

The State of **Personalization** **2024**





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Introduction

In 1997, IBM used machine learning to train a chess-playing robot that **defeated world champion Garry Kasparov**—an unprecedented achievement that shifted artificial intelligence (AI) from the realms of science fiction into the real world.

Shortly after, Amazon began leveraging algorithmic models to recommend products to customers based on previous purchases, search history, and browsing habits. And, in 2011, **Apple introduced Siri**, a personal assistant that utilizes AI/ML to understand and predict user commands and questions.

This technology has existed for decades, yet it seems to be suddenly advancing at a break-neck pace.

The answer lies in **Moore's Law**. First coined in 1965 by the co-founder of Intel, it hypothesized that computing power would exponentially increase, with transistor counts on microchips doubling approximately every two years.

More than 50 years later, as we witness the AI boom, this law continues to hold true. Microprocessing power has indeed progressed exponentially (no wonder **Nvidia's market cap is trillions of dollars**).

Now, you might be asking – what does this have to do with personalization?

Traditionally, our State of Personalization report has explored the interplay between consumer expectations and business capabilities, investigating what consumers expect from brands across their digital interactions, and whether businesses are equipped to deliver these personalized experiences.

This year, to help untangle the profound impact emerging AI/ML technologies are having on the market, we decided to shift course.

In this report, we surveyed 500+ business leaders from a diverse range of countries and industries, enabling us to tap directly into the minds of those steering the ship—the individuals that are shaping the future of personalization.

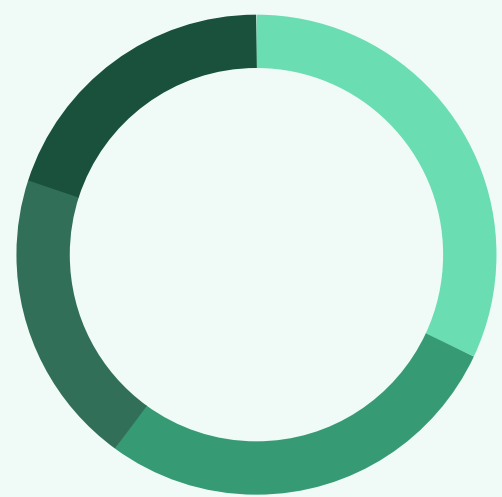
We highlight their perspectives and predictions on the evolving role of AI, the ripple effects of retiring third-party cookies, and the myriad challenges and opportunities that lie ahead.

In doing so, we aim to go beyond a summary of the latest trends in personalization and provide a roadmap to the future, illuminated by those who navigate these routes daily.



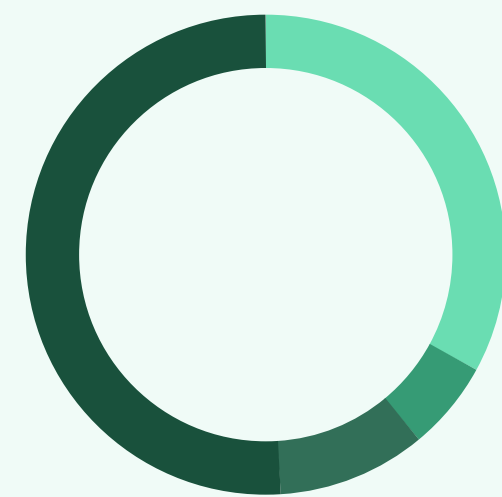
Methodology

- Segment conducted this research using an online survey prepared by **Method Research** and distributed by **RepData** among n=521 adults (age 18+) who are employed full time as B2B and B2C company directors or above in title.
- All respondents are from companies with more than 500 employees and are familiar with a company's customer experience, marketing tech, or customer data strategies.
- The sample was split between 12 countries: US, UK, Australia, Brazil, Colombia, France, Germany, Italy, Japan, Mexico, Singapore and Spain. Data was collected from April 8 to May 5, 2024.



