Twilio Report Reveals Ethical Use of AI Will Be a Competitive Business Advantage

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Consumer demands shift business leaders' focus to predictive, emotionally intelligent and customized engagements

SAN FRANCISCO--(BUSINESS WIRE)--Jun. 18, 2024-- Twilio (NYSE: TWLO), the customer engagement platform that drives real-time, personalized experiences for today's leading brands, today released its annual State of Personalization Report, which highlights perspectives and predictions from business leaders across twelve countries and a diverse range of industries. The report, now in its fifth year, underscores how evolving consumer demands are driving business leaders to focus on delivering predictive, emotionally intelligent, and highly personalized customer experiences. AI is central to this shift, with businesses utilizing more dynamic models and metrics, enhancing interoperability between tools such as Customer Data Platforms (CDPs) and data warehouses, and prioritizing data privacy and the ethical use of AI.

With AI becoming ubiquitous across industries, Twilio's research shows that 89 percent of respondents believe ethical use of AI can be a competitive business advantage, and over half (54 percent) of business leaders said they are addressing consumer concerns around data privacy and ethical considerations in AI by implementing robust privacy controls. Twilio's recent State of Customer Engagement Report found that almost half (49 percent) of respondents said they would trust brands more if they openly disclose the use of customer data and AI-powered interactions. With a careful balance of innovation, transparency, data privacy, and ethical best practices, organizations can maintain consumer trust as they leverage AI to deliver better customer experiences.

"Personalization is table stakes in the world of marketing. Today's consumer not only expects brands to understand them, but they want brands to anticipate their needs and AI is making that a reality," said Robin Grochol, VP Product Management at Twilio. "In our latest State of Personalization Report, we found the majority of business leaders are making the shift from reactive to predictive personalization to help them deliver on increasingly sophisticated and dynamic consumer demands."

Gen Z's preference for more personalization has fundamentally changed brands' marketing

The report also found Gen Z (18-27 year olds) are setting the trends that will shape the future of engagement. A generation of digital natives that grew up immersed in tech, Gen Z hold massive buying power and are breaking the traditional marketing funnel with their unique preferences, including higher expectations for authenticity, transparency, and engagement on their terms. It's clear that businesses are receiving the message, as 85 percent of companies currently plan to adjust or optimize their marketing strategy to accommodate the unique needs and preferences of Gen Z consumers.

Predictive personalization, emotional intelligence, and other key trends are transforming personalization

In alignment with the demands of the Gen Z consumer, 86 percent of business leaders expect a significant shift from reactive to predictive personalization across the industry. Brands are pivoting to anticipate what's next from consumers, using AI/ML to craft experiences tailored to individual needs and preferences. This proactive approach allows brands to actively engage customers with the right messages at the right time.

Artificial intelligence equips businesses with the ability to process massive amounts of data in real-time, providing the needed insights to craft dynamic engagement with customers. This is fundamentally changing the way brands can and will interact with customers. As part of this shift, 82 percent of leaders emphasize the importance of embedding emotional intelligence, or the ability to respond to human emotions, into AI systems. Additionally, 80 percent 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.

From marketing to customer service, the report found AI will become the silent partner helping companies address consumer expectations and harness data-driven insights to deliver targeted personalization. Additional findings include:

- 73 percent of business leaders agree that AI will change personalization and marketing strategies.
- 58 percent of business leaders believe that AI chatbots will be the most impactful AI-driven personalization technology over the next 5 years.
- By 2025, 59 percent of businesses surveyed expect their teams to be using AI daily.
- 72% of companies are using a customer data platform (CDP) for personalization while 48% are using a data warehouse. A CDP's strength in handling real-time, customer data meshes seamlessly with the robust, scalable environment of a data warehouse providing a dynamic approach to personalization.

Learn more about AI's impact on personalization and read the full report, here

Methodology:

Twilio Segment conducted this research from April 8 to May 5, 2024 using an online survey prepared by Method Research and distributed by RepData. The survey targeted 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.

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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