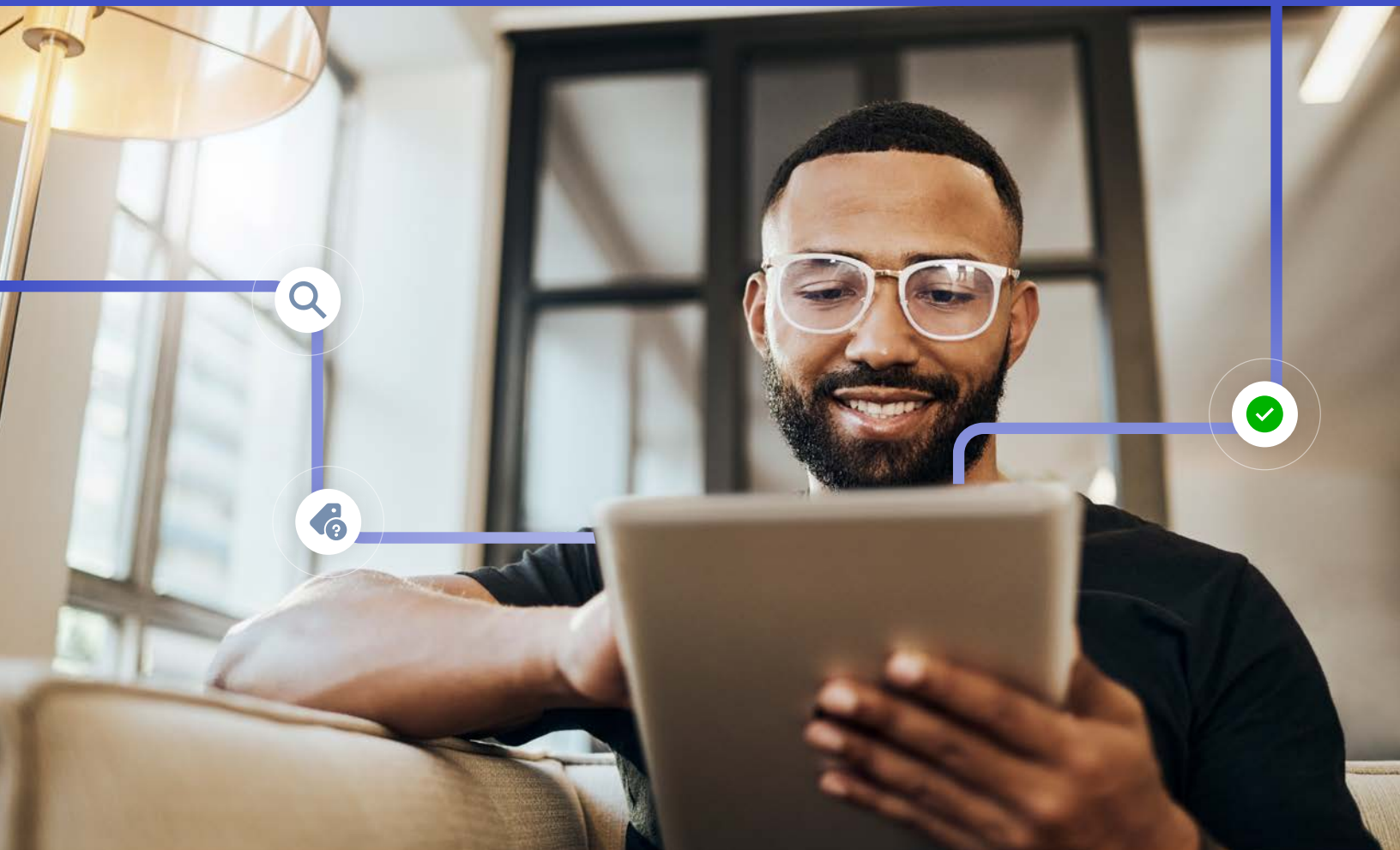# Medallia

CXPA | Customer Experience Professionals Association™

2024 State of CX Personalization Report

Examining the challenges and opportunities for brands to deliver more personalized experiences

Introduction

In 2024, consumers want more personalization — and CX practitioners are making it their top priority.

In recent years, we've seen major societal and technological shifts that now present brands with greater opportunities to move beyond "one size fits all" experience design. Through advances in AI, customer journeys can now be dynamically tailored at each interaction, seamlessly meeting the unique needs of every consumer at every touchpoint.

We're seeing signs that consumers are more loyal to brands with high-touch experiences. Yet, they also report that brands are falling short of their expectations.[1] Do CX teams believe investing in more personalization capabilities warrants the time, effort, and cost?

