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Late Check Out

~~Dog~~ Otis Friendly Room

Smoking

How Consumers Really Feel About Personalization

Every year, companies invest time and money into efforts to personalize the customer experience, with worldwide spend adding up to billions annually.[1] As of 2023, a sizable **92%** of businesses say they're embracing AI-powered personalization to tailor experiences for individual customers.[2]

Clearly organizations see personalization as a priority, but how do consumers feel about it? What are their expectations for personalized customer experiences — and are brands doing enough to meet their needs?

To find out and unlock actionable insights for brands looking to enhance their personalization capabilities, Medallia surveyed 2,000 U.S. consumers in August 2023 about their experiences. Our findings shed light on what consumers really think about personalization, how personalization affects consumer spending and brand choice, and what personalization features consumers care about the most.

[1] https://www.statista.com/statistics/1333448/cx-personalization-optimization-revenue-worldwide
[2] https://venturebeat.com/ai/92-of-businesses-use-ai-driven-personalization-but-consumer-confidence-is-divided
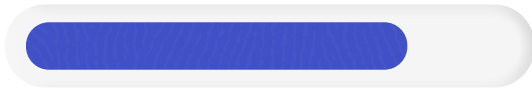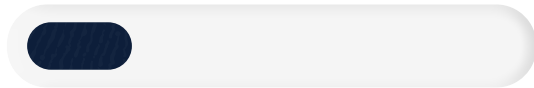
The State of Personalization

Consumer awareness of personalization is high.

Most Consumers Know About Personalization

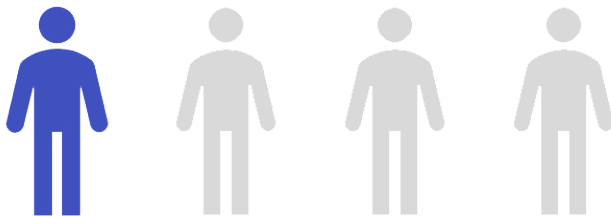**78%** have heard of personalization

22% haven't heard of personalization

Most brand interactions aren't very personalized.

Only 26% rate the **level of personalization** in their last company interaction as a 9 or 10 on a 0-10 scale.

Personalized experiences drive consumer spending and brand choice.

Most consumers say they're willing to spend more with a company if they can offer a customized experience (61%) — and **even more** (82%) say personalized experiences influence the brand they choose at least half of the time when shopping.

> " I am willing to spend more with a company if they can customize the way they serve me to fit my needs"

61%

82% say "personalized experiences" drive their choice of brand in **at least half** of shopping situations.
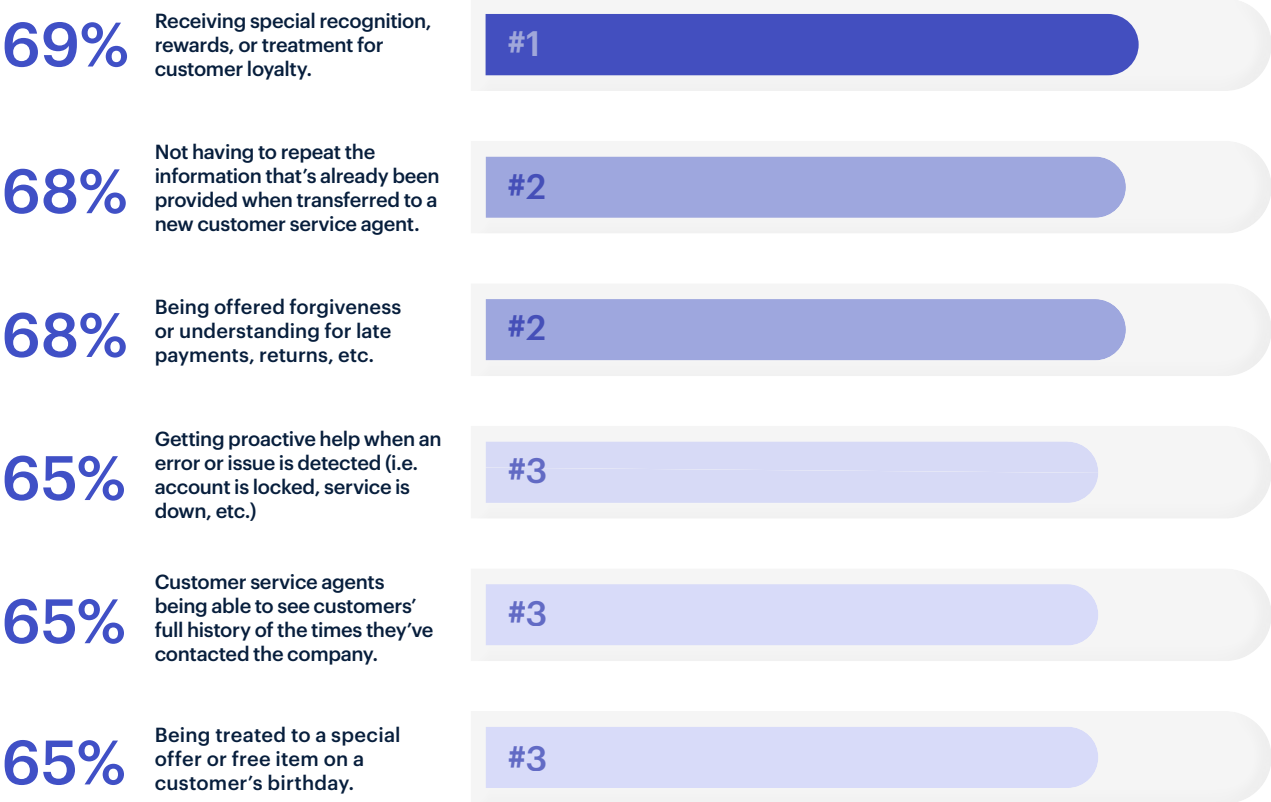
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Insight #1: Recognizing and remembering customers are two of the most effective personalization tactics.

