



The Roadmap to Personalization... it's a Journey

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It's a Journey, Not a Destination

As more brands prioritize personalization in their strategies and customer experiences, consumer expectations are evolving in step with the seemingly endless innovations being developed in this area. Sometimes, the journey to personalization can feel more like a balancing act between a changing market and changing expectations. It's safe to say that, as brands are being forced to adapt, customers expect a certain level of personalization built into their experiences—from beginning to end. As more members see some brands actioning their data to drive better, faster, more fulfilling experiences, this becomes the precedent: customers who expect *all* brands to provide the same results.

It may go without saying that, when programs get personalization right, customer satisfaction skyrockets. In fact, we know that when programs demonstrate that they know and understand their customers, there's a **3.6× lift in program satisfaction** (The Bond Loyalty Report, 2023). In that same vein, when loyalty program experiences are tailored to the personal preferences of members, there's a **2.6× lift in program satisfaction** (The Bond Loyalty Report, 2023). Deeper still, when programs give their members relevant and personalized offers, the result is a **1.9× lift in program satisfaction** (The Bond Loyalty Report, 2023). The brands that are doing it well are the same brands that are comfortable existing within a constant state of change, keeping their eyes on the endless opportunities available to improve the overall customer journey, in turn, removing barriers to more profound customer relationships.



The Reality Is...

As some brands deliver against the ever-changing expectations—breaking away from the pack—others struggle to keep up. So how, exactly, can brands set themselves apart in the game of personalization? The obvious answer: Brands must continuously explore what their customers want, but they should also 1) continuously explore what competitors are actioning, and 2) consider how the experiences they've curated in the past can meet needs better in the future. With the current pace of technology, customer expectations will only continue to evolve. Generative AI, for example, can now scale and provide a concierge-type customer relationship; historically, this has only been possible for luxury and service industries to provide to their very best and loyal customers.

Why is Personalization Changing So Quickly?

There are a slew of reasons for this, but we'll focus on three:

1. Data availability and literacy

The last decade has been a race to getting access to new sources of customer data, and only in the last five or so years have brands started to focus on how all these data sources can be shared and aggregated to improve the customer experience. Not only are brands getting smarter about data, but consumers are too. As consumers see how their data is being collected and used, expectations are built around what brands do with that data. For example, if a brand has my purchase history, they should be able to use that to improve my experiences in future transactions.

2. The Great Shift to digital

Since the pandemic, it's safe to say that consumer behavior has shifted to be digital-first. This online migration isn't isolated to dot-coms alone; apps, social media channels, and various types of digital media (email, SMS, video) only further crack open the realm of possibility. With so much access to digital content, and with seamless online experiences at the touch of your fingertips, the digital footprint of the customer journey grows ever more complex. In fact, according to the University of California San Diego, the average American consumes approximately 34 gigabytes of data each day—or nearly the equivalent of reading or listening to *Harry Potter and the Prisoner of Azkaban* (107,000 words) daily. The same study found that, through these various digital channels, 11.8 hours of information is consumed per day. That's *a lot* of noise for brands to compete with.

3. Advancements in technology

As mentioned earlier, generative AI, and virtual and augmented reality—to name a few—are quickly shaping the ways in which consumers experience their lives, including their interactions with brands. Adopting this technology to create a one-on-one mapped experience for customers is becoming a differentiator across industries. The impact of this ranges from the obvious—“see how this IKEA couch would look in your space with this online AR tool!”—to the seemingly invisible—a large language model-generated copywriter sending you emails written in a tone that just seems to “get” you.



Personalization (when done correctly) = Better ROI

With the fear of falling behind also exists the very real fear of ROI—or lack thereof. Personalization can be a very effective method for increasing the efficiency of marketing and improving ROI along the way: better click-through rates, less breakage, and longer (and more fulfilling) brand relationships are just some of the benefits that ladder up to a higher ROI. But personalization for personalization's sake is no guarantee of higher profits. A brand can make the promise of unique, “just for you” offers, but unless these offers resonate with the consumer's interpretation of personalized, they can alienate them rather than creating a sense of connection with them.

Personalization done correctly is the embodiment of customer centricity. When a brand treats their customers like an investment portfolio—investing more in the customers that give them a high return and divesting from the ones that only like them when they're on sale; they will almost always reap the rewards. This relationship is one where opposite sides of the counter can uncover opportunities for shared value. The advancement of technologies can test and learn these personalized offers in real time and optimize the offer to the individual, or segment, to further drive value.



The DOs and DON'Ts of Personalization

DON'T just copy what your competitors are doing—“just as good” doesn’t get increased share of wallet.

DO keep up with consumer expectations around personalization in your industry and explore the unique experiences that make sense given the existing and differentiated experience your existing customers have with your brand.

DON'T think all personalization efforts will have the same ROI.

DO test and optimize. Strategic, ongoing testing and learning will help you continuously improve your efforts in a way that continues to generate new value. Ongoing testing allows you to be more informed and agile when changes to customer behavior shake up your forecasts (pandemic, generative AI, etc.).

DON'T collect additional customer data before you use and demonstrate value to customers with the data that you already have. If customers don’t see the value in giving you their data, they won’t want to give you more.

DO give them a reason to opt in.

DON'T personalize in isolation.

DO think about how you can develop personalized experiences that are consistent across all channels that your customers engage with. In other words: the personalized emails that lead to the web experience should feel just as thoughtfully curated.

DON'T think of personalization as a one-time effort.

DO think of personalization as an ongoing process that requires regular review and adjustment. Customer preferences can change over time, and your personalization strategy should be flexible enough to accommodate these changes. Remember: Customer expectations are maintained at the level of best-in-class, so any novel personalized experience will likely have decreasing returns as more of your competitors follow suit.

So, what should we do?

Marketers typically know what they want their end-state to look like. The challenge is in getting there in a way that generates a positive ROI along the way, doesn't overload the entire MarTech stack with new capabilities and requirements, and ensures that the customer is first; retention over acquisition *always* (okay, 85% of the time).

- Step 1:
Create a well-defined end-state that considers both what your customers want, what the technical teams across your business are capable of (and the rate at which they can implement required changes), and an openness to uncovering unforeseen opportunities along the way.
- Step 2:
Once you've blue-skied this future, it's time to create your roadmap to get there. Capability assessments, gap analysis, and stakeholder interviews help inform the rate at which you get to your future state and the explicit order of operations when it comes to making changes to your customer experience.

**Side note: For many brands with loyalty programs, this is the time to consider how personalization will be cascaded across the business to deliver a consistent experience for both members and non-members.*

In the short term

Bond recommends starting with customer insights-gathering. Understanding what your customer wants is key. Before you get to 1:1 personalization, start with a segmented approach. Build a value and behavioral segmentation matrix and explore what happens when you treat those groups differently. Can you retain your most loyal members better? Can you migrate your next best-up? Explore what happens when you add dynamic experiences to your overall experience. Customization may also be something to consider. What do customers choose when you give them options? In the short term, it's all about testing, learning, optimizing, and refining your strategy.

In the long term

You'll have to consider investment in technology to deliver personalized experiences that are scalable to your entire customer base. While you should always be testing and optimizing, the winning ideas shouldn't be confined to an A/B test. Look for opportunities to create standard processes and lean on ML/AI to facilitate where it makes sense. You shouldn't rely solely on automation and machines. Innovation still comes from human ideas; optimization comes from the machines.

Yes, the journey's long, but the most value has never really been found in the destination, has it?

Begin your customer insights-gathering journey with personalized data today. Our Synapze XI benchmarking data is available for free via our [Snowflake app](#).