To begin understanding the importance of personalization in customer experience, Medallia Market Research has been exploring the role it plays in consumer brand choice, as well as more specific consumer insights for industries like hospitality and retail. These recent findings revealed that a resounding **82% of customers say personalization drives brand choice**.[2] And of consumers who rate their experiences as very personalized, they rate their overall satisfaction (OSAT) as an impressive 9.4 out of 10. Not surprisingly, for consumers who don't rate personalization that high, OSAT falls to 6.5.[3]

As a result of that consumer research, we partnered with the Customer Experience Professionals Association™ (CXPA) to better understand how CX professionals are thinking about applying personalization in their organizations. This joint research puts forth answers collected in December 2023 from over 300 CX practitioners globally on how they assess their personalization capabilities today, the challenges they face, their biggest 2024 priorities, and how artificial intelligence may play a role in their roadmap.

We hope these findings play a useful role in setting your customer experience strategy.

Andrew Custage
Head of Market Research Insights, Medallia

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[1] Do Personalized Experiences Matter to Customers?
https://go2.medallia.com/2023-Personalization-white-paper.html

[2] Ibid

[3] Understanding Personalization Efforts in the Hospitality and Retail Industries
https://go2.medallia.com/understanding-personalization-efforts-in-hospitality-retail.html

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Key Findings

01 **CX practitioners who currently self-rate their brand's personalization capabilities the highest** are 2x as likely to achieve major revenue growth (10%+) than brands that self-rate their capabilities lower.

02 **Only 24% of CX practitioners rate their personalization efforts as highly personalized**, almost identically mirroring previous research that found only 26% of consumers rate their last company interaction as highly personalized.

03 **Collectively, CX professionals put improving personalization as their top 2024 priority**, ahead of other initiatives like process improvement or new product development.

04 **Whether an organization puts improving personalization as a priority or not often comes down to budget constraints**, closely followed by concerns about complex implementation and process disruption for consumers.

05 **Artificial intelligence (AI) will be key in delivering personalization at scale**, and even more brands are rating their investment in AI as significant for 2024 than in 2023.

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2024 Top Priorities for CX Professionals

Personalization is being recognized as a major customer experience imperative for 2024, in the face of technology advances combined with heightened consumer expectations.

Though many other priorities ranking in the top 10 can serve as enablers to personalization at scale, such as better use of existing data sources, implementing generative AI, and so forth, the end outcome of improving personalization is most paramount — more so than other major company objectives, like new product development or optimizing advertising spend.

01 Making customer experiences more personalized

02 Operational process improvement / automation

03 Employee enablement / productivity

04 Better analysis and use of existing data sources

05 New product development

06 Generative AI

07 Enhancements / fixes to current products

08 Optimizing advertising / media spend

09 Gathering and use of new data sources

10 Metaverse / Web3

* From Medallia + CXPA December 2023 CX Practitioner Survey (n = 305); "What are the biggest priority areas of investment for your organization in the upcoming year?" Rank based on % selecting.
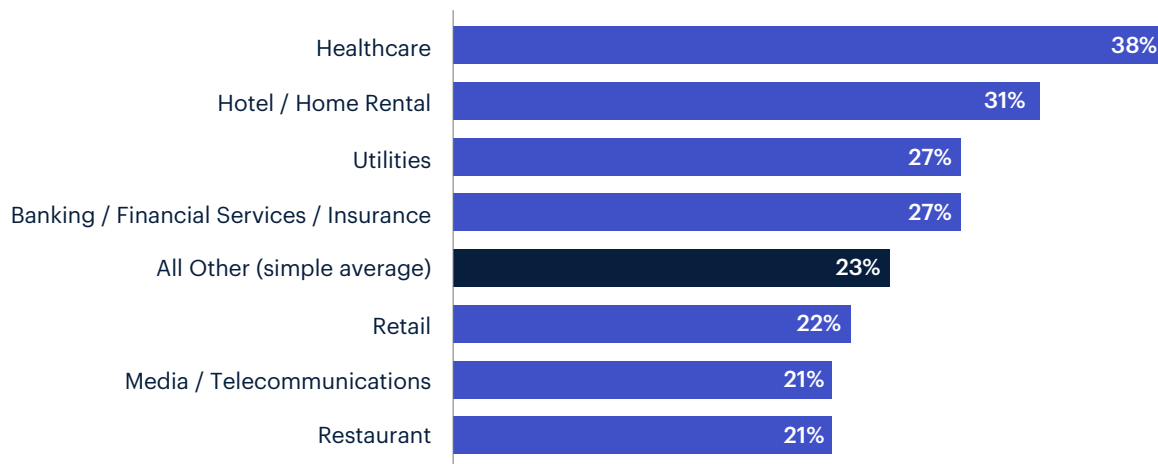
Understanding Personalization Maturity within Industries

Evaluating a brand's level of personalization, or maturity, requires understanding important context: the industry and the types of customers it serves.