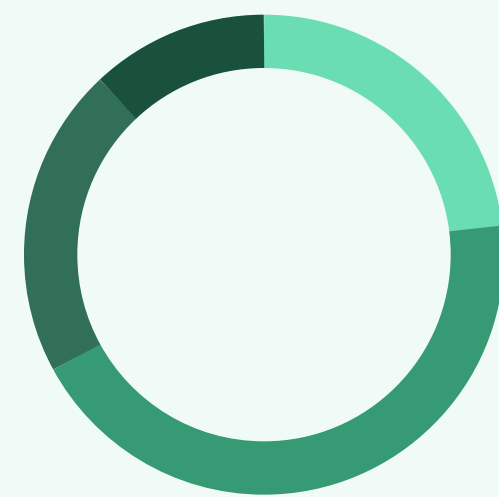
Region

North America	32%
Europe	28%
Asia/Pacific	20%
South America	20%



Company Size

500-999	23%
1,000-4,999	44%
5,000-9,999	21%
10,000 or more	12%



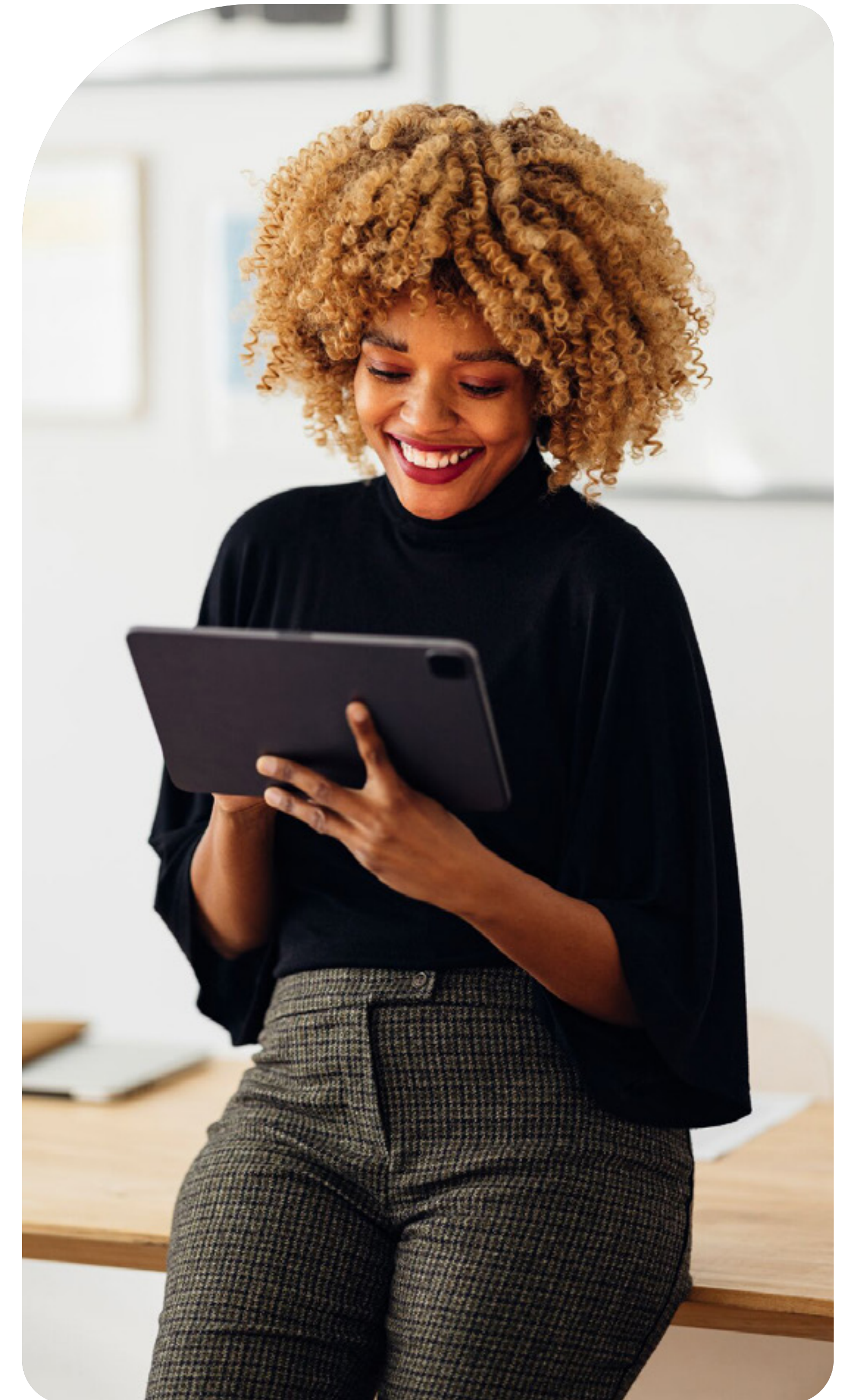
Job Title

C-level executive	33%
President	6%
Vice President	10%
Director	51%



Key Findings

- 1. Personalization remains as valuable as ever for business growth**
 - **89% of decision-makers** believe personalization is invaluable to their business' success in the next three years.
- 2. The AI wave will transform personalization as we know it**
 - **73% of business leaders agree**—AI adoption will fundamentally change personalization and marketing strategies.
- 3. Younger consumers want better digital experiences and more personalization**
 - **85% of businesses** are currently planning to adjust or optimize their marketing strategy to accommodate the unique needs and preferences of Gen Z consumers
- 4. Businesses that prioritize ethical AI use will separate the leaders from the laggards in the AI race**
 - **54% of companies** are addressing data privacy and ethical considerations in AI by implementing a data platform with robust privacy controls
- 5. The data warehouse + CDP: a powerful combination for personalization**
 - **Nearly half (48%) of respondents** are using a data warehouse while **72% are using a CDP** for personalization.
- 6. A look at the future: how AI will power our daily lives**
 - By 2025, **59% of businesses we surveyed** expect their teams to be using AI daily.



