Brands try to offer consumers personalization without interfering with privacy

Article

The news: Consumers want personalized ad experiences, but not at the cost of their privacy, according to **Twilio's** recent **State of Personalization** report.

By the numbers: Consumers said personalization is important in determining whether they'll make repeat purchases with a brand or service, but the other side of the coin creates a conundrum for marketers.

- **49%** of consumers said they would likely **become repeat buyers** if offered a personalized experience by a retail brand.

- Another **62%** said they not only want, but *expect* personalization, and that a brand that doesn't offer a personal experience could lose their business. That's up from **45%** in 2021, showing personalization is becoming a key competitive advantage for brands.

- 80% of business leaders say customers spend **34% more** (on average) when offered personalized shopping experiences.

Closing the gap: While the demand for personalization is clear, the study showed brands are woefully ill-equipped to meet it.

- Only **35%** of companies said they felt they achieved omnichannel personalization.

- **47%** of companies offer personalized experiences based on live consumer data, meaning over half are missing out on a significant aspect of personalization.

Potential solutions: It may seem like an easy win to personalize a shopping or advertising experience, but the current state of policies, regulation, and consumer sentiment around privacy make personalization a huge challenge for advertisers.

- Facing a sea of changes at the hands of **Google** and **Apple**, many brands are building their own systems for gathering first-party data. **Thirty-seven percent** of brands exclusively use first-party data in personalization, up from **31%** last year, according to Twilio.

- One marketing channel offers personalized experiences without intrusive data collection: email. Email marketing has proved relatively resistant to rising trends like data privacy changes and consumers' distaste for social media and digital ads.

- A recent report from **CheetahDigital** found that **55% of consumers** are more comfortable giving brands personal information if it's at their discretion and used to their benefit.

- That same report found that email marketing's ability to drive sales exceeded social and display advertising, which consumers largely distrust, by **105%**.
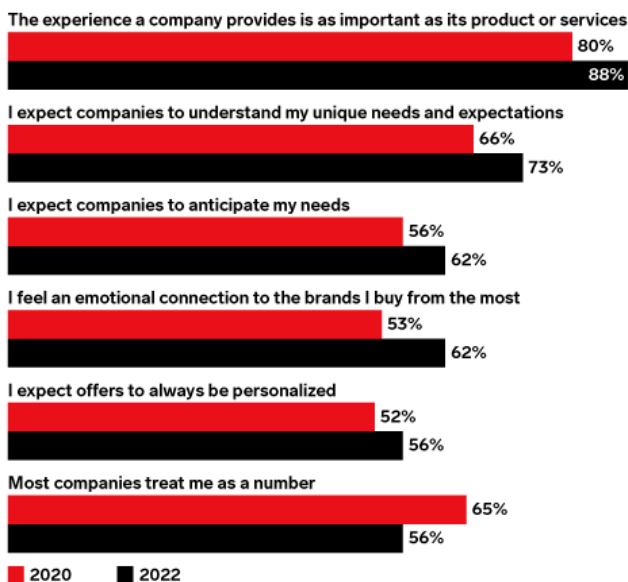
Analyst insight: "Consumers don't consider the challenges to well-executed personalization; they simply expect relevant content delivered at the right time and place," said principal analyst **Dave Frankland**, author of our recent Spotlight on personalization.

The big takeaway: For brands stumbling to adjust their marketing strategies in a rapidly changing landscape, the road ahead may not be so painful.

- Email marketing and loyalty programs, among others, offer ways to build relationships with consumers while avoiding the data collection that they explicitly don't want.

- The current ad environment also offers an opportunity for brands to begin fleshing out their own ad systems, either via partnerships like those struck by **Michaels** and others, or by developing the technology themselves.

Attitude of Consumers Worldwide Toward Personalization and Customer Experience Provided by a Company, 2020 & 2022
% of respondents

The experience a company provides is as important as its product or services
- 2020: 80%
- 2022: 88%

I expect companies to understand my unique needs and expectations
- 2020: 66%
- 2022: 73%

I expect companies to anticipate my needs
- 2020: 56%
- 2022: 62%

I feel an emotional connection to the brands I buy from the most
- 2020: 53%
- 2022: 62%

I expect offers to always be personalized
- 2020: 52%
- 2022: 56%

Most companies treat me as a number
- 2020: 65%
- 2022: 56%

■ 2020   ■ 2022

Note: ages 10-58
Source: Salesforce, "Fifth Edition State of the Connected Customer," May 13, 2022

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