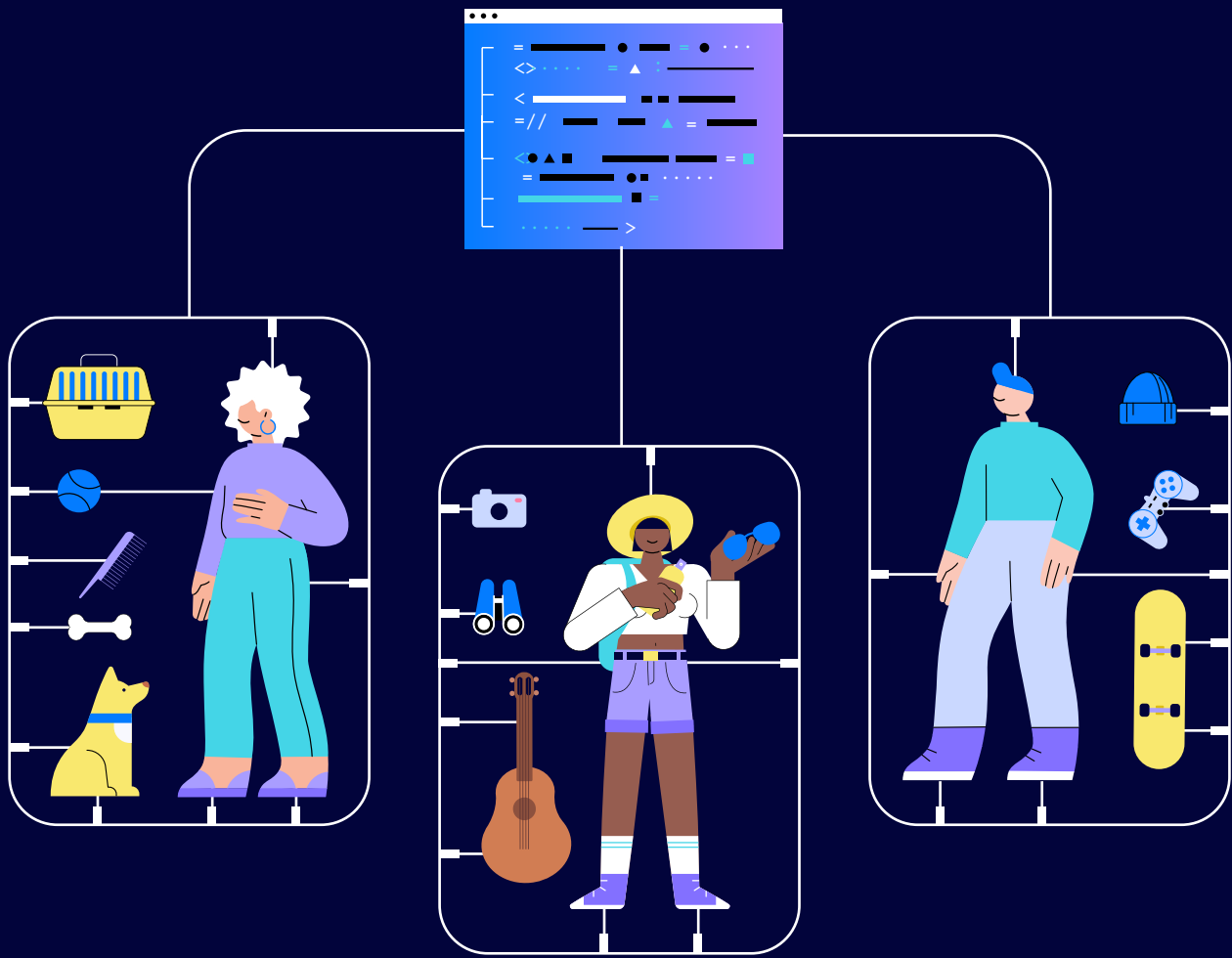
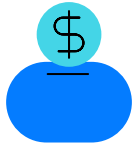


The Personalization Playbook

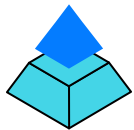
2025 strategies for smarter,
scalable personalization



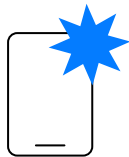
Key findings



Reducing costs continues to be a key focus for IT leaders in 2024, with **41% of respondents naming it their highest priority for the year.**



When it comes to ranking their digital agility, **just 1% of IT leaders would consider their company a digital leader**, with the majority – 45% – stating their processes are convoluted, manual or built on legacy infrastructure.



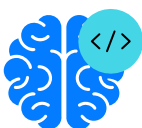
Continuing to improve personalized customer experiences is also high on retailers' agenda for 2024, with respondents prioritizing **email, mobile app and web** as their **top three channels for personalization.**



But struggles to offer good personalization persist, with **IT leaders citing budget constraints as their biggest challenge**, followed by customer privacy concerns and unusable or limiting tech.