Some industries eclipse others when executing how personalized a typical interaction feels. Healthcare, hospitality, utilities, and financial services get the best average scores — each likely benefiting from various combinations of high-touch interactions in person, lengthy history of customer relationships, and recurring transaction cycles, with the latter two serving to capture the data needed to deliver more tailored communications.[4] For example, our research into hotels found loyalty program members were over 70% more likely than non-members to rate their stay as feeling highly personalized.[5]

Personalization rating of most recent interaction

% of customers rating 9-10 on 0-10 scale, solely among web / app / phone visitors (excludes in-person)*

Industry	Rating
Healthcare	38%
Hotel / Home Rental	31%
Utilities	27%
Banking / Financial Services / Insurance	27%
All Other (simple average)	23%
Retail	22%
Media / Telecommunications	21%
Restaurant	21%

* From Medallia Market Research August 2023 Personalization Survey (n = 2,001). "For this recent interaction with the company you have been asked about, how 'personalized' did it feel to you? Use your best judgment on what 'personalized' means in terms of interacting with a company."

[4] Do Personalized Experiences Matter to Customers?
https://go2.medallia.com/2023-Personalization-white-paper.html

[5] Understanding Personalization Efforts in the Hospitality and Retail Industries
https://go2.medallia.com/understanding-personalization-efforts-in-hospitality-retail.html

Brand Self-Assessment: Current Personalization Capabilities

When self-assessing their current capabilities, brands across industries believe they feature at least some core elements of personalization in the experiences they deliver. Personalized content and personalized experience orchestration rank higher than other trending marketing / customer experience capabilities like next best action, predictive churn modeling, and generative AI-based customer communications.

Capabilities brands say they have today:

Proactive customer feedback requests	**76%**
Personalized content and recommendations	**63%**
Personas / segmentation profiles	**58%**
Personalized experience orchestration	**55%**
Automated marketing / closed loop communications	**53%**
Rewards and recognition based on individual customer information	**50%**
Customer predictive modeling (e.g. churn risk, detractor risk, etc.)	**47%**
Externally-sourced data on consumer base	**47%**
Next best action recommendations	**44%**
AI-based analysis of customer feedback structured data (e.g. feedback ratings, etc.)	**41%**
AI-based analysis of customer feedback unstructured data (e.g. free text, speech, etc.)	**40%**
Generative AI-based communications to customers	**33%**
Generative AI-based interaction summaries	**30%**

* From Medallia + CXPA December 2023 CX Practitioner Survey (n = 305); "Which of the following capabilities does your brand currently utilize in the process of interacting with customers?" % selecting each.

01 Brands recognize the opportunity to further improve personalization — especially through more sophisticated audience segmentation

Similarly to how most customers do not find their interactions with brands highly personalized[6], most brands also do not consider their personalization capabilities to be exceptional.

Only 24% of CX practitioners rate their personalization capabilities as a 9 or 10 on a 0-10 scale.
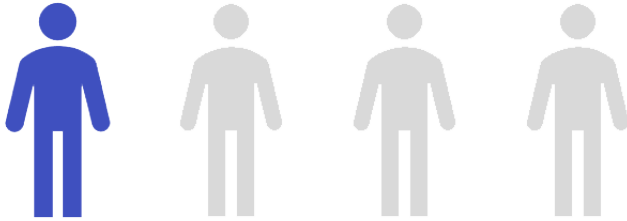
* From Medallia + CXPA December 2023 CX Practitioner Survey (n = 305); "Using your best judgment, please rate your organization's current ability to deliver personalized experiences to its customers."

CX practitioners reveal that one improvement area for their business would be having more advanced customer segmentation — going beyond grouping individuals based on basic attributes like product purchase history or demographics. Areas to explore may include segmenting by forecasted future behaviors or augmented profiles from a wider variety of sources.

How brands say they separate customers for distinct messages / experiences today:

Most often cited		Least often cited	
35%	Product purchase history	9%	Other
33%	Demographics	11%	Predicted churn calculation
31%	Duration of being a customer	16%	Predicted upsell / cross-sell calculation
30%	Customer preferences / settings	16%	Original customer acquisition source
28%	Prior transaction volume / spend amount	18%	Customer data externally sourced