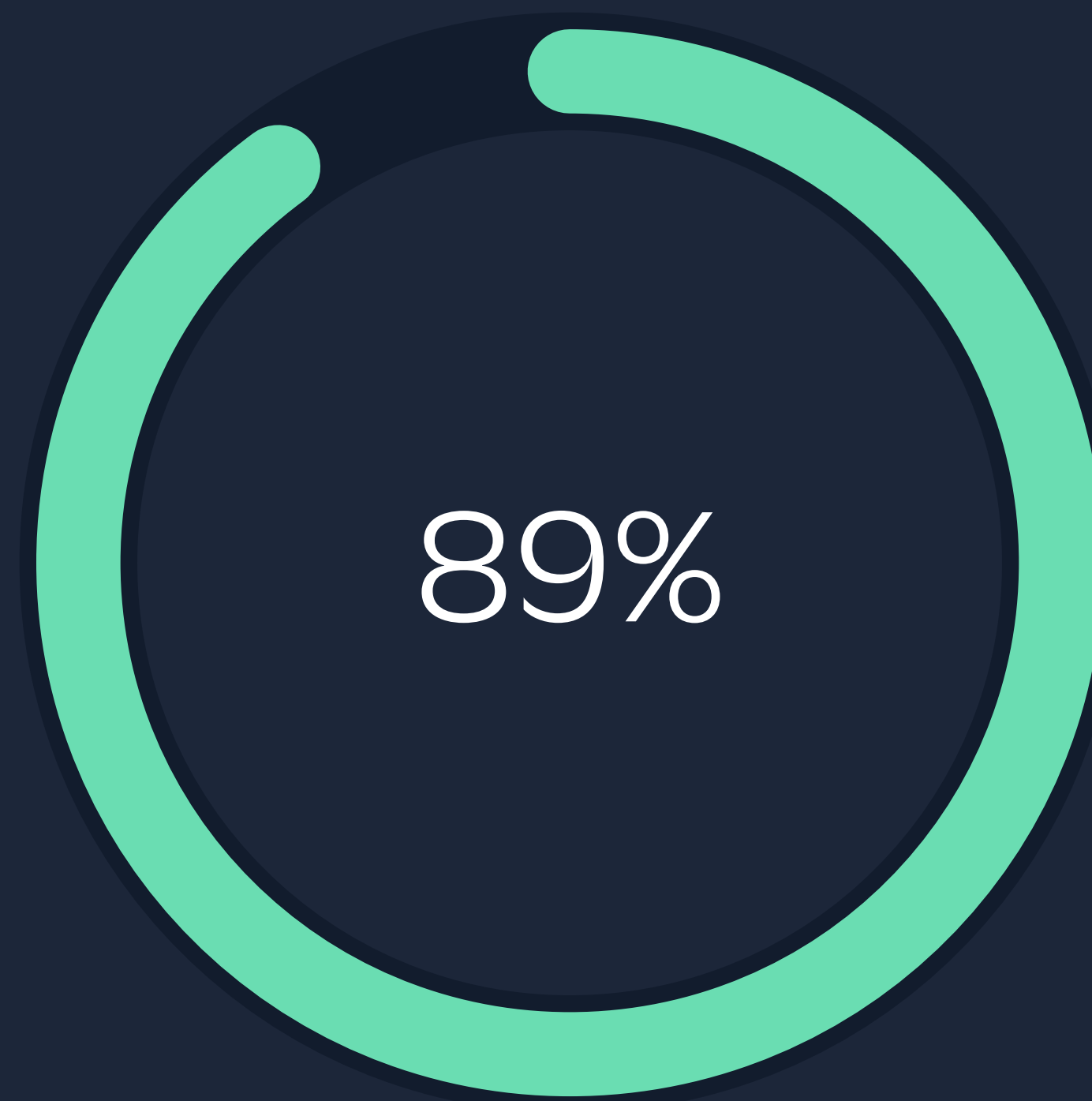


Personalization remains as valuable as ever for business growth

It's almost unanimous—89% of leaders believe personalization is critical to their business' success in the next three years.

This year marks our fifth-annual State of **Personalization** report. If we didn't believe in (or the data didn't support) the intrinsic value of personalization to business growth, we'd have called it quits long ago.

And, yet again, our findings show that if brands want to win over hearts, minds, and wallets, they need to ditch the one-size-fits-all approach to personalization. Instead, the goal is using data and technology to deliver that perfect blend of relevancy, authenticity, and anticipation.



of business leaders believe personalization is valuable to their business' success in the next three years

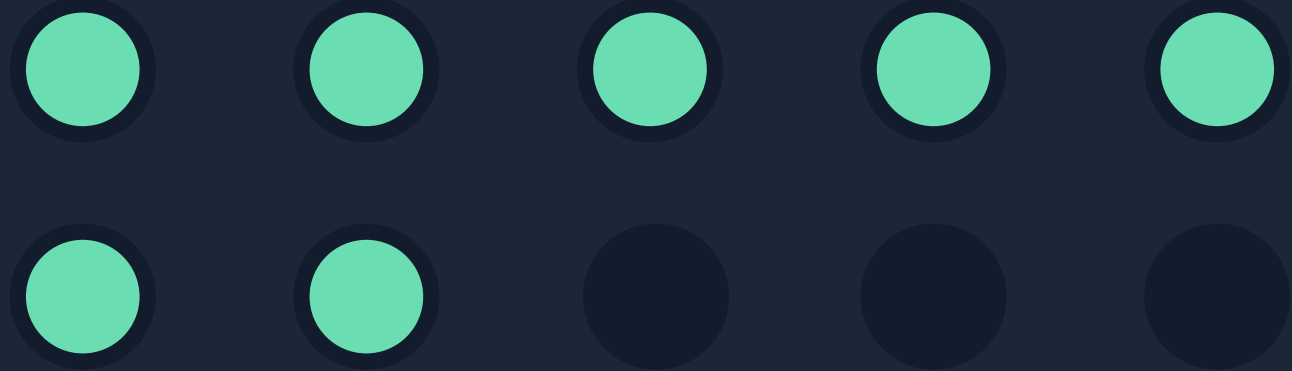


AI will fundamentally change personalization as we know it

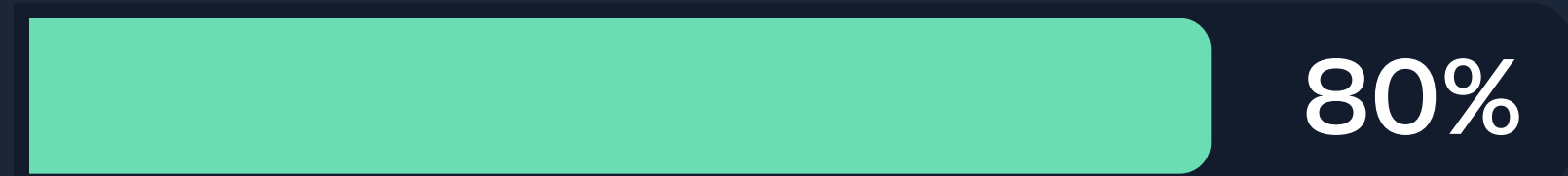
Over 70% of brands agree that AI adoption will fundamentally change personalization and marketing strategies, indicating that the business world is on the cusp of a real transformation.

These leaders understand that AI's ability to process massive amounts of data in real time will enable more predictive insights and customized engagement, fundamentally shifting how we interact with customers.

This shift will bring personalization to new heights, as companies use AI to anticipate needs, craft tailored experiences, and build deeper, more meaningful connections with their audience.



More than 7 in 10 (73%) brands agree: AI adoption will fundamentally change personalization and marketing strategies



of marketers plan to adopt more sophisticated metrics (customer lifetime value, emotional engagement, and brand affinity) to measure the effectiveness of personalization beyond traditional engagement and conversion rates.