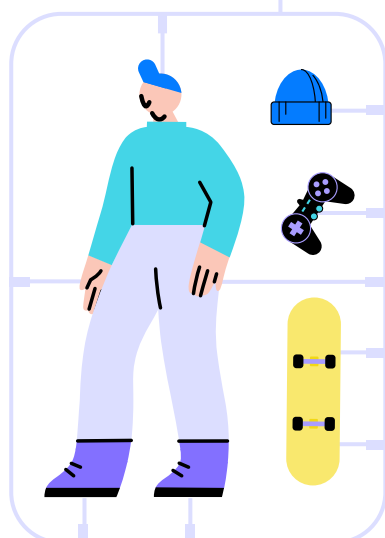
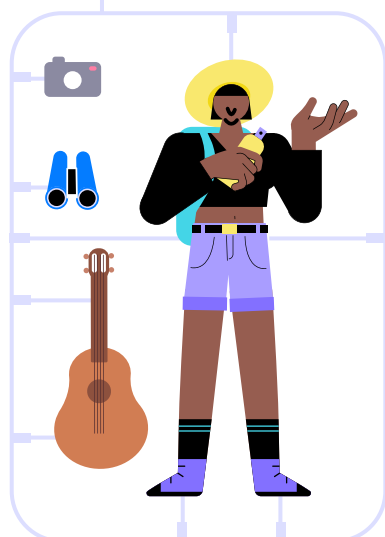
To help combat this, **74% of IT leaders are looking to improve their tech stack in 2024** to offer better personalization.



Retailers have been quick to see the potential of AI to boost their personalization efforts: a huge **65% of respondents said they are already using AI for personalization tasks**, with another 30% still exploring its capabilities.



The research also shows an opportunity for tech & marketing teams to work more closely together to deliver personalized cross-channel customer experiences: just **25% of respondents said their teams currently work collaboratively on personalization projects.**



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Introduction

Retailers face tough headwinds going into 2024. Price sensitivity in the face of inflation remains a challenge, with consumers in many markets [continuing to curb spending](#). A saturated retail landscape and fickle customers mean [brands can no longer rely on brand loyalty](#). And while offering personalized customer experiences is now a baseline consumer expectation, retailers still struggle to put their personalization strategies into practice.

At the same time, 2023's Black Friday [shoppers spent a record \\$70.9 billion in global online sales](#), far exceeding the retail industry's expectations. And in the last year, the widespread adoption of AI has been a huge boon for the sector – especially given its potential to deliver personalized customer experiences, from pricing to advertising.

To help make sense of the retail industry as we head into 2024, Talon.One, [Bloomreach](#) and [Orium](#) polled 400 IT leaders working in the sector on their priorities and challenges ahead.

With McKinsey data showing that companies who excel at personalization [generate 40% more revenue](#) from those activities than average players, we focused on how IT leaders are approaching personalization. Given that personalization drives better performance and better customer outcomes, how are tech teams making sure their infrastructure supports, rather than hinders, their approach? Our report covers all this and more.



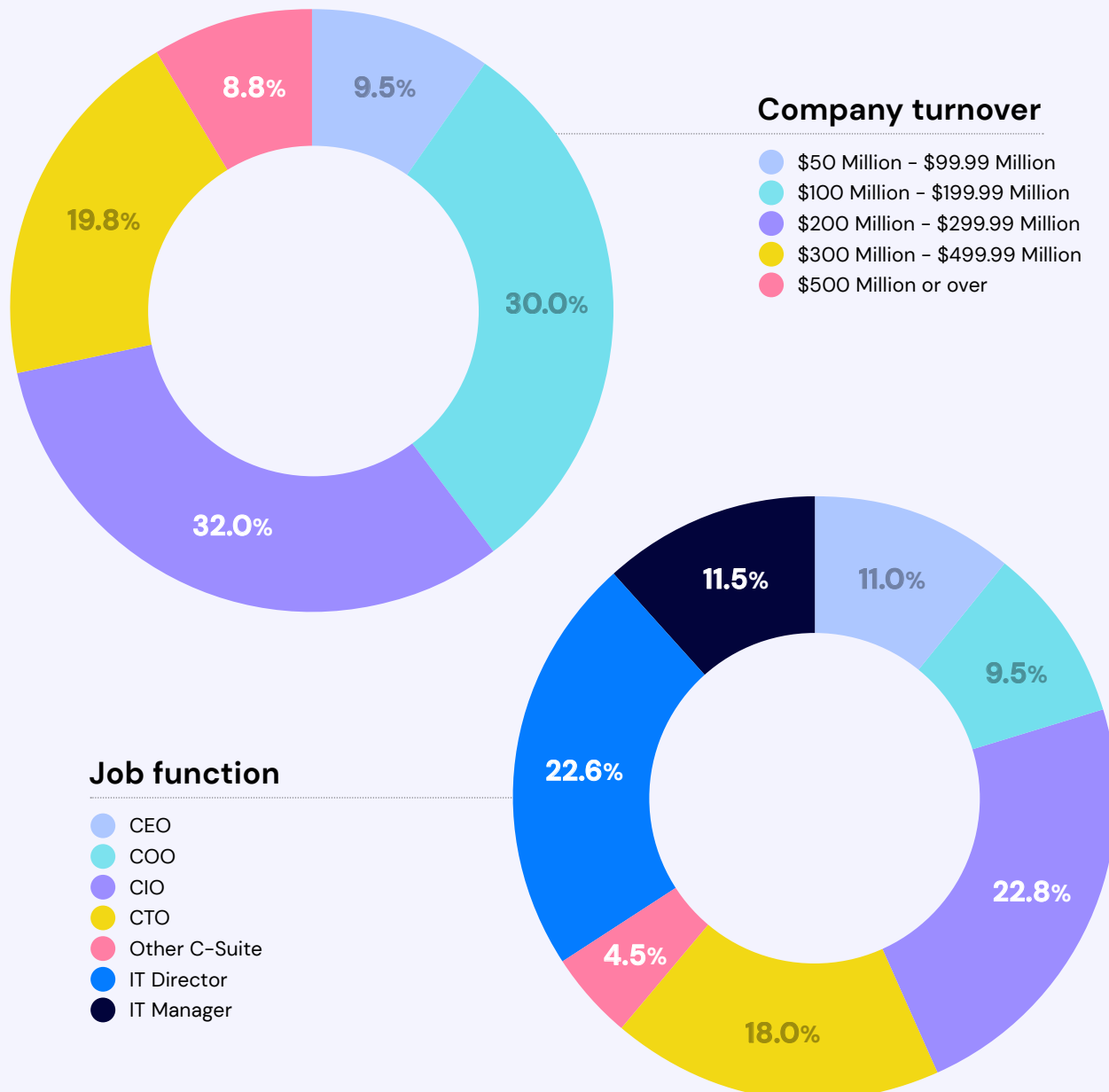
“With data from the US, the UK, Canada and Germany, our report is designed to help you benchmark your goals against others’ in the industry, and help you understand how your peers are approaching cross-channel personalization.”