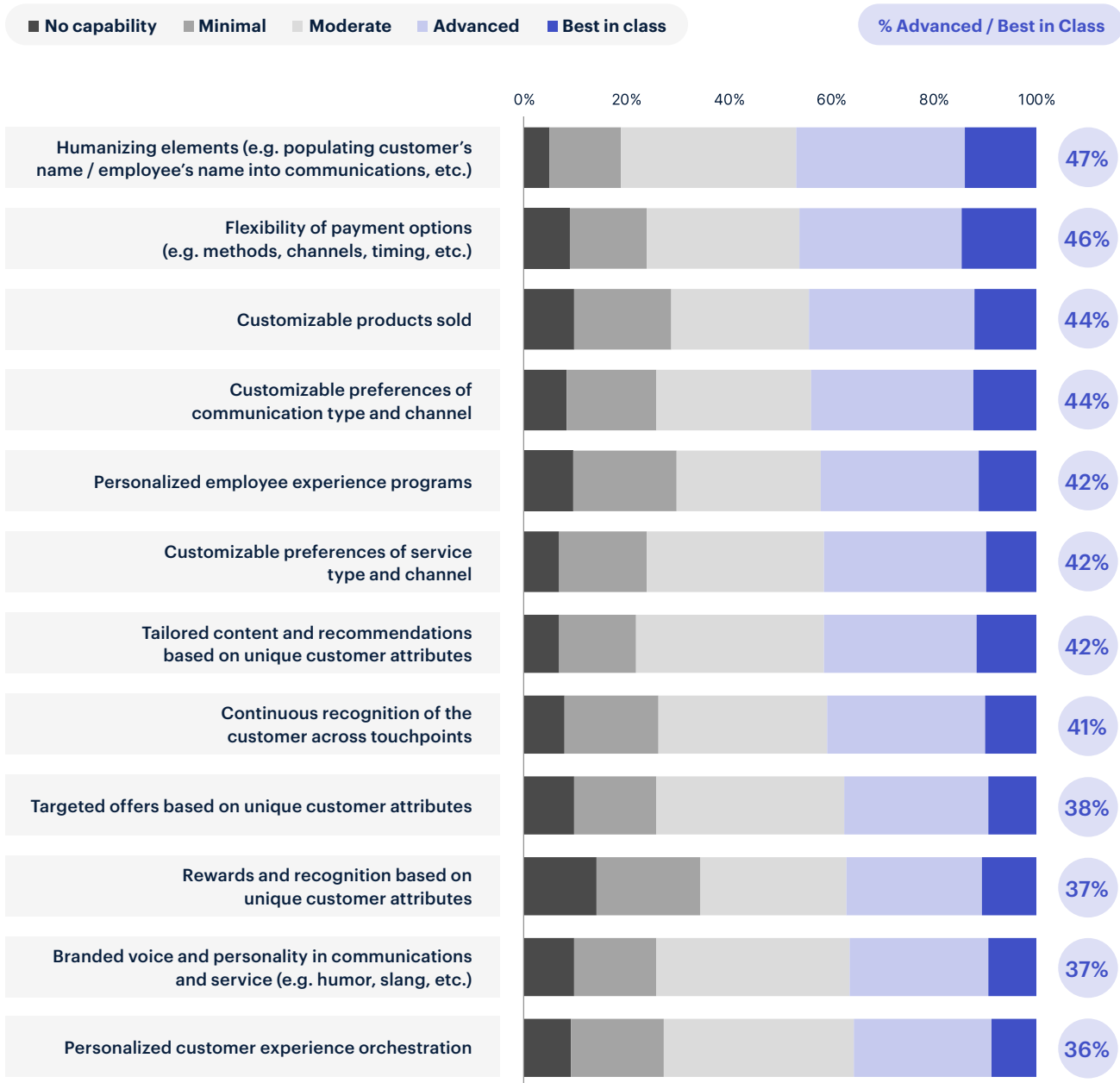* From Medallia + CXPA December 2023 CX Practitioner Survey (n = 305) "In your organization, what signals or datapoints are typically used to separate customers from others to deliver different communications or experiences? Select all that apply." % selecting; 10 shown here of 18 total choices.

[6] Do Personalized Experiences Matter to Customers?
https://go2.medallia.com/2023-Personalization-white-paper.html

02 Brands self-rate most elements of personalization as moderate or minimal

Brands may be handling basic personalization capabilities well — such as populating customer and employee names in communications — but they are relatively more likely to say they have only moderate or minimal capabilities in areas that actually *treat* customers differently, such as orchestrating experiences at scale, or rewarding and recognizing customers based on their unique attributes.

How would you classify your organization's capabilities in each of the following elements of personalized experience?

