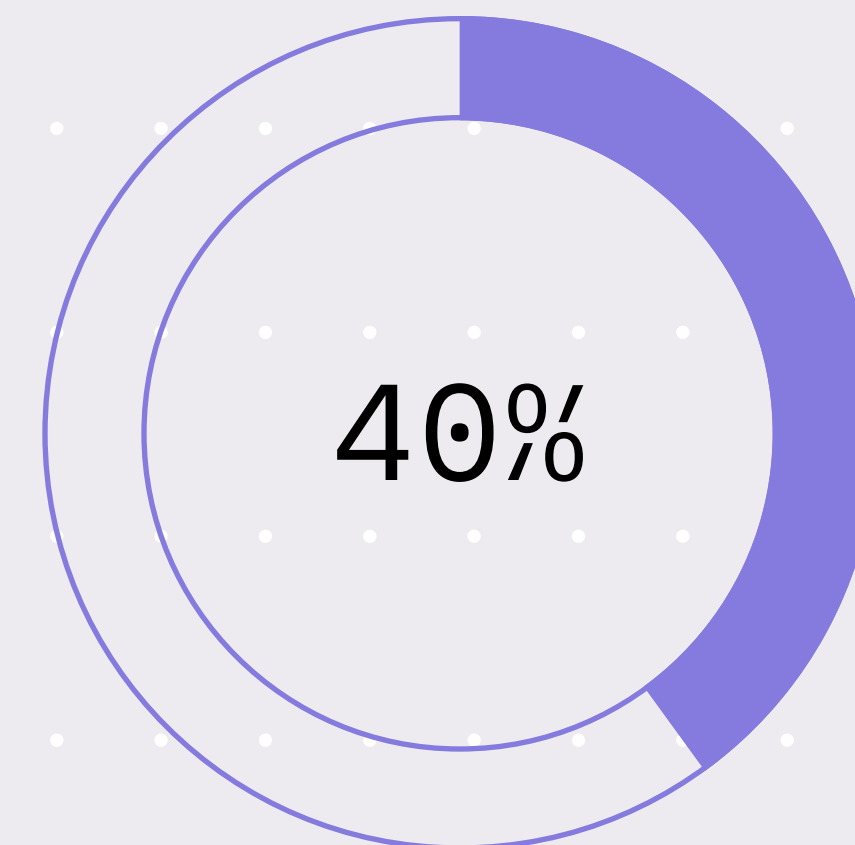
# Data privacy concerns are most prevalent in APAC

60% of consumers in APAC say they're bothered by a lack of data privacy, compared to rates nearly half that in other regions.

# First-party data is key to unlocking consumer trust.

The key to increasing consumer trust in personalization is using first-party data, and cutting out the middleman.

Despite 65% of consumers worrying their personal data is being used without their permission, a similar percentage are comfortable with personalization provided it's first party data that's been acquired voluntarily.

65% of consumers worry their data is being collected by brands without their permission

