



Twilio Research Reveals Scale of AI Surge as 92% of Businesses Flock to the Technology

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Report Shows that Customer Loyalty is Increasingly Contingent on Personalization, Though Consumer Confidence in AI-Powered CX is Divided

SAN FRANCISCO--(BUSINESS WIRE)-- Businesses worldwide are eagerly embracing the potential for artificial intelligence (AI) to provide personalized customer experiences, but customers remain cynical, according to the fourth annual [State of Personalization Report](#) from Twilio (NYSE: TWLO), the customer engagement platform that drives real-time, personalized experiences for today's leading brands.

This year's report underscores the value of an AI-driven personalization strategy for brands looking to both retain existing customers and acquire new ones, especially in today's competitive market. Sixty-two percent of business leaders cite customer retention as a top benefit of personalization, while nearly 60% say personalization is an effective strategy for acquiring new customers. Consumers also increasingly confirm the value of personalization, with 56% saying they will become repeat buyers after a personalized experience, a 7% lift from last year's report. These findings clearly point to a growing opportunity to build customer loyalty and lifetime value by engaging consumers with tailored experiences. During this time of uncertainty in the macro economic climate, businesses shouldn't let potential ROI like this pass them by.

The report also shines a light on how a staggering amount of businesses are experimenting with AI to differentiate and drive business growth, but it also provides guidance on how to get this right, starting with the critical need to raise consumer confidence in the technology.

Stark disconnect in AI confidence

To power even more sophisticated real-time customer experiences, the vast majority of businesses are turning to AI to harness high volumes of real-time data and power their personalization efforts. According to the report, 92% of businesses are now using AI-driven personalization to drive business growth. However, a disconnect exists between this enthusiasm and the comfort level of consumers: only 41% of consumers are comfortable with companies using AI to personalize their experiences, and only half (51%) of consumers trust brands to keep their personal data secure and use it responsibly.

To effectively leverage intelligence technology in a way that strikes a balance with the current comfort level of consumers, businesses must first establish a baseline of trust about the data used to deliver that personalization.

"Today's consumers are savvier than ever, and their demand for real-time, personalized experiences is growing by the day. More than ever before, we're hearing and seeing that customer loyalty hinges on effective personalization," says Katrina Wong, VP of Marketing at Twilio Segment. "While our report shows that businesses are racing to implement AI-powered personalization, and reaping benefits like boosting customer lifetime value as a result, it's crucial they don't overlook the importance of trust and transparency. Informed by real-time, first-party data that's utilized thoughtfully and responsibly, AI has the potential to augment and enhance the toolkit of every marketer and CX professional in the industry, and to usher in a category of next generation, fine-tuned, customer experiences that drive sustainable growth."

Quality and privacy: Getting AI-driven personalization right

AI-driven personalization is only as good as its underlying dataset, and without robust data, customer experiences will likely miss the mark for consumers. It's a real challenge: half of companies report that getting accurate data for personalization is a struggle, an increase of ten percentage points compared to 2022, and 31% of businesses cite poor quality data as a major obstacle in leveraging AI. Meanwhile, accuracy (47%), speed of real-time data (44%), and customer retention or repeat purchases (44%) were the top metrics of successful AI-driven personalization.

To improve AI results and personalization overall, companies need to invest in data quality, leveraging effective, real-time data management tools, and continuing to increase their use of first-party data.

The report also highlights how businesses such as [Camping World](#) and [Toggle](#), a Farmers Insurance Group company, recognize the importance of preserving trust while continuing to improve personalization. Almost all of the companies surveyed (97%) are taking steps to address consumer privacy concerns, demonstrating a commitment to responsible data use. The most popular step is investing in better technology, such as Customer Data Platforms, to manage customer data.

Appetite for AI: Gen Z call for AI-infused experiences

One tremendous opportunity for AI-driven personalization is in engaging Gen Z consumers. Growing up with smartphones and tablets at their fingertips, this demographic of digital natives expect unparalleled digital experiences. Gen Z is an especially welcoming demographic for brands, as they are both more influenced by personalization and more willing to embrace AI. In fact, a third (34%) of Gen Z consumers already expect AI to be used in their experiences with brands.

For example, Gen Z consumers are much more likely to say that personalized experiences have influenced them to make a purchase than other generations:

- Gen Z - 72%
- Millennials - 66%
- Gen X - 57%
- Boomers - 42%

And, almost half (49%) of Gen Z consumers say they're less likely to make a repeat purchase if an experience is not personalized.

Meanwhile, Gen Z consumers are much less likely to say that they are uncomfortable with AI being used to help brands personalize their experiences:

- Gen Z - 15%
- Millennials - 24%
- Gen X - 34%
- Boomers - 43%

Consumers today want to feel valued and understood, and personalization is a key tactic to achieve that. Businesses are clearly excited by the potential of AI to accelerate their ability to tailor experiences to the unique preferences and behaviors of each customer, but for this to be successful, brands will also need to get consumers on board. With consumer comfort levels lifted by AI that is thoughtfully and responsibly implemented, and informed by high quality data, brands will be able to create a deeper connection that translates into increased spending and brand loyalty.

The full State of Personalization Report can be downloaded [here](#).

Coming up: CDP Live

Join us on May 10, 2023 for Twilio Segment's virtual half-day summit, CDP Live, where we will bring leaders from Meta, Nextdoor, Snyk, and more to the virtual stage. These experts will share insights on retaining customers, driving sustainable growth, and the future of AI-powered personalization. Discover actionable strategies that will help you navigate 2023 and beyond to win in a competitive market. [Save your seat today!](#)

Methodology

Twilio's State of Personalization Report is based on two surveys conducted by Method Communications in March 2023. A consumer survey targeted 3,001 adults who purchased something online in the past six months. A business survey targeted 500 business managers and decision-makers at consumer-facing companies that provide goods and/or services online. Survey respondents were from Australia, Brazil, Colombia, France, Germany, Italy, Japan, Mexico, Singapore, Spain, United States, and the United Kingdom.

About Twilio Segment

Twilio Segment's Customer Data Platform (CDP) provides companies with the data foundation that they need to put their customers at the heart of every decision. Per IDC, it's the world's #1 CDP for 2021 market share. Using Twilio Segment, companies can collect, unify and route their customer data into any system where it's needed to better understand their customers and create seamless, compelling experiences in real-time. Tens of thousands of companies, including FOX, IBM, Intuit, and Levi's use Twilio Segment to make real-time decisions, accelerate growth and deliver world-class customer experiences. For more information, visit <https://segment.com>.

About Twilio

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 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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