■ No capability ■ Minimal ■ Moderate ■ Advanced ■ Best in class

% Advanced / Best in Class

Element	% Advanced / Best in Class
Humanizing elements (e.g. populating customer's name / employee's name into communications, etc.)	47%
Flexibility of payment options (e.g. methods, channels, timing, etc.)	46%
Customizable products sold	44%
Customizable preferences of communication type and channel	44%
Personalized employee experience programs	42%
Customizable preferences of service type and channel	42%
Tailored content and recommendations based on unique customer attributes	42%
Continuous recognition of the customer across touchpoints	41%
Targeted offers based on unique customer attributes	38%
Rewards and recognition based on unique customer attributes	37%
Branded voice and personality in communications and service (e.g. humor, slang, etc.)	37%
Personalized customer experience orchestration	36%

* From Medallia + CXPA December 2023 CX Practitioner Survey (n = 305); "How would you classify your organization's capabilities in each of the following elements of personalized experience?"

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03 Notable personalization differences exist based on growth rate of company

Company groupings by 2023 revenue growth rate			
10%+	**2%-9%**	**Flat/Decline**	**Personalization capability**
61%	41%	38%	Flexibility of payment options (e.g. methods, channels, timing, etc.)
54%	39%	30%	Customizable preferences of service type and channel
48%	36%	27%	Targeted offers based on unique customer attributes
47%	34%	30%	Rewards and recognition based on unique customer attributes
51%	39%	31%	Continuous recognition of the customer across touchpoints

Percentage of companies rating their capability
as "advanced" or "best in class"

Top personalization capabilities, which include customizable preferences for service channels and retaining knowledge of the customer across touchpoints, are especially noteworthy due to their pattern of being found more often at fast-growing companies than those with flat or declining revenue trends.

* From Medallia + CXPA December 2023 CX Practitioner Survey (n = 305); "How would you classify your organization's capabilities in each of the following elements of personalized experience?" % rating as "advanced" or "best in class"

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04 CX teams are faced with more financial constraints while continuing to focus on improving customer experience

In a period when macroeconomic pressures have tightened many budgets, CX leaders are faced with the challenge of delivering on their brand promise to delight customers while proving the value in delivering more personalization. Budget issues are cited as the biggest obstacle to further improving their personalization capabilities, but other reasons include implementation complexities and the risk of upsetting customers due to process disruption.

This reveals how successfully adding elements of personalization to the experience is not solely the responsibility of CX teams — it requires harmonization across IT and analytics, HR, finance, and other departments.[7]

73%
Agree

" Our brand aims to **differentiate** itself from competitors on the **basis of experience**, over other characteristics like price."

" My organization has a **clear way to measure the benefits** of investing in customer experience."

56%
Agree

* From Medallia + CXPA December 2023 CX Practitioner Survey (n = 305); "For each of the following statements, please select the choice that best represents your level of agreement." % indicating "agree" or "strongly agree"

What is holding brands back in maturing their personalization capabilities?

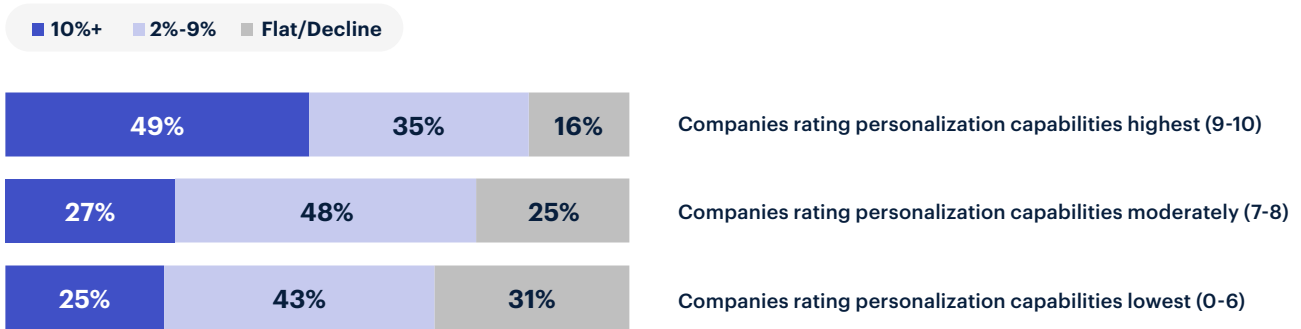|	
Budget constraints	42%
Employee training and use of capabilities	29%
Slow timelines for implementing capabilities	27%
Siloed or inaccurate data sources	27%
Data analysis quality issues	27%
Risk of data privacy, security, and compliance problems	23%
Difficulty proving benefit / ROI of personalization initiatives	23%
Risk of disrupting customer comfort with current processes	21%
Lack of leadership buy-in on personalization initiatives	21%

* From Medallia + CXPA December 2023 CX Practitioner Survey (n = 305); "For elements above where you feel your organization has room to improve, what is holding you back from doing so? Select all that apply." Top 9 of 15 reasons shown.