“I often talk about data – it’s not like oil. To me, it’s more like water. You have a lot of water that’s not usable. You have a lot of things in data today that aren’t usable. Now, in order for AI to be really impactful in your organization, it has to start with data. Do you have clean data? Is that data pristine? Do you know the lineage of the data? Because, AI is nothing if it doesn’t have clean data to essentially build intelligence off of, particularly when you talk about generative AI.”

Jacqueline Woods

CMO, Teradata

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Source: [Good Data, Better Marketing Podcast](#)

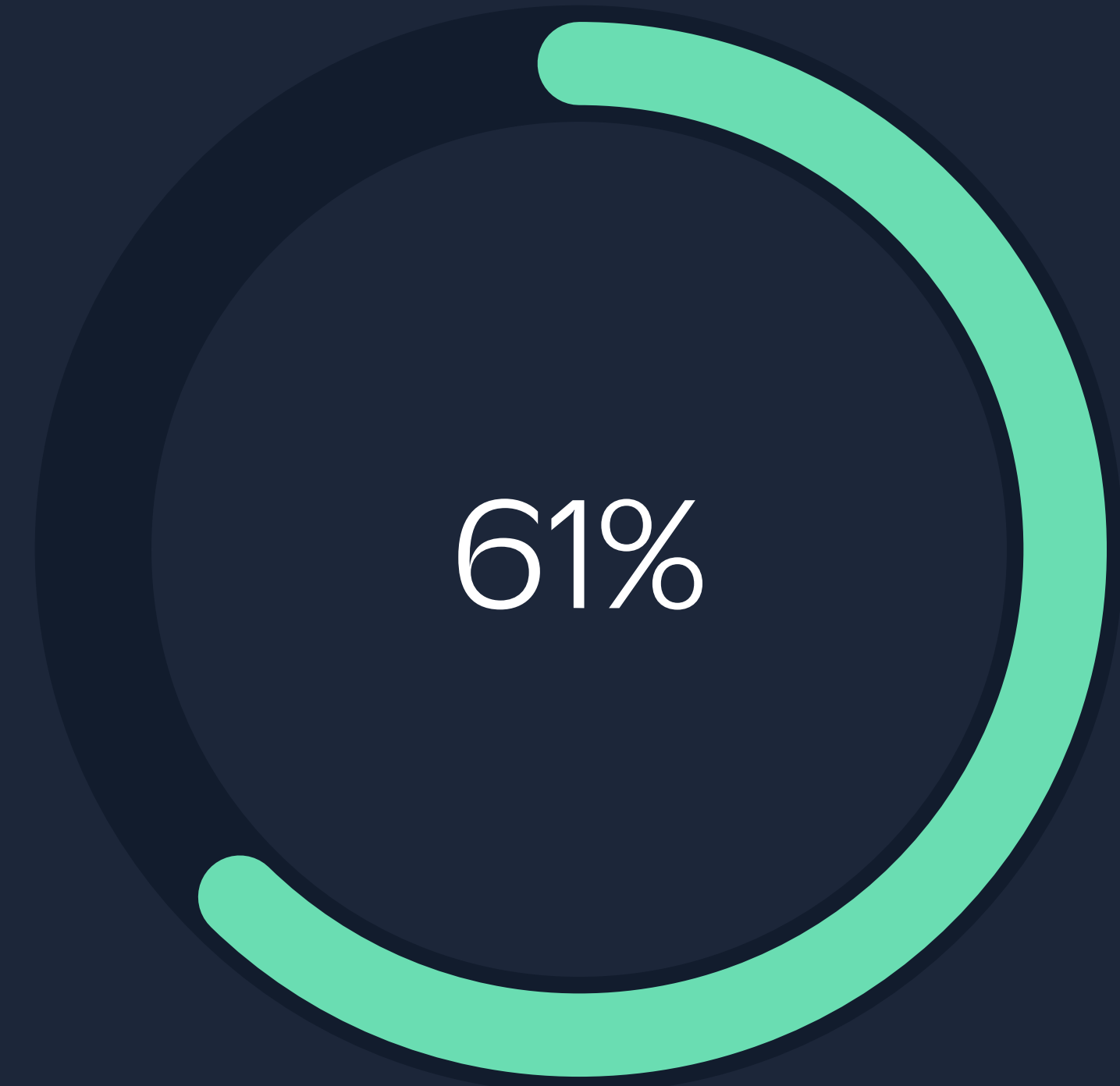


Garbage in, garbage out: the pitfalls of inaccurate data

61% of respondents may be losing sleep over the specter of inaccurate data muddying their AI-driven personalization efforts.

This concern underscores a universal truth in the realm of AI: garbage in, garbage out.

As businesses continue to lean on AI and machine learning for sharper customer insights, ensuring data accuracy is an absolute necessity to avoid the pitfalls of AI/ML algorithms trained on bad data.



of respondents are concerned about inaccurate data compromising the effectiveness of AI/ML for personalization





Predictive AI will be key in the cookieless future

As uncertainty over the fate of third-party cookies looms, 55% of business leaders believe that ramping up AI/ML for predictive analytics will be crucial to personalization in the future.

With or without these tracking crumbs, brands will still need to up their game in order to stay competitive in a crowded digital ecosystem.

The ability to power predictive analytics with first-party data will be integral, ensuring companies don't miss a beat in delivering relevant, timely interactions that build loyalty in a privacy-conscious world.



of business leaders believe personalization will require increasing the AI/ML for predictive analytics to address deprecation of third-party cookies



“Whether it’s building personalized experiences, nurturing customer loyalty, or deriving groundbreaking insights through AI, data is the fuel that powers businesses in the digital age.”

Evan Situ

Head of Data & Analytics, Apply Digital



INTUIT

“ We’re focused on using generative AI to interact with members to help answer their questions in a highly personalized way when shopping for financial products. Customers can interact, learn more, and ask questions to help make confident decisions. ”

Source: [Intuit earnings call 2/22/24](#)





Generational spotlight: younger consumers want better digital experiences

Gen Z has officially **“broken the marketing funnel”** with their distinct behaviors and values.

