

ISSUE 8 / 07.2024

thread

Measuring the impact

Personalization 2030

The perfect blend

Elevating experiences

A new spin on
personalization

KIN+ CARTA



Hello – welcome to issue 8 of

thread

In a world of endless choices and shrinking attention spans, personalization can feel like a holy grail for both brands and consumers. A way to cut through the noise and focus on what's truly relevant. But what does data-driven personalization really mean? Are we finally moving beyond segmenting audiences and developing a deeper understanding of individual preferences and behaviors?

In this issue of Thread, we dive headfirst into the complex realm of personalization, exploring its promises, pitfalls, and the emerging technologies shaping its future. From the rise of generative AI to the ethical considerations surrounding data-driven decision making, our expert contributors offer diverse perspectives on this evolving landscape.

You'll discover how leading organizations are leveraging AI and machine learning to deliver hyper-personalized experiences at scale, while grappling with challenges such as data integration, governance, and regulatory compliance. We also examine the delicate balance between personalization and user privacy, and the importance of transparency and control in building brand trust.

But personalization isn't just about technology; it's a strategic necessity that requires a fundamental shift in mindset and organizational culture. This edition shares insights on fostering a data-driven, customer-centric approach, and the role of multidisciplinary teams in designing personalization solutions.

As we look to the future, one thing is clear: personalization will become an integral part of our daily lives, evolving beyond digital retail to become part of commerce in every industry. Get ready to embark on a journey that will challenge your assumptions and inspire you to reimagine the way you connect with your customers.

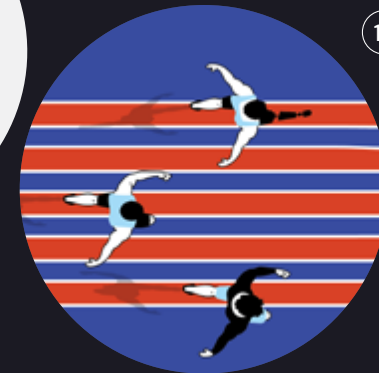
Your editors,
Emma Melling and **Samantha Troman-Mason**

In this issue...

④ The perfect blend



⑫ Personalization 2030



⑭ Measuring impact



⑱ The way FWD

⑥ Elevating experiences



The perfect blend

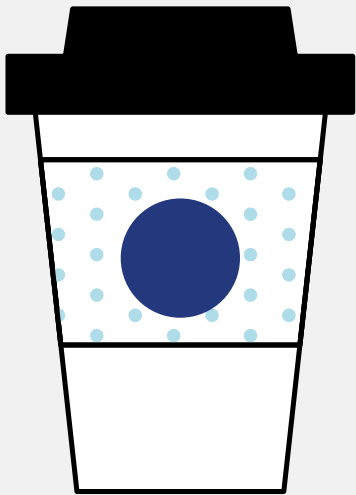
Defining personalization in an omnichannel world

Personalization refers to the process of tailoring experiences, content, and interactions to individual customer preferences. When done well, it drives customer satisfaction and loyalty by turning casual interactions into engaging experiences. Let's explore the foundational concepts that are shaping the future of customer experience.



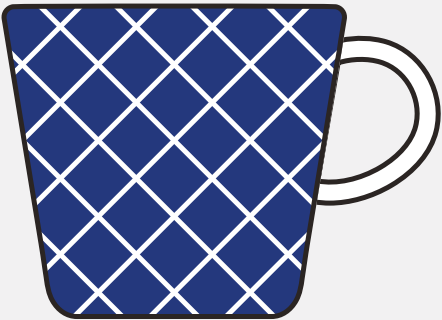
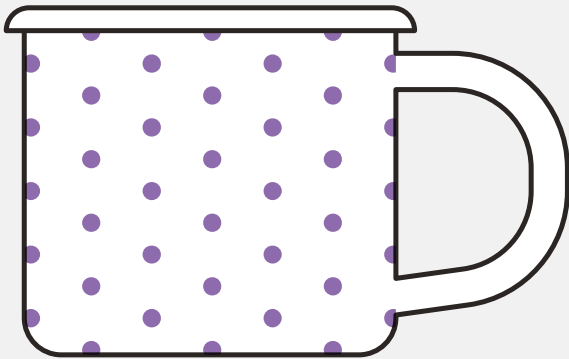
Content delivery network (CDN)

A CDN distributes content across multiple servers worldwide, ensuring quick and efficient access. In personalization, CDNs deliver user-specific content seamlessly, enhancing the overall user experience.



Customer data platform (CDP)

A CDP collects and unifies customer data from various sources to create a comprehensive view of each customer. This data can be used to deliver personalized experiences across different touchpoints.