Christoph Gerber, CEO, Talon.One

Methodology

The research was conducted by Censuswide in November 2023. Censuswide surveyed 400 senior IT & tech leaders in B2C retail companies with USD 50mil+ in annual revenue across the UK, USA, Canada, and Germany (100 in each market).

About the respondents



1

Pulse check:

Retailers' priorities heading into 2024

After a turbulent 2023 in the retail sector, the first findings from our research spotlight where retailers' priorities will lie in the coming year. **Increasing employee efficiency** is top of the list when it comes to company-wide priorities, followed by **increasing customer retention** and **increasing average order size**.

When it comes to goals within their department, IT leaders named **reducing costs** as their top priority, followed by **reducing developer dependency for non-developer tasks**.

	Top 5 priorities for companies (ranked)	Top 5 priorities for IT leaders within their departments (ranked)
	1 Increasing employee efficiency	Reducing costs
	2 Increasing customer retention	Reducing developer dependency for non-developer tasks
	3 Increasing average order size	Improving their tech stack for scalability
	4 Improving the customer experience	Improving or investing in their omnichannel capabilities
	5 Decreasing customer acquisition costs	Reducing technical debt





Against a backdrop of economic uncertainty, the urge to cut costs is hardly surprising. Reducing developer dependency also makes sense: developer resources are most impactful working on your core product. But retailers can't afford to pull back

completely, or they risk falling behind the competition. While it's important to reduce costs, this shouldn't be at the expense of tech progress – and IT leaders should be prepared to build and challenge business cases for their infrastructure changes.

It's a sentiment echoed by Keith Johnston, VP Group Director at Forrester, [who advocates tech leaders to](#) "defend those dollars and redeploy the funds toward modernizing your tech stack, with customer value and business growth in

mind". To that end, research shows that 88% of the most advanced organizations plan to significantly increase their infrastructure and operations investment, compared to 63% of their traditional peers.

How do the top priorities of retailers differ across markets?

	Company goals	Tech department priority	
	Increasing employee efficiency	Improving or investing in omnichannel capabilities	
	Improving the customer experience	Reducing costs	
	Increasing employee efficiency	Improving or investing in omnichannel capabilities	
	Increasing customer retention	Reducing developer dependency for non-developer tasks	

Both US and UK respondents are increasingly focused on topics like employee productivity and omnichannel, which aligns with what we see in these markets when it comes to adoption of MACH principles.



"Providing seamless omnichannel experiences will continue to be a top priority for retailers next year. This means that helping their business functions work more efficiently and effectively will also play a role in retailers' strategy. Now's the time to invest in a lean tech stack and focus on how your brand can reach customers beyond email. Taking these steps towards a more agile business model will give brands the edge they've been looking for."

Anirban Bardalaye, Chief Product Officer, Bloomreach

2

Digital leader or laggard?

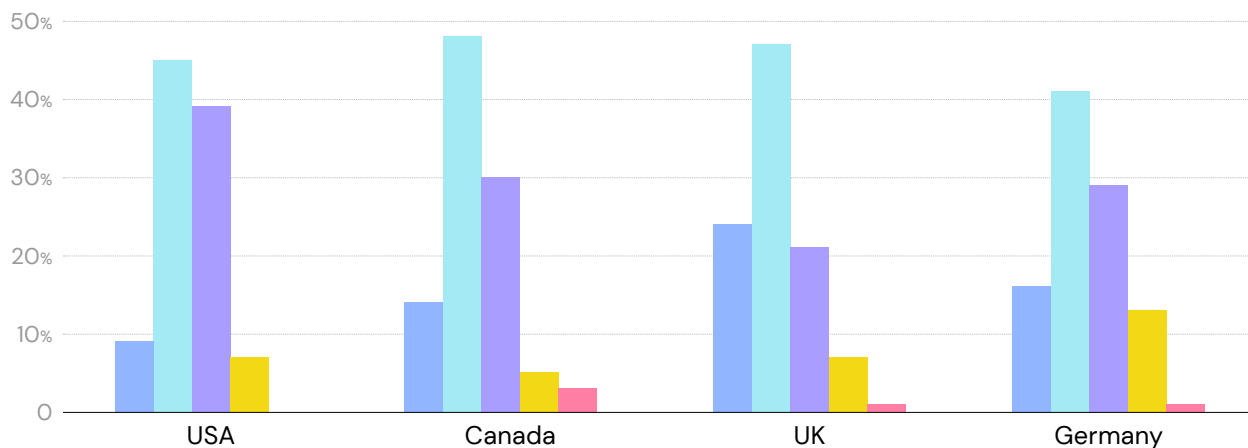
How IT leaders view their digital agility