This generation demands authenticity, transparency, and engagement on their terms, favoring brands that stand for something beyond their products.

To effectively connect with Gen Z, companies must embrace a new playbook—one that transcends the traditional push tactics and embraces a more conversational, inclusive approach.

This shift towards a more dynamic and responsive personalization model shows that businesses are keenly aware of the influence and digital preferences of Gen Z consumers.

85%



of companies are currently planning to adjust or optimize their marketing strategy to accommodate the unique needs and preferences of Gen Z consumers



“Everyone wants real-time personalization. What that means is the data has to be real-time collected. Data has to be real-time processed. Data has to be real-time curated to be made of some sort of business sense to then activate on in real-time. To me, what matters more is less about whether it’s real-time, because just faster is not always better. It’s about how contextually relevant the message is being returned to the customer from the brand. That is more meaningful.”

David Chan

Managing Director, Deloitte Digital

Deloitte.
Digital



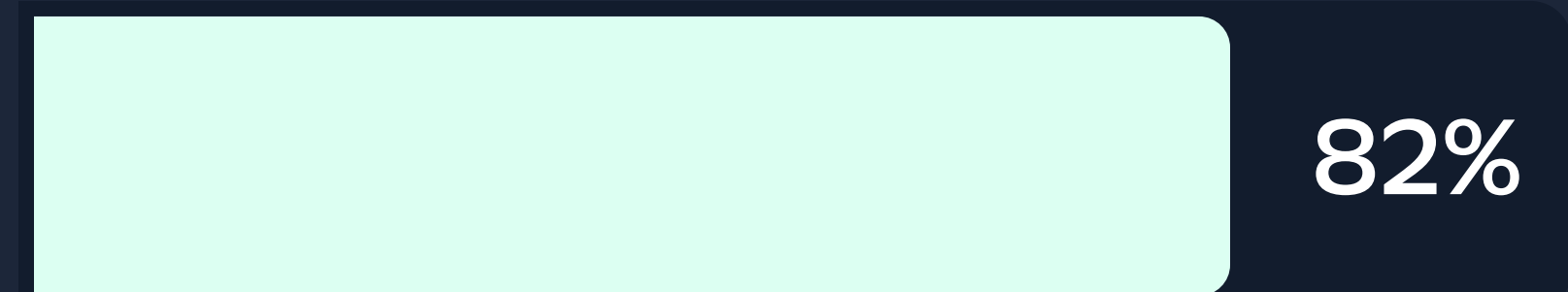
From reactive to predictive: a shift across the industry

Rather than simply responding to what customers have done, brands are pivoting to anticipate their next move. Predictive personalization flips the script, using AI/ML to craft experiences tailored to individual needs and preferences before the customer even asks.

This proactive approach allows brands to engage customers with precision, offering the right products and messages at the perfect time.



of business leaders expect a significant shift from reactive to predictive personalization across their industry



of companies emphasize the importance of embedding emotional intelligence into AI systems.



The data warehouse + CDP: a perfect match for personalization

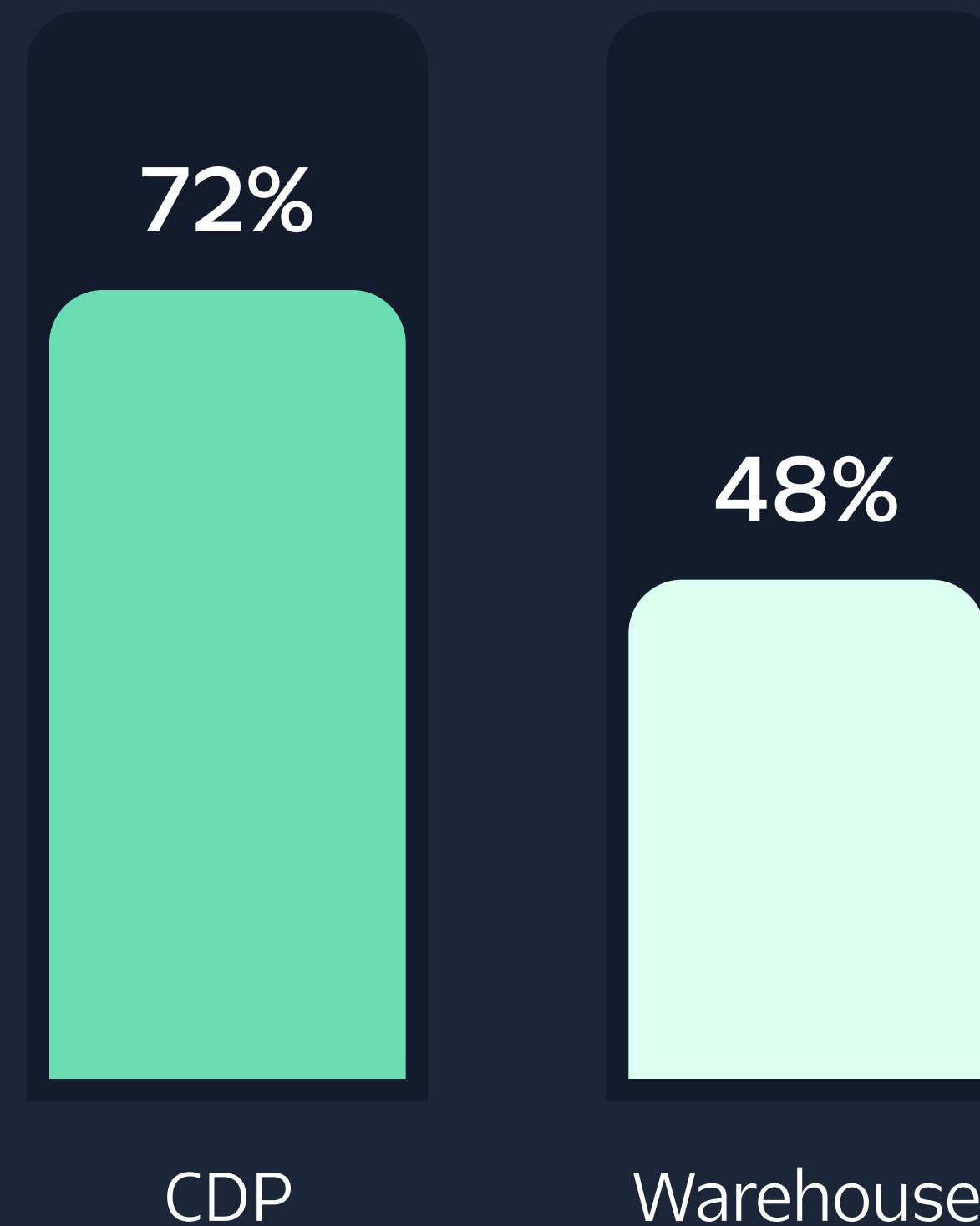
Despite ongoing debates framing CDPs and data warehouses as rivals, our experience suggests they are better together than apart.