65%
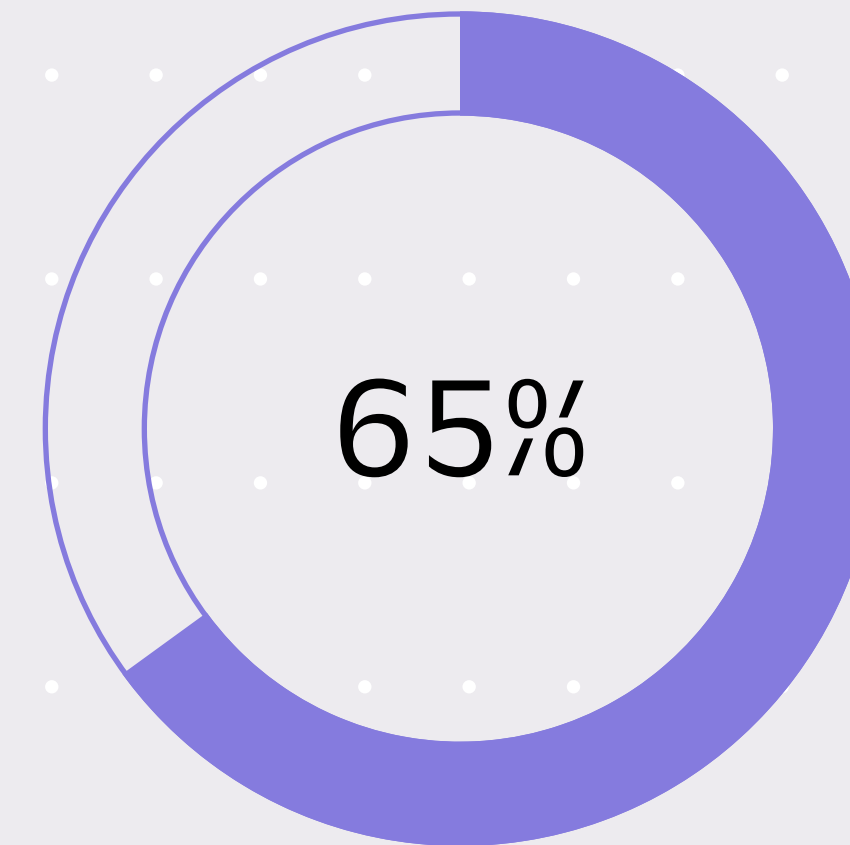
63% of consumers say they are fine with personalization as long as brands are using their own data and not purchased data

63%
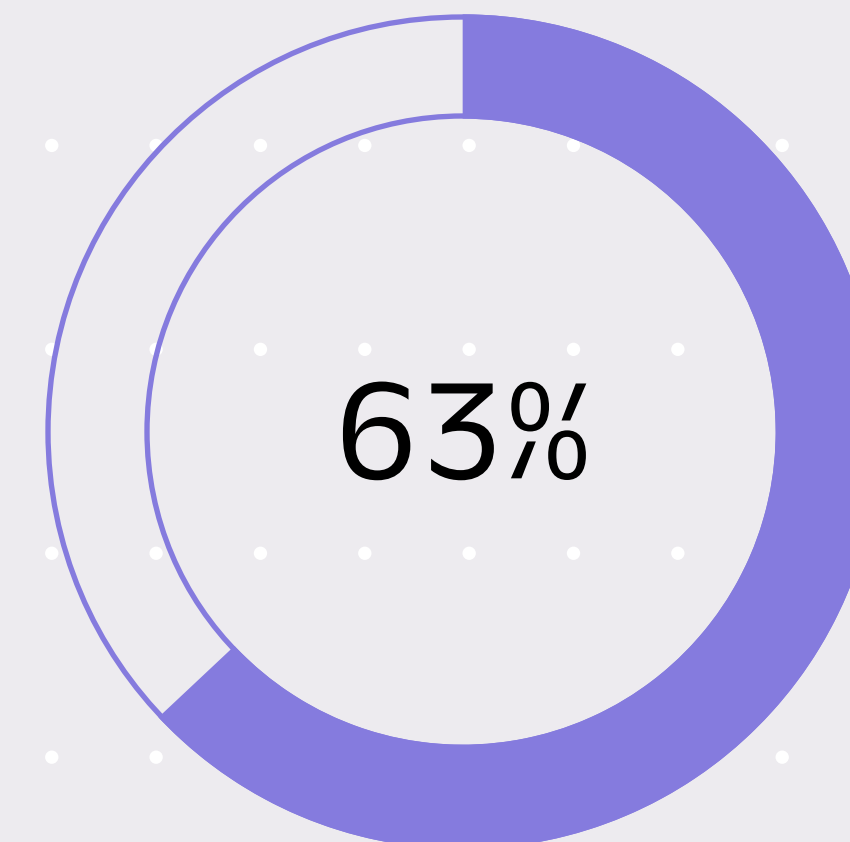
# The bar for personalization is getting higher

The bar for personalization is getting higher

As personalization efforts become more mainstream, businesses are having to deploy more sophisticated personalization strategies.

This means understanding and engaging with consumers on the channels they prefer most, and delivering personalized experiences across multiple different channels.