[7] The CXPA Effective Collaboration Series: A Guide to Strengthening CX Together
https://www.cxpa.org/grow-your-knowledge/bookstore

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Considering the Personalization Investment

CX professionals who currently self-rate their brand's personalization capabilities the highest are nearly 2x as likely to achieve major revenue growth.

Company's 2023 revenue growth rate

■ **10%+**   ■ **2%-9%**   ■ **Flat/Decline**

49%	35%	16%	Companies rating personalization capabilities highest (9-10)
27%	48%	25%	Companies rating personalization capabilities moderately (7-8)
25%	43%	31%	Companies rating personalization capabilities lowest (0-6)

* From Medallia + CXPA December 2023 CX Practitioner Survey (n = 305) "Using your best judgment, please rate your organization's current ability to deliver personalized experiences to its customers." 0-10 scale; "At roughly what rate has your company's revenue changed over the past year?"

However, as budgets play the biggest role in whether or not brands can personalize experiences, it is critical that CX leaders put forward a compelling financial analysis that advocates for the benefits of personalization.

Making personalization a priority:

Top reasons why		Top reasons why not	
47%	Clear benefit / ROI of increased personalization	**28%**	Budget constraints
34%	Customer dissatisfaction or lack of engagement	**26%**	Concerns about customer data privacy
31%	Strategy has evolved to be fit for personalization	**24%**	We don't feel our competitors are better than us
30%	Vision on where personalization fits in	**23%**	Difficulty showing benefit / ROI
28%	Leadership buy-in on specific initiatives	**21%**	Lack of ideas or vision on personalization
28%	Competitors are outpacing us in this area	**20%**	Risk of disrupting customer comfort

* From Medallia + CXPA December 2023 CX Practitioner Survey (n = 118); "You indicated that making customer experiences more personalized is one of the biggest priority areas for your organization in the next year. What are the reasons why it is a big priority? Select all that apply." % selecting. Top choices shown here of 11 total choices.
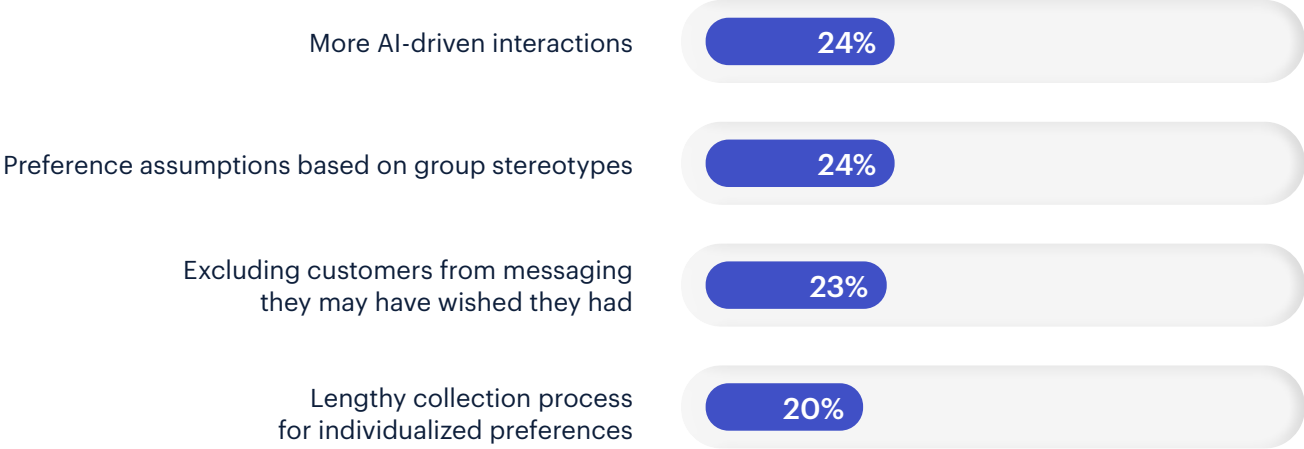
* From Medallia + CXPA December 2023 CX Practitioner Survey (n = 188) "You did not indicate that making customer experiences more personalized is one of the biggest priority areas for your organization in the next year. What are the reasons why it is not as big a priority as other areas?." % selecting. Top choices shown here of 12 total choices.

Less common barriers for prioritizing personalization include dissatisfaction with vendors (12%) and personalization not being compatible with the rest of the brand's offerings (10%).

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Possible Concerns Regarding Personalization

While concerns about customer data privacy and security is one of the top reasons why some brands aren't making personalization a priority, the amount of consumers sharing similar fears is far from a majority. Some are apprehensive about personalization's likely use of AI-driven interactions, the lengthy collection process to have data on individual preferences, among other concerns.[8] But this group, while deserving of attention, may get on board with the majority when brands offer proper transparency and communication of value.