In fact, the notion that using a CDP means sidelining a data warehouse couldn't be farther from the truth.

In practice, these technologies are thriving in tandem, enhancing one another's capabilities. A CDP's strength in handling real-time, customer data meshes seamlessly with the robust, scalable environment of a data warehouse.

This synergy allows businesses to harness the full spectrum of customer insights—blending real-time behavioral data with raw, unstructured data to create a more dynamic, responsive approach to personalization.

Which technologies are companies using for personalization?





“One of the most significant changes we’ll see in personalization in the next 3-5 years will be how AI influences and impacts the experiences companies are able to deliver to customers. Not only in terms of operational automation and gains in efficiencies, but also how the personalization delivered becomes more human-like across the entire experience. These advances to personalization and experience with AI and data at the center of enablement will shift how brands are able to realize their promise and mission to customers across all touchpoints.”

Lauren Schuler

General Manager, Americas at Verticurl

Verticurl



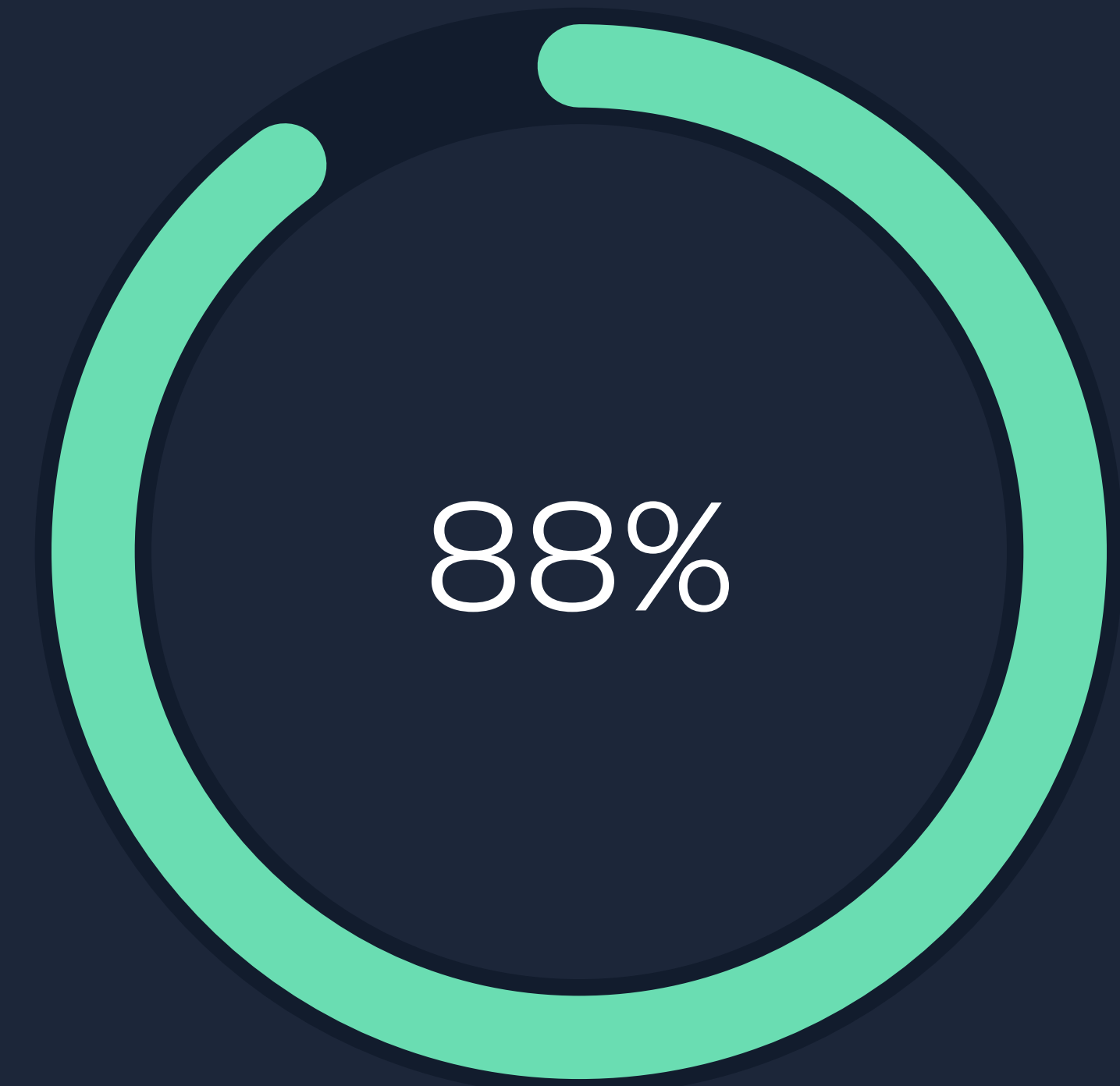
As investments ramp up, the AI wave is here to stay

With 88% of companies budgeting or planning to adopt AI/ML tools within the next year, the AI wave is here to stay.