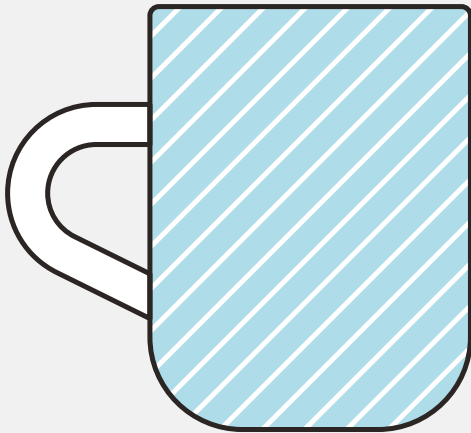


Personalization engines

Personalization engines use AI and machine learning to analyze data and deliver relevant content. They move beyond generic messaging to speak directly to individual preferences.

Omnichannel personalization

Omnichannel personalization integrates data from all touchpoints to create a seamless customer journey. It ensures a unified experience across mobile apps, websites, and physical stores.



Zero-party data

Zero-party data is explicitly provided by customers, offering accurate insights into their preferences and expectations. It enhances trust and aligns well with data privacy regulations.

Elevating experiences

A new spin on personalization
by Mary Ellen Slayter

What do people remember about a great consumer experience? Not coupon codes or push notifications, but how the experience made them feel. Free dessert on your birthday is a nice perk, but it's the joy of sharing that dessert with your friends that makes it memorable.

Technology makes that experience possible, of course—the restaurant's systems have your birthday on file and surfaced that to the staff. But what makes that experience magical is the combination of technology and humanity.

Smart brands know this: Customer experience ranked as a top three investment priority for retail leaders in [Kin + Carta's 2024 Leadership Priorities in Tech report](#). Done well, personalization can help you better understand your customers, build and nurture relationships based on trust, and turn even the most mundane transactions into memorable experiences.

Get closer to your customer

Successful personalization strategy begins with a strong data foundation

that allows you to deeply understand the preferences of your customers. Purchase history, browsing behavior, and customer feedback are just a few of the useful types of information that brands can analyze to better understand what drives their customers.

Traditionally, personalization meant creating audience segments and sending out marketing campaigns via social media, third-party cookies, or emails. But as consumer expectations evolve, companies are shifting towards micro-segmentation. Instead of just looking at demographics, they're considering psychographic patterns and individual preferences. "The big challenge now is how to scale this hyper-personalization effectively," says Ankit Jain, Data, Analytics & AI Sales Leader at Google Cloud. "That's where generative AI steps in, helping companies manage

the complexity of delivering personalized experiences at scale."

By integrating structured data (such as purchase history) and unstructured data (such as social media interactions), it becomes possible to develop a holistic view of your customer and unlock actionable insights from that data to create natural and intuitive customer experiences. "The tech can now just eat that unstructured data alive and give you really useful data points and signals that you can use to drive much better personalization," says Karl Hampson, Chief Technology Officer, Data & AI at Kin + Carta.

When the tech is that powerful, the limiting factor in developing your personalization program becomes focused on business questions: What value are you trying to create through personalization?

“When you start personalization by thinking about the tech, rather than thinking about the value, you’re just going to tie yourself in knots,” says Heather Ryan, Lead Data Consultant at Kin + Carta. “You’re better focusing on what’s going to give you the biggest reward, identify the data you need to execute that, and then do that one use case, start to finish.”

That means your personalization team shouldn’t be limited to technologists. Make sure you’re pulling in people across specialties, including design, product, and customer service. This inclusive approach helps teams check for strategic alignment, avoid biases, spot potential issues quickly, and optimize the customer experience, all while setting the stage for implementing universally beneficial designs.

“What’s really important is making sure that you’ve got a multidisciplinary team who are involved in the design of the system,” says Ewan Nicolson, Director of Data & AI at Kin + Carta. “You need human intervention throughout. You don’t need somebody babysitting the thing because you’ve designed it in such a way that equity is baked in.”

“The big challenge now is **how to scale** hyper-personalization effectively.”

And that level of care is going to become even more important as we move away from personalization solely based on records of past behavior and start using zero-party and first-party data to develop fine-grain personalization models that can adapt in real-time to changing preferences.

Consider how Chipotle uses first-party data to customize its loyalty program offerings. By 2022, 60% of promotional offers sent to loyalty members were personalized. In 2023, Chipotle expanded on this through the “Freepotle” program, which generated 10 personalized rewards throughout the year. The company gets additional data with every interaction to further tailor and personalize reward offerings and product selections during the ordering process.