Percentage of customers expressing concern / opposition

More AI-driven interactions	24%
Preference assumptions based on group stereotypes	24%
Excluding customers from messaging they may have wished they had	23%
Lengthy collection process for individualized preferences	20%

[8] Ibid

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How AI Factors into 2024 Business Plans

Many CX practitioners see how AI will fit into their brand strategies, but not all. Still, over a third say their organization will be making significant (or higher) investments in AI for 2024, a sizable increase over the proportion who said they did in 2023. And while larger companies are especially likely to be making big investments in AI, they aren't alone in doing so. Even a third of smaller companies (under $25M in annual revenue) have what they consider to be "significant" AI investments on their 2024 roadmaps.

46%
Agree
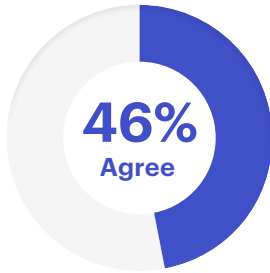
" My organization has a **clear plan on the uses and benefits of AI** for our business."

* From Medallia + CXPA December 2023 CX Practitioner Survey (n = 305); "For each of the following statements, please select the choice that best represents your level of agreement." % indicating "agree" or "strongly agree"

Investment in AI is only increasing:

31%
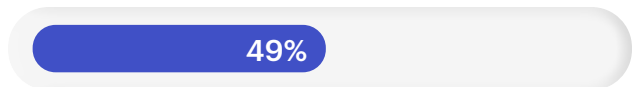2023

39%
2024
(Planned)
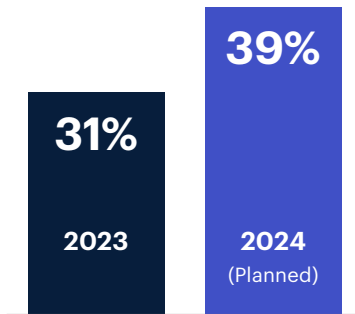
Change in the proportion of CX professionals who rate their organization's investment in AI as "significant" or higher.
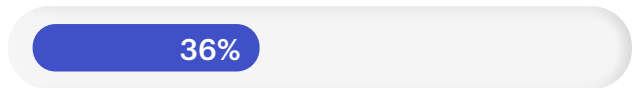
+26%

* From Medallia + CXPA December 2023 CX Practitioner Survey (n = 305); "To your knowledge, how would you characterize your organization's investment in Artificial Intelligence (AI) [over the past year / in the upcoming year]?" % selecting one of the two highest choices (significant / very high)
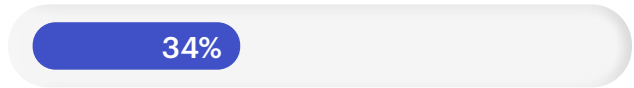
2024 AI Investment

Percentage citing "significant" or higher, by company size

49%

Among **>$1B** annual revenue companies

36%

Among **$25M to <$1B** annual revenue companies

34%

Among **<$25M** annual revenue companies

* From Medallia + CXPA December 2023 CX Practitioner Survey (n = 305); "To your knowledge, how would you characterize your organization's investment in Artificial Intelligence (AI) [over the past year / in the upcoming year]?" % selecting one of the two highest choices (significant / very high)

Top AI Use Cases for CX Professionals

While public buzz may be mostly about generative AI currently, CX practitioners are also recognizing AI's potential in other use cases. Internal uses, especially for advancing the quality and speed of data analysis, are even more commonly cited than content generation.

Relevant to personalization, some other use cases include automated actioning for customer interactions and profiling / segmenting their customer base.

01 Improving quality of data analysis

02 Accelerating speed of data analysis

03 Content generation for customer-facing communications / assets

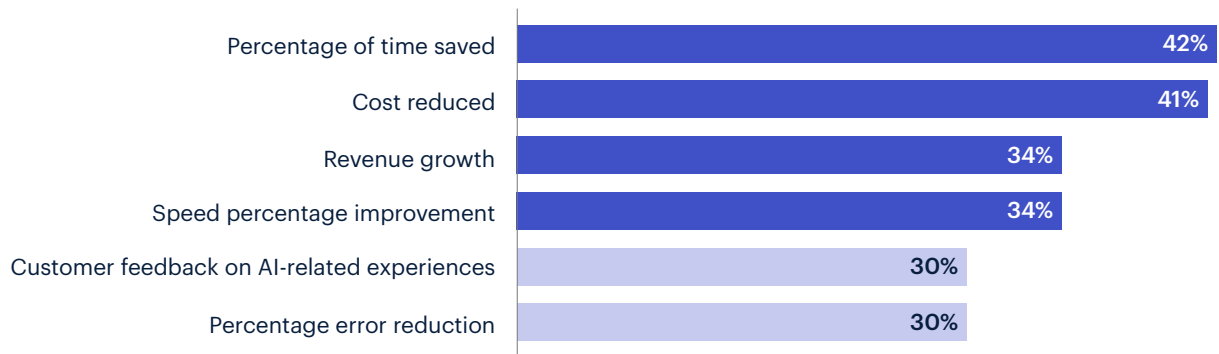**04 Content generation for employee knowledge / productivity**