Next in the survey, we were curious to hear how IT leaders would rank their retailers' digital agility. **Just 1% of respondents would consider their company a digital leader**, with the majority – 45% – stating their processes are convoluted, manual or built on legacy infrastructure. A further 30% said they had a mix of legacy and up-to-date digital processes.

Canadian retailers were most confident in their digital agility, with 3% considering themselves a digital leader. The UK had the highest share of respondents who considered their companies digital laggards, at 24%, followed by Germany with 16%.

On a scale of 1–5, how would you rank your company's digital agility?

- 1 – I consider my company a digital laggard
- 2 – Many of our processes are very manual or built on legacy infrastructure
- 3 – We have a mix of legacy and up-to-date digital processes
- 4 – Our digital practices are industry standard
- 5 – I consider my company a digital leader



The results echo those from [Mercaux's Pulse of Retail report](#) last year, which found that composable architecture – what many would consider the peak of digital agility – was important for 91% of retailers surveyed, yet only 2% claimed to be fully composable.

A recap on composable commerce

In the early days of e-commerce, companies favored monolithic, one-size-fits-all architecture with easy access to all the classic e-commerce features in one place, such as payment solutions or loyalty program software. But any changes or updates to these e-commerce systems requires heavy developer involvement, leading to backlogs, slow rollouts and increased costs.

The need to be responsive has led companies to turn to the other end of the technology spectrum: composable commerce. In contrast with the older “all-in-one” solutions, composable commerce decouples the front end from the back-end commerce functionality, which gives companies more flexibility to adapt to consumers’ ever-changing needs (such as entering new channels like mobile) without considering the back end. Because everything’s connected via API, you can easily swap solutions in and out and customize them to fit your business needs.

While the majority of respondents from our survey considered themselves digital laggards or were dependent on legacy infrastructure, **45% also said there were actionable steps to change this.** This highlights IT leaders’ efforts to align tech efforts to the business goals highlighted earlier in the report, such as increasing customer retention and increasing average order value, by focusing technology planning and investment on improving the customer experience.

“What we see with our customers over and over again is how swapping in a best-of-breed technology for a specific part of the digital experience can drive results for the business. Features and capabilities that serve your brand and customers, unified data across your entire digital platform – these are game-changers in the modern commerce landscape.”



Becky Parisotto

VP Commerce & Retail Programs, Orium

Digital agility is key to being able to deliver these innovative experiences to your customers. Already back in 2021, [Gartner research](#) found that businesses which adopt a composable approach to their tech stacks could outpace their competition by 80% within a year. The good news is that composable is not all-or-nothing: you can also adopt a blended approach, integrating aspects of composable architecture into a larger monolith system. There’s no need for a big re-platforming, either: retailers can start small and gradually keep on investing in headless solutions over time, as their customer needs evolve. It’s this flexibility that gives you and your customers the best possible commerce experience as trends change.

3

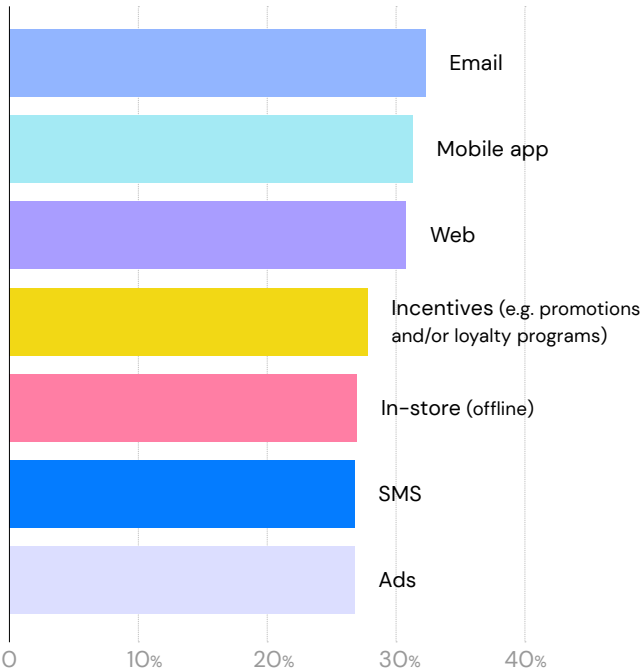
Cross-channel personalization in 2024

Challenges, opportunities and responsibilities

The focus of our survey was on cross-channel personalization, and we were intrigued by the idea that while every year promises to be the year of personalization, no year is. Back in 2019, “personalization” was even coined [word of the year](#) by the Association of National Advertisers.

How has the industry evolved since then, especially when it comes to the IT infrastructure needed to build personalization at scale? Our survey shows that personalization continues to be a key focus for respondents heading into 2024, with retailers prioritizing email, mobile app and web as their top three channels.