53% of brands are focused on improving existing channels to give consumers a better experience

53%
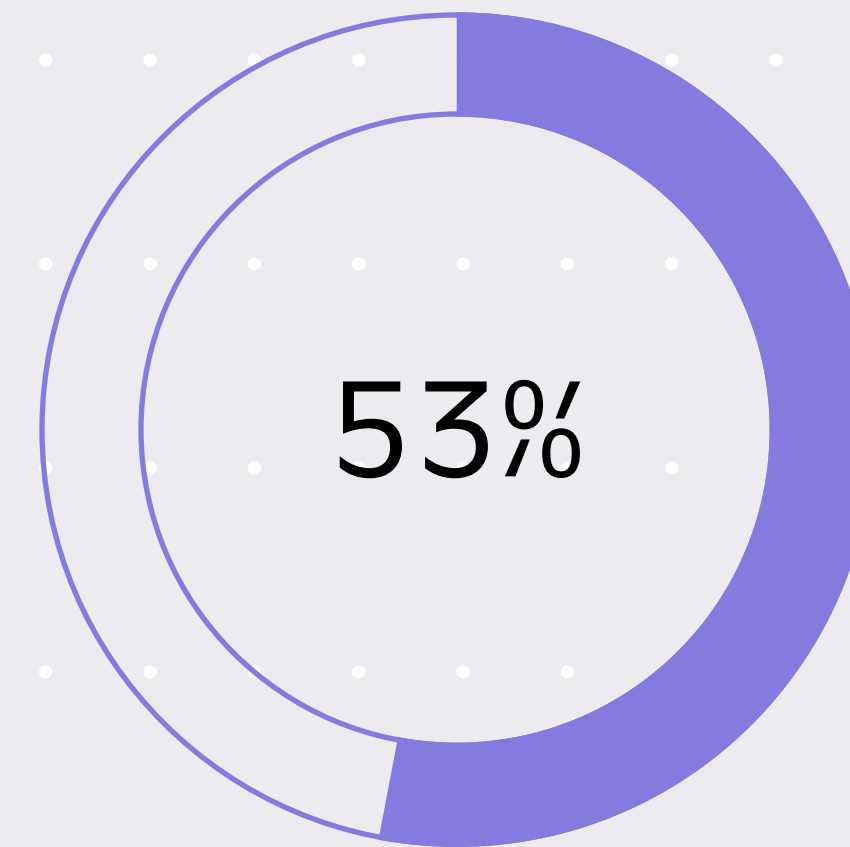
67% of consumers say that they want to be able to interact with a retail brand on more than one channel
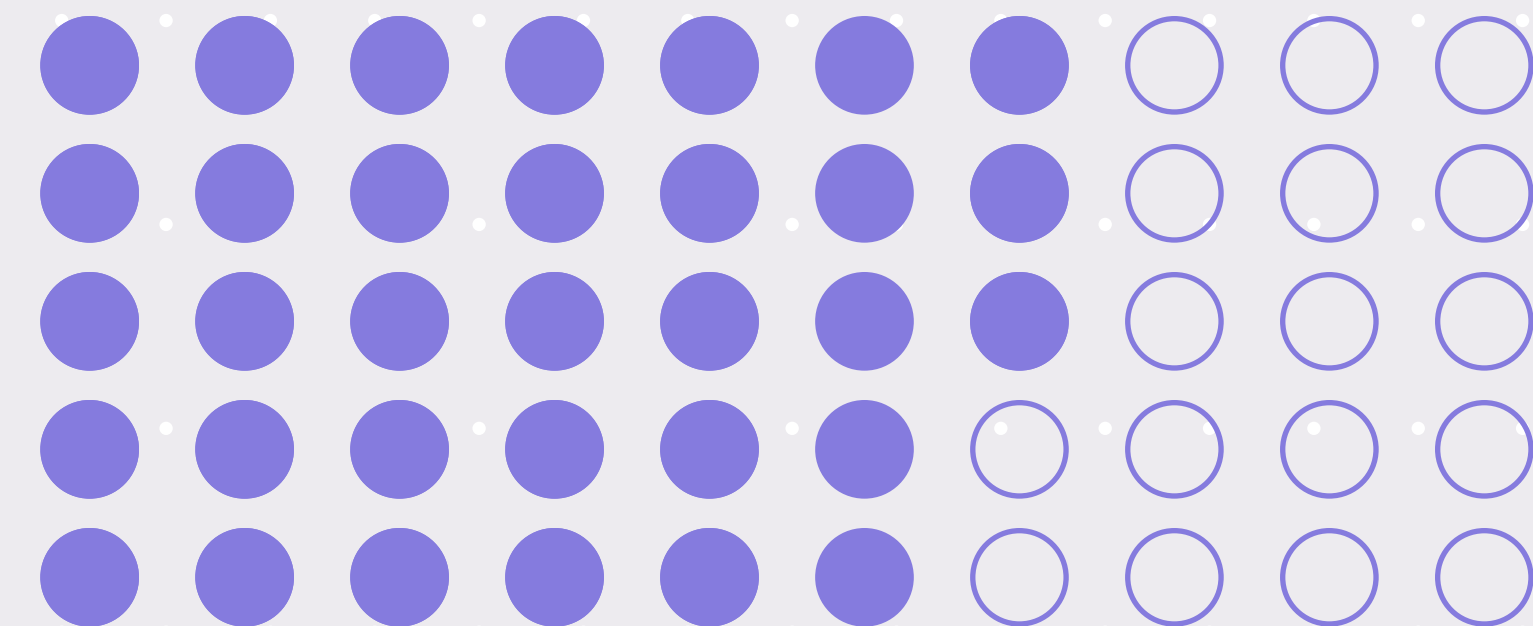
Moving beyond the {FIRST_NAME}.