05 Simulating or predicting customer behavior / business outcomes

* From Medallia + CXPA December 2023 CX Practitioner Survey (n = 305); "What are the main use cases of AI that your organization is pursuing?" Among subset indicating organization is making an investment in AI

And likewise, the main ways of measuring the success of AI are more likely to be in operational efficiencies than they are in areas that a customer would notice and indicate in the form of feedback.

How those investing in AI plan to measure it

Most cited ways (of 13 asked)

Percentage of time saved	42%
Cost reduced	41%
Revenue growth	34%
Speed percentage improvement	34%
Customer feedback on AI-related experiences	30%
Percentage error reduction	30%

* From Medallia + CXPA December 2023 CX Practitioner Survey (n = 305); "How does your organization already, or plan to, measure the impact of AI?" Among subset indicating organization is making an investment in AI

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Conclusion

Personalization's place at the top of 2024 CX priorities is fitting due to its demand from consumers and recognition that there's room to improve. For many brands, the ROI potential for increased customer transaction volume and spend is enough to overcome concerns about investment costs or data privacy / security that are causing others to move more slowly.

As brands seek to differentiate themselves on the basis of personalization, capabilities of focus will be those that can drive recognition of the consumer across interactions, show proactive and compelling forms of customer appreciation, and offer flexibility in how the customer is served. Implementing these requires brands to move beyond having only the personalization basics like using a customer's name in communications or selecting versions of campaigns on simple segmentation attributes like demographics or purchase history.

More advanced forms of experience orchestration are becoming table stakes, and recent advances in AI, if implemented correctly, can deliver these experiences at scale. The next 12 months promise to be an exciting time for seeing cutting-edge personalization come to life even further.

Methodology

Consumer sentiment results from Medallia Market Research studies of:

(1) US general population (n = 2,001), collected in August 2023
(2) US retail customers (n = 1,905), collected in November 2023
(3) US hotel guests (n = 1,749), collected in November 2023

Each consumer sentiment study was weighted for age and gender based on US census representation.

CX Practitioner responses are from a joint study of CXPA and Medallia Market Research (n = 305) collected in December 2023. All participants were pre-qualified based on questions regarding their role and affirming the following statement was true: "I have influence over the experiences we deliver to our customers and prospects."

CX Practitioner Study respondent distribution:

Role Level		Company Size		Region	
Analyst / Associate	6%	Under $5M	24%	US & Canada	61%
Manager / Sr. Manager	53%	$5M - $100M	27%	Europe	15%
Director / Sr. Director	22%	$100M - $1B	23%	Asia & Oceania	15%
VP / SVP / EVP / C-Suite	9%	$1B - $25B	19%	Middle East & Africa	6%
		Over $25B	7%	Latin America	3%
				Other	1%

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Methodology

Distribution of CX Practitioner responses by industry spanned 18 possible categories, with the five biggest being:

Industries
• B2B **16%**
• Retail **12%**
• Financial Services & Insurance **11%**
• Healthcare & Pharmaceuticals **7%**
• Telecommunications **5%**

Respondent source
• Collected through CXPA membership **34%**
• Collected through independent panel of professionals **66%**

All survey responses in the above studies were collected in English using [Medallia's Agile Research Platform](#).

About Medallia

Medallia is the pioneer and market leader in customer, employee, citizen, and patient experience. Medallia Experience Cloud captures billions of experience signals across interactions including all voice, video, digital, IoT, social media, and corporate-messaging tools. Medallia uses proprietary artificial intelligence and machine learning technology to automatically reveal predictive insights that drive powerful business actions and outcomes. For more information visit www.medallia.com.

About CXPA

The Customer Experience Professionals Association is the independent global non-profit organization dedicated to the advancement of customer experience as a valued approach that drives organizational growth. It supports customer experience professionals throughout their careers by providing them with knowledge and connections to help them succeed. The CXPA facilitates the industry-wide advancement of the discipline of customer experience through the consensus-based CXPA CX Framework and globally recognized Certified Customer Experience Professional (CCXP) credential. For more information, visit [cxpaglobal.org.](http://cxpaglobal.org)

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