Build a foundation of trust

Personalization can magnify the power of customer relationships, but it can also amplify the downsides of betrayed customer trust and lost data. Plus, bad personalization feels invasive. “Just because you can do personalization doesn’t mean that it’s actually a better experience,” Nicolson says. “A lot of the time it can come across as a bit creepy.”

To overcome that creep factor, focus on relevance and utility. Every interaction should feel to the customer like it’s a natural part of their journey. For example, every online retailer wants to deliver relevant product recommendations to regular customers. But those marketing messages need to feel like nudges along a path they’re choosing—not

IMAGES: ALEXANDER SPATARI/GETTY; BUENA VISTA IMAGES/GETTY; YUSUFADI/ADOBE STOCK



one they’re being forced down. If someone buys a set of dumbbells, personalized content about resistance bands or exercise mats would likely be received positively.

However, if you send that same customer personalized emails about weight-loss supplements, they may feel insulted, question how their data is being used, and opt to disengage.

Instead of making assumptions, design personalization programs that show why you can be trusted. Consistently tailoring offerings to individual preferences helps customers feel valued and understood—and they expect no less.

“At the end of the day, deep personalization means building a relationship with that individual consumer, understanding them at an intimate level, and then delivering value through their lens,” says Ryan Estis, who advises Fortune 1000 financial services and retail brands on customer-centered growth.

That level of empathetic personalization goes beyond merely addressing the needs of specific customer segments. It involves understanding and anticipating the diverse needs of all customers, ensuring that your personalization efforts are inclusive and beneficial to the widest possible audience.

Those two requirements might seem like a contradiction, but we can often reconcile them by borrowing from a concept in urban planning known as “the curb-cut effect,” in which accessibility-friendly changes for one group can benefit much larger audiences. (The name comes from the way that making sidewalk curbs accessible for wheelchairs also improved access for parents with strollers, delivery workers, cyclists, and many others.)

For example, a retail brand may design its app to include the option to turn on audio messages primarily to serve the visually impaired, but then find that other customers choose to activate that feature for their own reasons.

From mundane to memorable

Personalization transforms businesses by helping them deliver relevant and engaging customer experiences. Consider the streaming recommendations you receive. “If you log into Netflix on your account versus someone else’s it reveals the stark difference in how well Netflix understands your preferences,” says



Mona Champaneri, Senior Vice President of Experience and Product at Kin + Carta.

However, Mike Carden, CEO of employee experience platform Joyous, notes that we still see major limitations with this kind of individual focus. "Personalization today is designed around individuals, but humans often behave in groups. For example, Netflix

can work out what to recommend to an individual reasonably well. But when it comes to deciding on something to watch together with even one other person, it fails."

For personalization to really work, Carden says, we'll need to start understanding how to provide the right things for people as parts of the various groups they move in. "Anyone

in a relationship almost never decides what to have for dinner by themselves."

These same principles apply to more than just what we watch and where we dine. Consider agriculture, where farmers need specific, constantly updated information about weather conditions, soil health, and crop cycles. But that's only one possible vector for personalization.

A lot of marketing to farmers still relies on stereotypes, notes Michelle Filla, Global Engagement Marketing Director at Bayer's Digital Farming Organization. "How do we know that the farmers aren't turned off if we always portray them in overalls and a straw hat in our marketing content? They may not love that stereotype because it's not like that anymore."

Personalization allows for a path to escape that trap. "Imagine a time in the future where we capture the color of the tractor that all of the farmers have that are our customers, and they only see ads that look like themselves that look like their farms," says Filla. With access to that level of individual customer data, we can now achieve mass personalization at scale, says

"Deep personalization means building a relationship with that individual consumer, understanding them at an intimate level, and then delivering value through their lens."

Lindsay Ratcliffe, Managing Director, Europe at Kin + Carta. When customers receive highly relevant offers and communications, this strengthens the relationship with the brand. "If you're getting customized interactions, communications, and product offers, then obviously you'll stay with that company longer than a company who's doing generic rubbish."

Great personalization programs reflect the personality of your brand and your customers and that requires combining behavioral data with an understanding of your audience's emotional needs. Consider the financial sector, which is dominated by data but is also an extremely emotional and personal matter for clients. Banks and financial advisors already analyze client data to better understand spending habits, investing history, and financial goals. The result isn't just tailored investment recommendations

based on financial principles—it's also personalized advice based on the client's life circumstances and goals.

Note that each of these industries uses technology to further existing relationships, not to replace them. "At the end of the day, I still am trying to create customer intimacy and get closer to my customers," Estis says.