Heading into 2024, what channels will you be prioritizing for personalization? (Choose up to three)



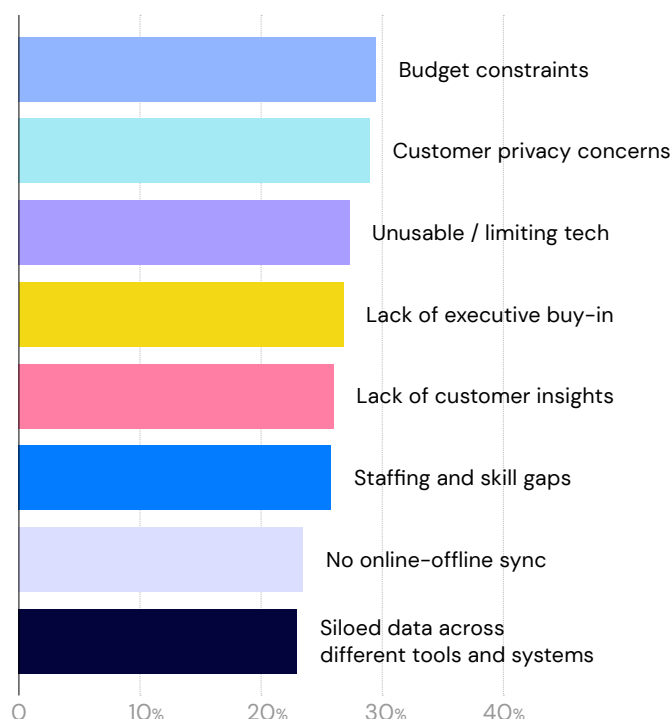
What channels are markets prioritizing for personalization?



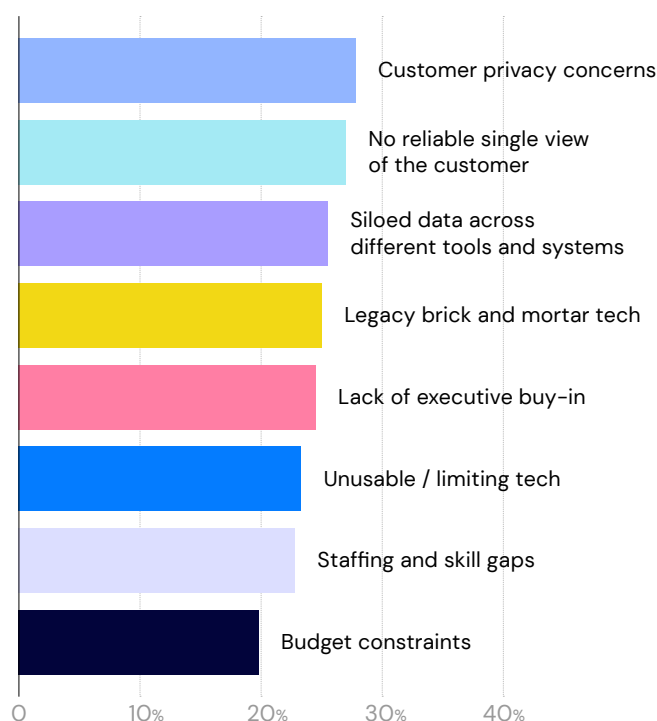
But challenges to personalization persist, with the **IT leaders in our survey citing budget constraints as their biggest challenge to offering better personalization**, followed by customer privacy concerns and unusable or limiting tech. Budget constraints were the biggest hindrance for respondents in the UK, with 37%, while US respondents struggled most with a lack of customer insights. In Canada, staffing and skills gaps were named the biggest challenge.

Personalization across channels introduces another set of challenges. **IT leaders named customer privacy concerns as their biggest challenge to offering a better omnichannel approach**, followed by no single reliable view of the customer and siloed data across different tools and systems. Many retailers are now caught in a catch-22: while they know that transformative, customer-centric experiences rely on data (and lots of it), one of the biggest challenges is pulling this data together from across various systems, and correlating it to provide a single view of the customer. This trickles down to the teams and individuals that have to work directly with customers, for example support teams or front-line staff in-store, who have a limited view of the customer and can only make decisions based on the siloed information they have.

What challenges prevent your organization from offering better customer personalization? (Choose up to three)



What challenges prevent you from offering a better omnichannel marketing approach? (Choose up to three)



- To help combat these challenges, **74% of IT leaders are looking to improve their tech stack to offer better personalization opportunities this year.**

US retailers are most likely to improve their tech stack, at 90%, followed by Canada with 77%. German retailers are the least inclined, though a healthy 63% still plan to invest resources in boosting their infrastructure.

What's clear is that good personalization, especially cross-channel, is still very difficult to do at scale, and requires a powerful, nimble tech stack.

So, where to start when it comes to getting the infrastructure in place to power omnichannel personalization?

We turned to **Ian Rosen**, COO and President at iconic Canadian menswear company Harry Rosen.

Building omnichannel excellence

Advice from Harry Rosen



- ➔ "Building an omnichannel experience is about thinking about the client experience first, and then building the technology to deliver that experience. We're not looking at the technology and its capabilities first. We're asking ourselves, wouldn't it be great if our clients could shop in this way? And then it's about working out how we can orchestrate that experience with our tech partners."

- ➔ "When it comes to investing in your tech stack, my biggest piece of advice is to look eight to ten years out in terms of where you want to take your customers' experience, and invest accordingly.