Personalization is often synonymous with rudimentary tactics like adding "Hi {first_name}" to the top of an email.

But close to half of businesses we surveyed are looking beyond surface-level personalization, and instead personalizing their communications with reliable and real-time customer data.

Almost half (47%) of companies personalize communications based on real-time customer behavior

47%
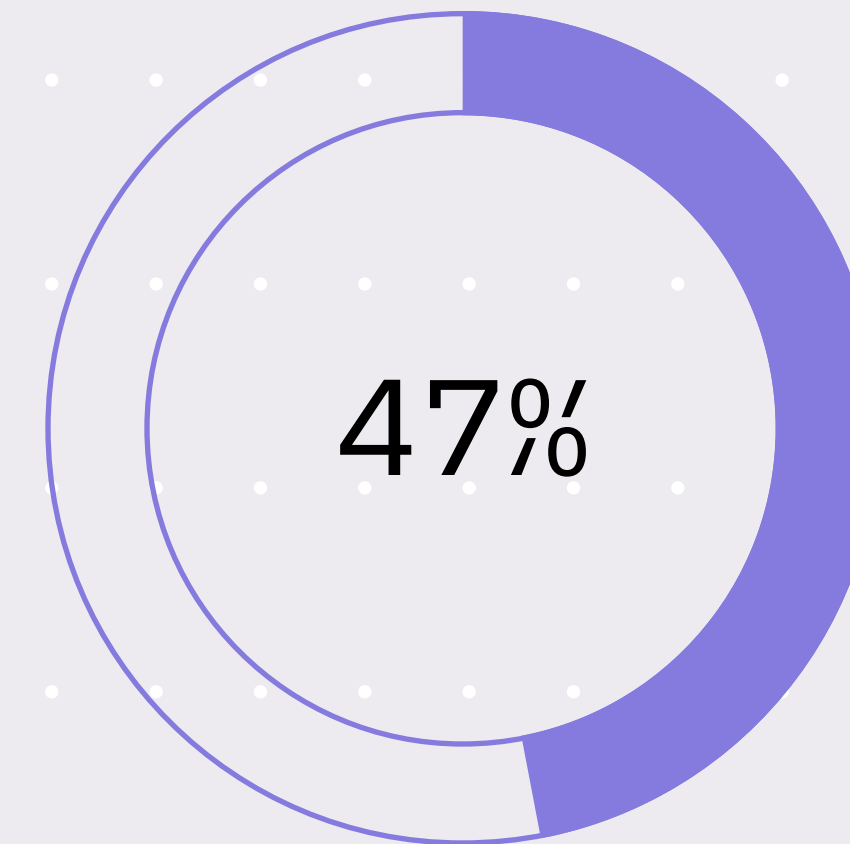
41% of businesses report they are now using a customer data platform to activate real-time data