Consumers are increasingly looking for that level of connection across all touch points, whether they're in a store or online, notes Ankit Jain, Data, Analytics & AI Sales Leader at Google Cloud. "This has become a table stakes expectation."

However, it's impossible to consistently deliver that kind of integrated experience when the data that could power it remains siloed and scattered across different parts of the organization, he says. Even when data

is brought together, it's inconsistently used by different teams—data analytics might drive insights, but personalization developers often lack full access. "Building a strong data foundation is critical."

Embrace a future of personalized experiences

Personalization blends technology, trust, and empathy to meet and exceed customer expectations. Use AI and machine learning to surface data-driven insights. Combine that with a human touch to interpret, communicate, and apply those findings in meaningful ways that customers understand.

Personalized experiences should reflect customer priorities—remembering their favorite products, offering timely reminders, and providing the highest levels of customer support. Every touch point should demonstrate how your business understands customers and cares for them. When you achieve personalization with purpose, you'll intentionally create interactions that are relevant, respectful, and genuinely valuable—every time. □

Personalization 2030: What does the future hold?

For your brand to thrive in 2030, you'll need to understand how personalization is evolving, including how artificial intelligence (AI) will accelerate their ability to customize, tailor, and automate customer experiences.



Tailored exactly to your tastes

"Customization in the future doesn't mean everyone's going to get an email or an update. It's going to be targeted and personalized. There's going to be more tailoring of which customers are activated to receive content, what that content is, and how the communications or the presentation of the experience can be fine-tuned for them."

Richard Bownes, Principal – Data & AI, Kin + Carta



My AI will talk to your AI ...

"My AI is going to know what I'm in the market for at the moment, what my preferences are, and I get a beautifully filtered view of the world because the assistant knows I'm going to buy a new car, or maybe the TV broke this morning, and I don't have to deal with all of the noise."

Karl Hampson, Chief Technology Officer – Data & AI, Kin + Carta



Embedding into the product experience

"Next, we need to enhance our understanding of the product experience. Are our recommendations aimed at improving discoverability or enhancing user satisfaction? I'd love to focus more on these aspects, rather than simply applying personalization because it's possible."

Mona Champaneri, Senior Vice President – Experience and Product, Kin + Carta



Not just about shopping

"Personalization will become a holistic discipline that recognizes shopping as a single moment in a larger experience composed of many moments. We'll harness AI and chaotic data insights to anticipate needs, foster deeper connections and drive engagement across multiple spheres, from employee experience to customer experience."

Bret Starr, CEO, The Starr Conspiracy, author of *A Humble Guide To Fixing Everything In Brand, Marketing, And Sales*



Enabling great human connection

"AI and automation won't replace the human side of personalization; these tools will free up people to devote more time and attention to the moments that matter for customers at a wider scale."

Ryan Estis, author of *Prepare for Impact* and F1000 advisor on human centered growth

Measuring impact

by Jacob Beauchamp

Personalization is the new battleground for customer loyalty, with businesses combining data, technology, and real-time insights to create tailored interactions. But how do we measure the true impact of an enterprise personalization strategy?

The stakes are high, with customers skeptical of whether personalization is a good deal for them. In fact, 54% of people believe what they get from retailers isn't worth the personal data they provide to loyalty schemes.

With the right approach, personalization can go from

buzzword to a real driver of lasting customer relationships that have a significant impact on your bottom line.

Tie metrics to key business outcomes

Personalization should always support the business, from driving conversions, boosting revenue, or reducing customer churn. "I've seen a lot of clients get really excited about personalization and say, 'We need to do this,' but they often don't know why or understand the outcome for the customer," says Ewan Nicolson, Director of Data & AI at Kin + Carta.

Start by understanding what you want to achieve, then align these efforts with strategic goals. Identify key performance indicators (KPIs) and which metrics will most accurately reflect the success of personalization initiatives. "If you can't connect personalization to business outcomes, you might be doing it for personalization's sake," says Jared Johnson, Strategy Director at Kin + Carta.

Here are some key metrics to help you connect your personalization initiatives to the broader business.

Customer retention: Repeat purchase rates and subscription

renewals can show whether personalization efforts improve customer retention over time and build long-term loyalty.

Sales and revenue: Relevant metrics include: conversion rates, average order value, and total revenue generated from personalized campaigns.



Customer satisfaction and engagement: Net Promoter Score (NPS), customer satisfaction surveys, and engagement metrics (e.g. click-through rates, time spent on site) show how customers perceive and interact with personalized experiences.