Consumers want brands to remember their history and interactions, reward them for their loyalty, and streamline the customer journey by being responsive to their needs in the moment.

The Elements of Personalization That Matter the Most
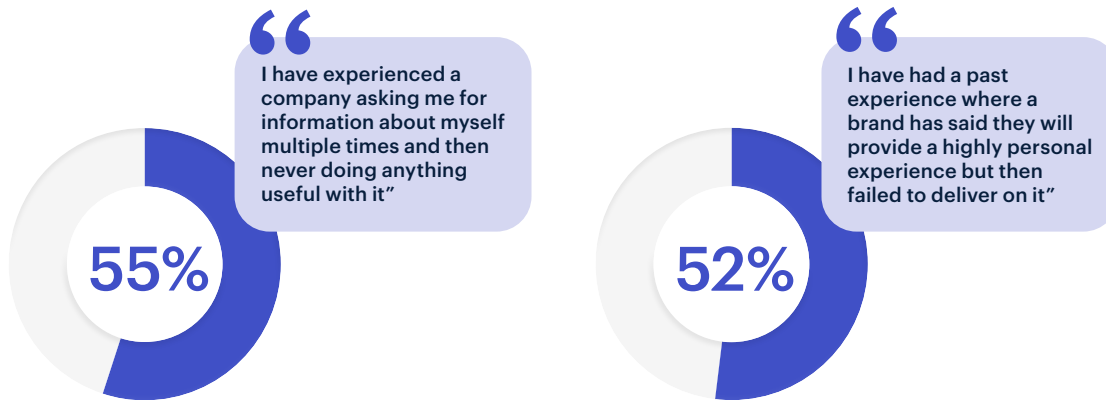
The following personalization strategies are most likely to have a positive impact on the customer experience.

About the table: Consumers were asked to rate a range of personalization factors on a scale of 1 to 5 of how positive an impact the personalization effort has on their experience. The following are the top elements (out of 34) that consumers rated as a 4 or 5, meaning personalization had a moderate (4) or strong (5) positive impact on their experience.

Percentage	Element	Rank
69%	Receiving special recognition, rewards, or treatment for customer loyalty.	#1
68%	Not having to repeat the information that's already been provided when transferred to a new customer service agent.	#2
68%	Being offered forgiveness or understanding for late payments, returns, etc.	#2
65%	Getting proactive help when an error or issue is detected (i.e. account is locked, service is down, etc.)	#3
65%	Customer service agents being able to see customers' full history of the times they've contacted the company.	#3
65%	Being treated to a special offer or free item on a customer's birthday.	#3

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Insight #2: Avoid overpromising and underdelivering on personalization.

More than half of consumers say brands have asked for their information multiple times without using it to personalize their experience. A similar share of consumers say that a company has made the claim that they would provide a customized experience but then failed to deliver.

"
I have experienced a company asking me for information about myself multiple times and then never doing anything useful with it"

55%

"
I have had a past experience where a brand has said they will provide a highly personal experience but then failed to deliver on it"

52%

From Medallia Market Research August 2023 Personalization Survey (n = 2001). "For each of the following, select the choice that best represents your feelings". % selecting agree or strongly agree (4 or 5) on 1-5 scale.

Personalization continues to be an opportunity for most brands

Personalization is a powerful strategy that can be used to strengthen both brand loyalty and fuel customer spend. There's a huge opportunity for brands to better recognize and remember customers — particularly during customer service interactions, throughout the digital browsing experience, and at key milestones, such as on customers' birthdays and as customers demonstrate their loyalty.

About the Study

Medallia Market Research gathered responses from 2,000 participants from August 9-11, 2023 using Medallia's CheckMarket survey platform and Medallia's Sense360 research panel.

Weighting has been applied based on U.S. census distribution of age and gender.

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.

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