Organizations recognize the urgency of integrating these technologies to keep pace with rapid changes in customer expectations.

Whether it's delivering smarter product recommendations, enhancing customer journeys, or automating repetitive tasks, brands are putting their money where the future is.

This widespread commitment to AI adoption signals a collective understanding that the ability to personalize and optimize in real time will become the competitive edge.



of companies are budgeting for or planning to adopt AI/ML tools within the next year

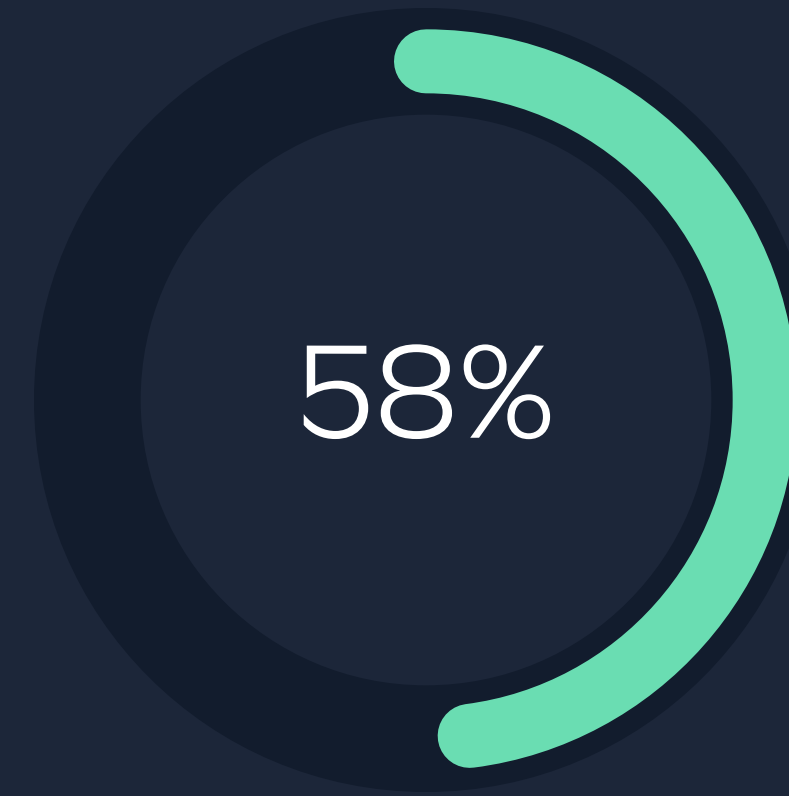


AI chatbots may be the next game changer in personalization

The majority (58%) of business leaders are placing their bets on AI chatbots as the next game changer in personalization technology over the next five years.

Our survey respondents envision a world where chatbots do more than just respond—they engage, understand, and anticipate the needs of users with a finesse that mimics a human touch.

The expected rise of chatbots signifies a shift towards more intelligent platforms that can manage complex customer relationships at scale, suggesting that the next big leap in personalization will be through conversational AI that knows just what to say, and just as importantly, when to say it.



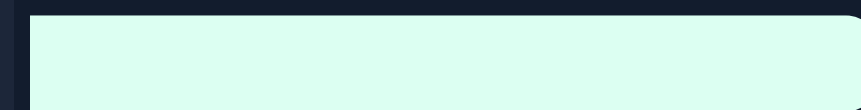
of business leaders believe that AI chatbots will be the most impactful AI-driven personalization technology over the next 5 years

AI-driven customer journeys



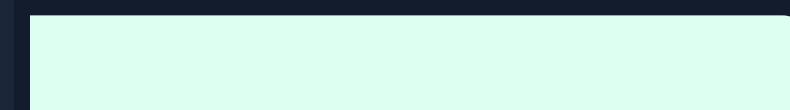
57%

Predictive analytics for product recommendations



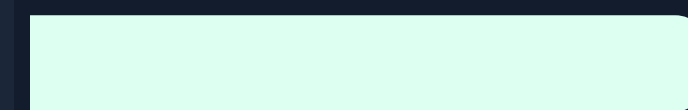
55%

Automated customer segmentation



45%

Dynamic pricing optimization



38%



“The new wave of advancements happening in AI today holds the promise of finally delivering on the ideal: a generative AI engine that is able to absorb everything we know about a particular prospect or customer, along with all the relevant content and information for a specific marketing campaign or program, and to synthesize a personalized message – an email, a web page, a mobile experience, a contact center engagement, etc. – that is wholly crafted for that specific person.”

Scott Brinker

VP of Platform, Hubspot





“ Another action we’re taking to drive acquisition momentum is through personalized offers. Our AI models enable us to target larger businesses with richer offers, both ensuring we deploy our investments efficiently and to increase response rates. ”

Source: [AMEX earnings call 4/19/24](#)



Data privacy and the ethical best practices for the adoption of AI

Just over half (54%) of brands plan to implement a data platform with robust privacy controls for the personal data used in AI/ML technologies.

By prioritizing data privacy, these companies can build trust with their customers, ensuring that personalization driven by AI comes with a strong promise of security and ethical responsibility.