Broaden your horizon

As you measure personalization results, don't limit yourself to immediate metrics like click-through rates or the most recent sales data. Look at the long-term effects on customer experience and brand loyalty.

"When you start off in the right way, by focusing on the value, measuring the impact becomes easier because you have already identified a goal. Then it's just about tracking the relevant metrics," says Heather Ryan, Lead Data Consultant at Kin + Carta.

Personalization affects deeper aspects of customer relationships, such as brand affinity and customer lifetime value (CLV), for a more comprehensive view of your campaigns. To capture this, consider metrics that indicate sustained engagement and loyalty over time:

Customer journey metrics: Assess the entire customer journey to identify how personalization impacts different touch points. Relevant metrics include purchase history, time to first purchase, frequency of interactions, and the length of time customers engage with your brand.

Churn rate: Lower churn suggests that personalized experiences resonate with customers and encourage them to stay.

IMAGES: SHAWN HEMPEL/ADOBE

Customer feedback and sentiment analysis: Tools that analyze customer reviews, social media mentions, and direct feedback can show how customers perceive personalization efforts.

Engagement depth: What happens after the initial engagement? For example, do personalized messages or recommendations lead to further action, such as cross-sells or users exploring additional products or services? This can help gauge the true impact of personalization on customer behavior.

Test, learn, and iterate

Effective personalization requires continuous testing and refinement. Start small, iterate based on feedback. For example, segment your audience to test which groups respond better to specific tactics or levels of personalization.

Over time, you'll see how personalization drives behavioral changes, such as shifts in purchase patterns or increased engagement

with tailored recommendations. For example, a company that wanted to move toward e-commerce could start by segmenting its customer base to provide customized experiences, depending on if they were already loyal buyers of the brand or just getting familiar with it.

Get specific with your testing. Deploy personalization rules to infer the positive, neutral, or negative impact of your strategies on standard engagement and personalization KPIs. Start by measuring changes in metrics such as bounce rates, time on page, and pages per visit after implementing personalization efforts.

Gather qualitative and quantitative data. Collect customer feedback through surveys or direct interactions, so you can fully understand your audience's perception of personalized shopping experiences. Pairing metrics with customer stories will generate comprehensive insights into your personalization strategy and your overall marketing approach. □



“By focusing on the value, measuring the impact becomes easier because you have already identified a goal.”





The way FWD

**Karl
Hampson**



CTO Data & AI,
Kin + Carta

Personalization is no longer a novelty. Today, it's an essential component of customer engagement, shaping how brands connect with their audiences on a deeper level.

The challenge ahead is clear: How do we continue to innovate in personalization without crossing a line that triggers discomfort or distrust? As we've explored in this issue, the answer lies in striking a balance between technological advancement and human empathy. Personalization must feel natural and respectful, enhancing the customer experience without feeling intrusive.

Looking forward, AI and machine learning will continue to revolutionize personalization. These technologies will enable B2C and B2B brands who have invested in building strong data foundations to deliver highly tailored experiences at scale, predicting customer needs before they arise and crafting interactions that feel genuinely personal. Yet, with great power comes great responsibility. Brands must navigate the fine line between helpful and invasive, ensuring that their use of data is transparent and trustworthy.

The future of personalization also promises greater integration across all touchpoints. Imagine a world where your preferences are seamlessly recognized whether you're shopping online, visiting a store, or interacting through social media. This level of cohesion won't only improve customer satisfaction but also foster loyalty and trust.

However, technology alone won't drive the next wave of personalization. It'll require a cultural shift within organizations—towards greater collaboration, continuous learning, and a relentless customer focus. Leaders must champion these changes, fostering environments where innovation thrives and where every team member is empowered to deliver exceptional, personalized experiences.

The key to success will be maintaining a customer-centric approach. By prioritizing the needs and preferences of your audience, you can create personalized experiences that exceed expectations. Let's use personalization as a bridge to deeper understanding and connection, ensuring that every interaction leaves a lasting positive impact on our customers. □

About Thread

Thread is produced by Kin + Carta—a global digital transformation consultancy.

We support forward-thinking businesses with a focus on growth, inclusivity, and sustainability. Our consultants, engineers, and data scientists bring the power of technology, data, and experience to the world's most influential companies. Together, we help organizations accelerate their digital roadmaps, rapidly innovate, modernize systems, empower teams, and optimize for continued growth.

Kin + Carta was recently acquired by experience innovation leader Valtech.

For more information, visit www.kinandcarta.com.

Find us on:



© 2024 Kin + Carta

KIN+CARTA

Certified



Corporation

Building a world that works better for everyone.