41%

The State of Personalization 2022
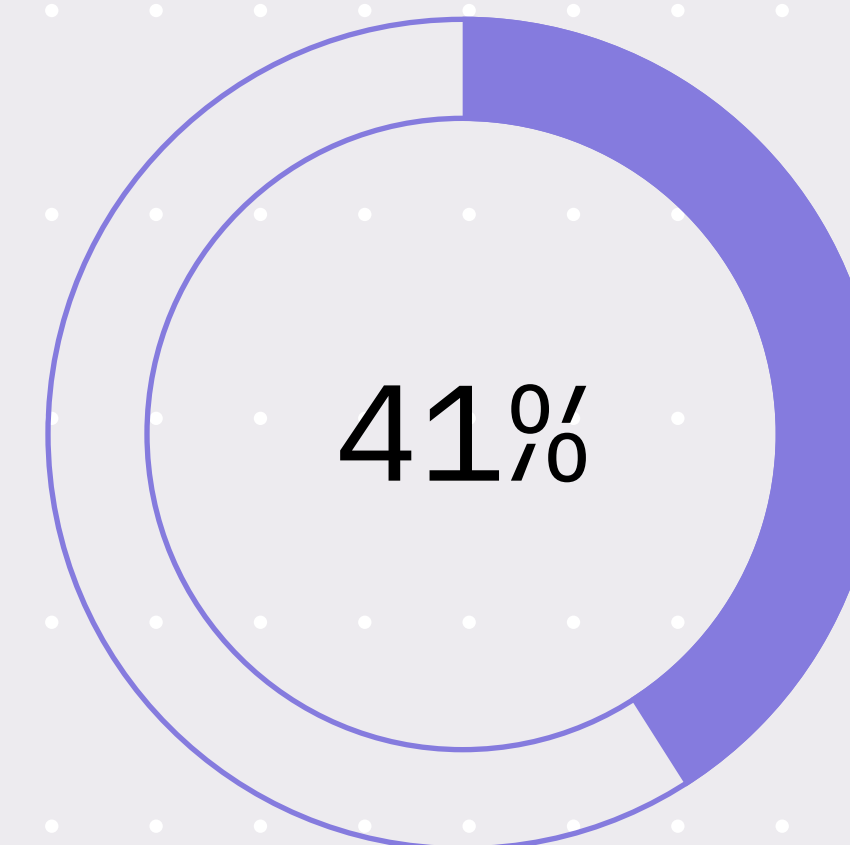
Conclusion

As consumer attitudes toward privacy and personalization continue to evolve, business leaders are taking steps to ensure customer data is collected in a secure manner in order to deliver the rich experiences that consumers expect.

And while recent data privacy regulations have made personalization more difficult than ever, the right technology can help your business succeed by activating real-time customer data.

As the world's leading customer data platform trusted by developers, business owners, and marketers alike, Twilio Segment gives global businesses the data and communications channels they need to power personalized experiences at scale.

Request a demo

Related reading:

7 Steps to Omnichannel Success

This guide offers a firsthand look at how to build an effective omnichannel marketing strategy for your business.

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5 Ways Enterprises are Driving Best-In-Class Customer Engagement

In this guide, you'll learn how 5 enterprise businesses are using first-party data to develop strong relationships and drive customer engagement.

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Cookies, Compliance, and Customer Data

In this guide, we show how an investment in first-party data can help marketers enable real-time data collection, remain compliant, and maintain consumer trust.

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Millions of developers around the world have used Twilio to unlock the magic of communications and customer engagement to improve any human experience. Twilio is enabling innovators across every industry – from emerging leaders to the world's largest organizations – to reinvent how companies engage with their customers.