This careful balance of innovation and ethical data use is set to become a competitive advantage, especially **as trust in AI wavers among consumers.**



of companies are addressing data privacy and ethical considerations in AI by implementing a data platform with robust privacy controls



of leaders predict ethical AI use will be a competitive business advantage



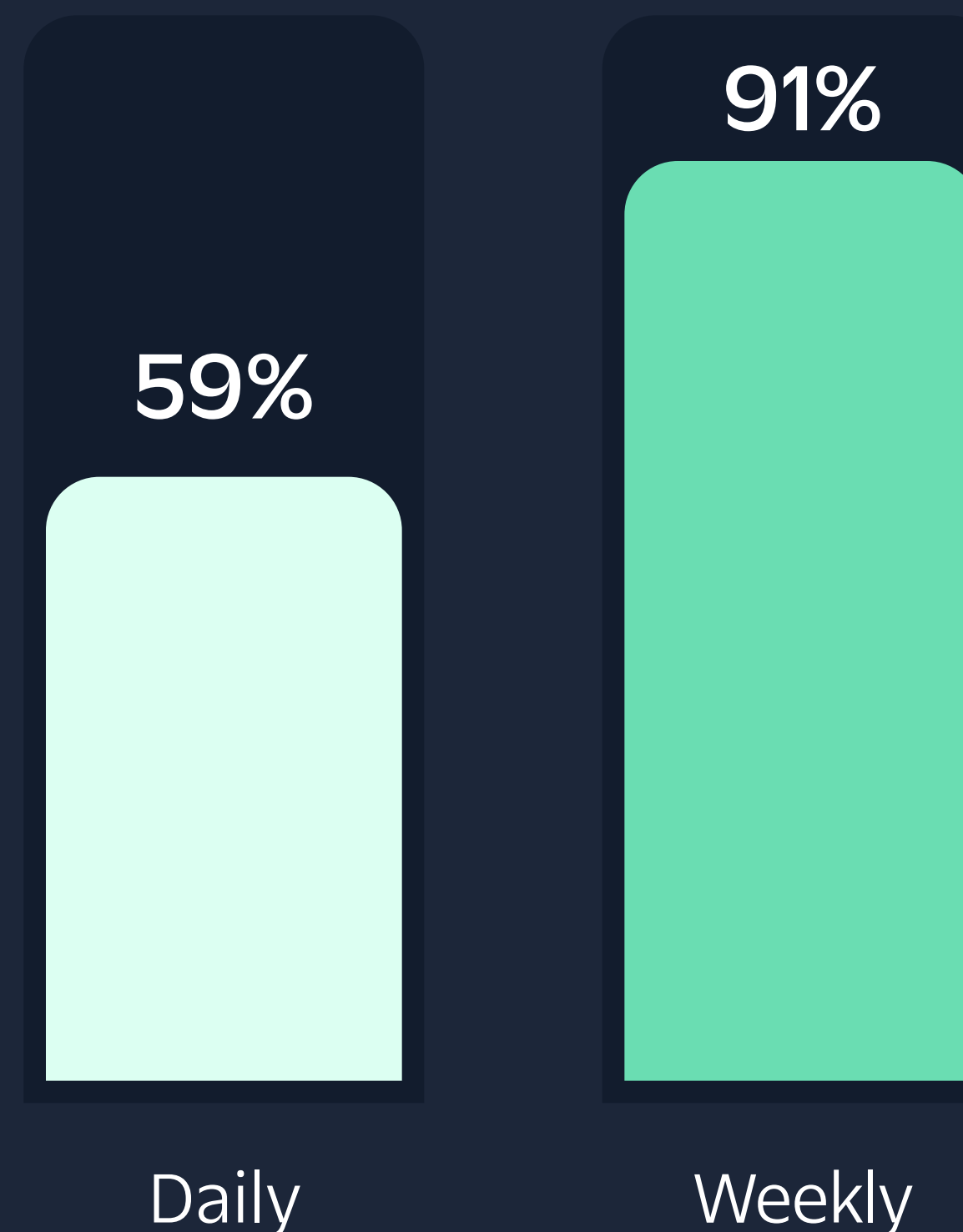
AI will be the silent partner across organization operations

By 2025, 59% of decision-makers surveyed expect their teams to be using AI daily, with 91% saying at least weekly. These predictions hint at a future where AI is a fundamental component of everyday operations.

From marketing to customer service, AI will become the silent partner embedded in teams' workflows, streamlining decision-making and personalizing customer interactions. This rapid adoption speaks to AI's growing accessibility and the pressure businesses face to keep up with evolving consumer expectations.

Companies are moving toward an era where AI tools will feel as indispensable as email, helping teams harness data-driven insights to deliver customer experiences that stand out.

We surveyed businesses to know how often their teams will be using AI in 2025





“Personalized interactions have long been a priority for companies. Recent advances in generative AI offer more than just a step-change in personalization, but a true transformative and generational change in how businesses engage customers. Now is the time for businesses to build a strong customer data foundation to seize the moment and exceed their customers’ expectations.”

Thomas Wyatt

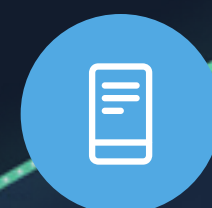
President, Twilio Segment



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Recommended Reading



The Customer Data Platform Report 2024

Our new Customer Data Platform report analyzes real data from the Twilio Segment platform (over 12 trillion API calls to be exact) to examine the biggest digital trends happening in customer engagement.

[Download the report>](#)



Digital Advertising in the Cookieless World

Learn how to deliver personalized and more transparent experiences in the absence of third-party cookies.

[Download the guide>](#)



How to Break Down Data Silos and Build a 360 View of Your Customer

In this webinar, we'll demonstrate how Twilio Segment's complete, real-time CDP helps break down data silos and give cross-functional teams unlimited access to unified customer profiles—allowing them to view user journeys across all platforms and channels and build more precise, personal experiences.

[Watch the webinar>](#)



Today's leading companies trust Twilio's Customer Engagement Platform (CEP) to build direct, personalized relationships with their customers everywhere in the world. Twilio enables companies to use their communications and data to add intelligence and security to every step of the customer journey, from sales to marketing to growth, customer service and many more engagement use cases in a flexible, programmatic way. Across 180 countries, millions of developers and hundreds of thousands of businesses use Twilio to create magical experiences for their customers.

For more information about Twilio (NYSE: TWLO), visit: www.twilio.com.

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