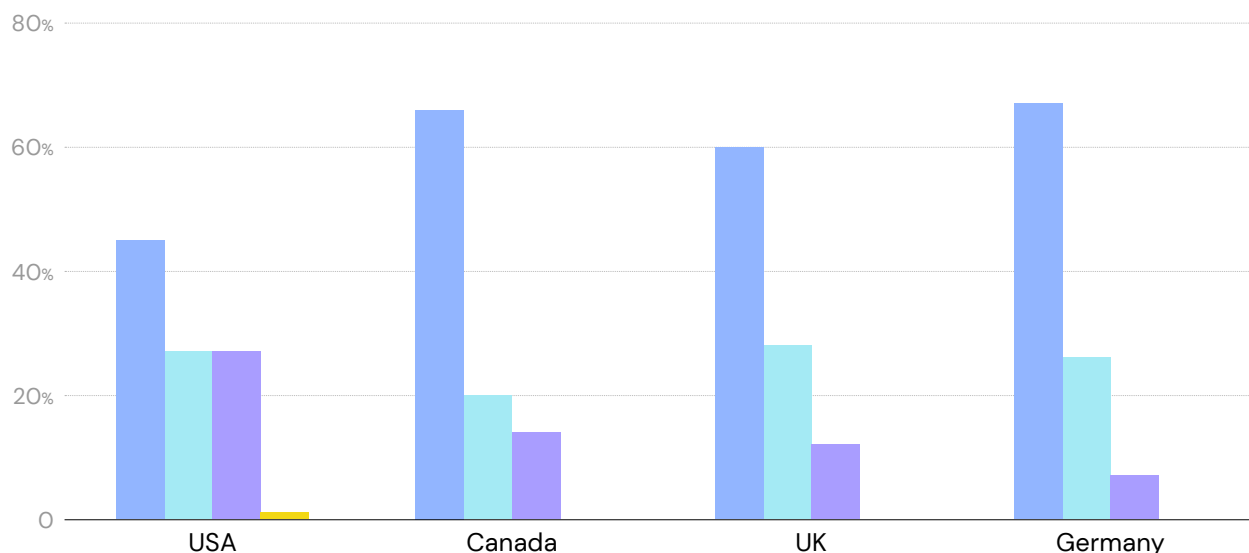
If you only look three years out, for example, you'll only be focusing on meeting those three-year needs. But the amount of time and resources you invest in your technology means it's not easy to replatform. It's a huge decision that you don't want to be revisiting every three years. So that's about choosing a partner that's stable and advancing in the right direction. One of the things we thought a lot about during our digital transformation project was, can our stack get to the level of complexity that we want to be thinking through? Can it cover the next eight years or ten years of our vision?"

- ➔ "Start thinking about the relative split that you want to be investing in features versus maintenance of your IT architecture. Ideally, your split should be around 75% features, 25% maintenance. In the past, for us, it was definitely the inverse: we're talking almost 90% maintenance, 10% features. These were also only the features that were feasible with our resources, not the ones we'd been dreaming about getting across the line.

We really wanted to be rolling out features consistently and steadily. That was the driver behind our architectural decisions. We're at a place now where we're constantly thinking, "Ok, what's next?" – and that's pretty empowering."

When it comes to delivering personalized experiences, where does the responsibility fall within your organization?

- Our marketing team is responsible for delivering cross-channel personalization initiatives, but needs internal buy-in from the tech team when considering new vendors.
- Our tech and marketing teams work collaboratively to deliver personalized cross-channel customer experiences
- Our tech team is not involved in any part of delivering personalized cross-channel customer experiences
- None of the above



Where does the responsibility for personalization fall?

The research also shows an opportunity for tech & marketing teams to work more closely together: just **25% of respondents said their tech and marketing teams work collaboratively to deliver personalized cross-channel customer experiences**. UK teams are most likely to work collaboratively, with 28%.

Globally, a total of 15% said their tech team is not involved in any part of delivering personalized cross-channel customer experiences. This is highest in the U.S., at 27%, and lowest in Germany, at 7%.

However, the majority of tech teams are involved in the buying process for personalization software and tools: 59.5% said while marketing teams are responsible for delivering cross-channel personalization initiatives, they need internal buy-in from the tech team when considering new vendors.

These results align with our observations across markets: German businesses, for example, tend to be incredibly considerate about integrating change into the business, often at the expense of innovation – so it stands to reason that collaboration within teams is high. In the US, we’ve generally seen more appetite from companies to equip marketing to run their own experiments.

For more insights into building transformative omnichannel personalization, we turned to the experts at [Mercaux](#), a leading provider of in-store & omnichannel retail solutions.

4

Cracking frictionless omnichannel CX

Browse in-store, purchase online

How can retailers differentiate themselves from their counterparts in an increasingly competitive landscape? The key might just be frictionless omnichannel customer experience. Over at Mercaux, we recently surveyed the latest retailer sentiment on how they're planning to transform their stores. Let's unravel where retailers are on their journey to make frictionless and omnichannel not just buzzwords, but a reality.

Shoppers are used to BIPO – browsing in-store, purchasing online, and vice versa. Retailers need to work to bridge the experience gap between the two sales channels. Used to e-commerce's convenience of real-time inventory, rich product descriptions, and product recommendations utilizing the shopper's browsing history, this experience often falls short when the customer continues their shopping journey with the brand in-store. Shoppers want this and more, including the ability to shop their wishlist or existing e-commerce basket in-store.

Our latest survey, taken at the cusp of peak season in 2023, shows that surfacing the Endless Aisle into stores and allowing the purchase of items available in other stores or online is now the most popular in-store technology being implemented, with 36% of retailers reporting this functionality is underway in their stores. This is complemented by 34% of retailers already having deployed mPOS, allowing associates to checkout customers' by their side. This reduces the chances of shoppers walking out of the store without being inspired to browse beyond immediate in-store stock or needing to join a line at the traditional fixed-point POS, maximizing the most out of every visit at a time where footfall is falling.

Retailers are keenly aware of the importance of removing this barrier, with our recent research showing the top solution in the planning phase is decomposed back & frontend commerce at 28%. The key to bridging the online and offline gap is to bring composable technologies into the retailer's tech stack, and make e-com and backend systems speak to each other with ease.

Where are you on your digital transformation journey?

	Assisted selling	Surfacing endless aisle to store (omnichannel)	Mobile POS	Distributed OMS	Decomposed back and front-end ecommerce
Not deployed and no intention to	2%	4%	7%	11%	7%
Intend to deploy but not yet a priority	11%	14%	11%	15%	13%
Planning	21%	17%	19%	25%	28%
Implementing	34%	36%	28%	34%	31%
Launched	32%	29%	34%	15%	21%
Research conducted for Mercaux on behalf of Censuswide, polling 204 managers and above working in the retail sector in the UK, USA, Italy, and Spain in July 2023.					

But how should retailers go about making this a reality across their whole estate?
Here are a few ways composable in-store platforms can utilize being connected to your existing tech stack to deliver value in-store today:

CDP

Surface 360-degree profiles of your customers to store associates in store to help them provide a hyper-personalized shopping experience

OMS

Create “Universal Baskets” of items from in-store and online, complete a single transaction and fulfill through different channels, plus the introduction of advanced fulfillment capabilities from store, such as BOPIS and Ship-from-Store

POS

Unshackle the payment from the till onto any customer or store associate device in-store, and feed back in-store purchase data to customer’s 360 profile for a holistic view of purchases across channels

eCom

Access abandoned baskets and wishlists from a customer’s e-com profile into store to continue the omnichannel shopping experience

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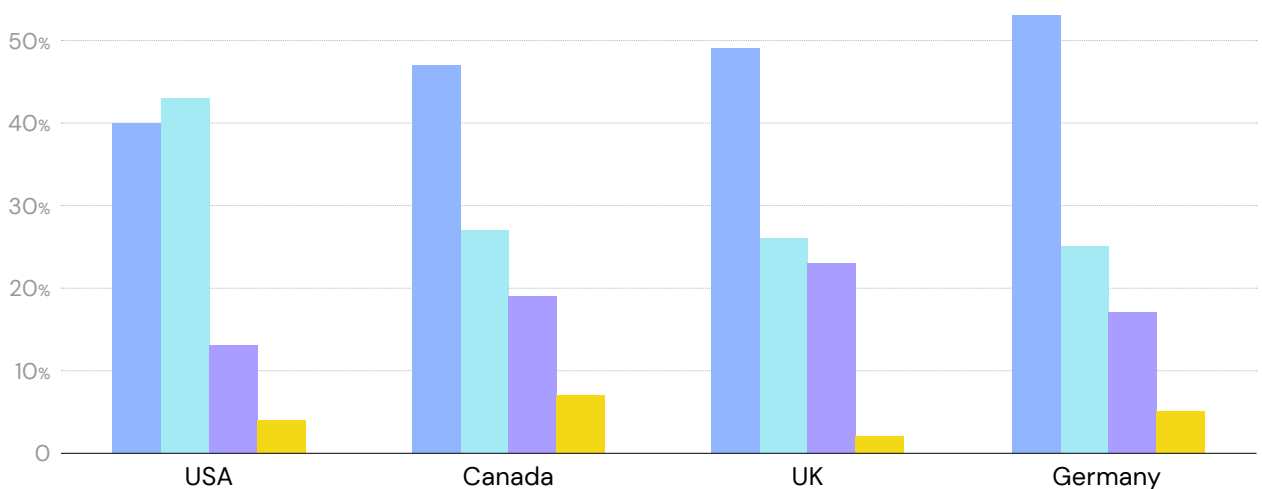
AI and the potential for personalization

One of the most impressive findings of the research is how quick retailers have been to adopt AI for their personalization efforts: a huge **65% of respondents said they were already using AI in their personalization strategies**, with another 30% exploring its capabilities and planning to integrate it in the future.

The UK leads the way, with 72% of respondents saying AI is either a central component of their personalization strategy or that they are using it for specific personalization tasks. Germany follows in second place with 70%, and Canada comes in at 66%. Surprisingly, the US comes in last with just 53%.

What role, if any, does artificial intelligence play in your current personalization strategy?

- We use AI for specific personalization tasks
- We are exploring AI for future personalization initiatives
- AI is a central component of our personalization strategy
- We do not currently utilize AI for personalization



However, respondents didn't specify how exactly they were using AI and to what level. With generative AI only truly going mainstream within the last year thanks to the advent of ChatGPT, it's unclear how many retailers are using artificial intelligence in the true sense of the term – or if they're simply paying lip service to the latest buzzword.

But that doesn't undermine AI's potential in the retail sector, especially when it comes to personalization. The most common use so far revolves around [personalized product recommendations](#), with retailers using AI-powered personalization to connect with customers on the specific channels that fit them best. That means using customers' demographic and past behavioral data — such as browsing and purchase history, or even social media interactions — to learn about the intricate needs and preferences of each individual customer.

The possibilities of AI for personalization are endless: retailers can, for example, sync their product catalog and use AI to generate and upload thousands of personalized ads in seconds, without having to configure individual ads per item, or develop an online shop navigation sequence adapted to demographic characteristics or visit history.

"As customers' expectations increase, brands should rely on their personalization efforts to ensure they're showing customers exactly what they want to see, when they want to see it, in their preferred channel – and AI can help with that. Retailers should be leveraging AI to power that tailored experience for their shoppers, in real time and at scale. Whether that means customized product recommendations, conversational commerce, or reaching a larger audience with their campaigns, AI is that secret ingredient that is really going to allow retailers to move the needle."



Anirban Bardalaye

Chief Product Officer, Bloomreach

AI's potential is reflected in allocated budget: [Forrester's Budget Planning Survey, 2023](#), shows that nearly half of US enterprise technology decision-makers anticipate their organization's budgets for AI capabilities growing more than 5% this year.

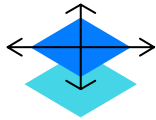
"With AI, the only way to start is to get in there and get your hands dirty. Don't do it on the most important piece of your business operations first, because you will make mistakes. Instead, pick something that's important, but not operations critical. For retailers, that could mean starting with your search component and infusing AI into that, and building from there."



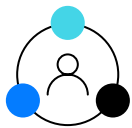
Jasmin Guthmann

Marketing Executive & MACH Alliance Board Member

Recommendations



While it's important to reduce costs, this shouldn't be at the expense of tech progress – and **IT leaders should be prepared to build and challenge business cases for their infrastructure changes.** Instead, focus on maximizing value by investing in the tools and technology that will have the biggest impact on customer experience and bottom-line revenue.



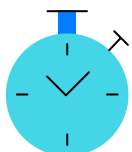
It's now up to IT leaders to align their infrastructure with their company's business goals. **Optimizing personalization capabilities is one of the most impactful digital initiatives a brand can take on** – often with a greater direct influence on revenue than any individual ad channel or site enhancement.



Getting personalization right is a cross-functional exercise, and its success relies on getting the appropriate buy-in and the right stakeholders involved. **Tech & marketing teams need to work more closely together to identify customers' current pain points** throughout the omnichannel journey, and ways to solve them.

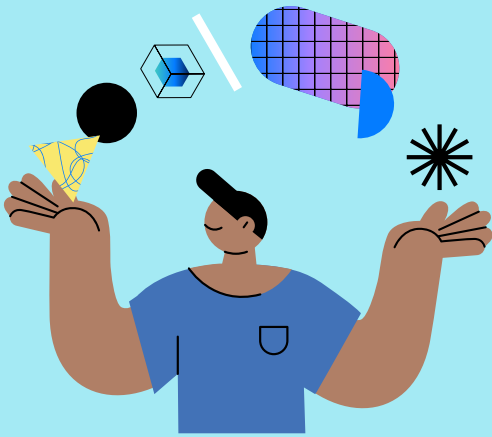


While skeptics in the industry question how many retailers are truly using artificial intelligence to power their personalization efforts, its potential is limitless. **For retailers beginning their AI journey, we recommend working towards data completeness first** – so that your tech and data can eventually start leveraging more AI and machine learning capabilities.

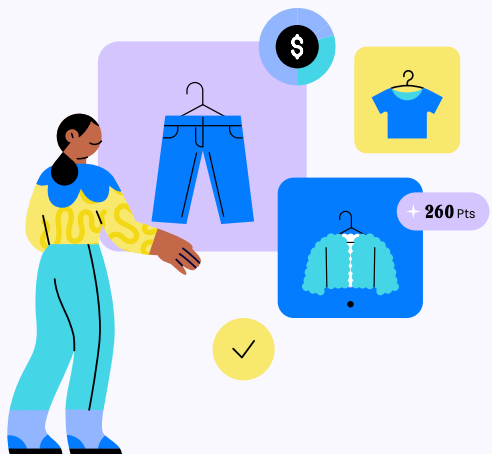


Digital agility is key to being able to deliver timely and innovative experiences to your customers. For IT leaders struggling with monolith or legacy platforms, start small by adopting a blended approach, integrating aspects of composable architecture into your commerce system. Adopting new solutions more slowly also allows teams to learn to execute more efficiently and intelligently on each new system, then to deeply analyze the resulting data, and make smart decisions with it to maximize ROI.

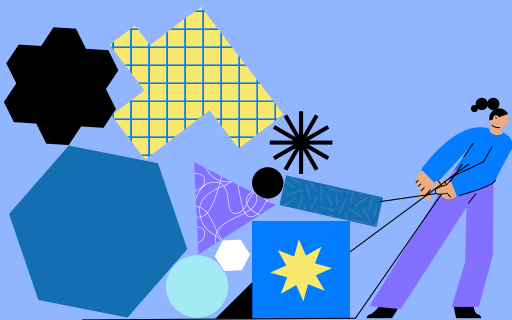
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