

Revolutionizing Personalization with Artificial Intelligence



Navigating a new era of customer engagement

Introduction

Building long-term customer relationships is more important than ever before. For customer engagement and marketing practitioners, delivering personalized customer experiences is a critical component of that process. Customers now demand relevance, empathy, and timeliness – all without invading their privacy during their brand interactions.

Brands can no longer offer basic personalization, the kind that comes in the form of a personalized mass email or an interaction on the consumer's birthday. Consumers can spot that surface-level engagement easily, especially when the most competitive brands are offering enhanced levels of personalization like product recommendations, usage reports, custom content recommendations, real-time personalized experiences, and beyond.



Brands themselves are recognizing this. [According to a Gartner survey of 350 marketing leaders](#), 63% said they continue to struggle with personalization. Why are so many marketers struggling with this core competency? Brands continue to struggle with understanding the foundation of true personalization: unifying and activating data sources.



The campaign frameworks that marketers have relied on for years are inflexible and unable to pivot to keep up with customers.



Many of the ways brands interact with customers do not occur in real time, meaning that brands are constantly missing their window of opportunity to effectively engage.

Why you need enhanced personalization now

Most customers encounter hundreds of marketing messages a day. While those programs are sometimes personalized, true personalization demonstrates that your company understands and empathizes with customers' needs. **True personalization means tailored content pieces and personalized messaging** – but they must also be contextually relevant and respectful of privacy.

Many brands currently personalize by using third-party cookies. With the removal of these third-party cookies in 2024, brands must have a timeline for when they will implement new personalization technologies. In order to truly practice one-to-one customer engagement, companies must invest in AI-powered technologies to deliver relevant, perfectly-timed messages.



The future of personalization is AI-driven

The future will be fueled by technologies that can better interpret customer data, faster. By combining volumes of customer data and advanced technologies, companies can unleash an unprecedented capacity for customized engagements.

The future is real-time, AI-powered decisioning that always suggests the right next action to increase customer loyalty and spend. In the future, AI will decide what messaging to send to a customer based on their past actions, real-time signals, and contextual data, including how other buyers like them have reacted. One-to-one engagements allow brands to adapt instantly, engage with empathy, and maximize long-term value – all while improving conversion rates.

Although brands already know this, they are slow to adopt AI-backed technologies. According to the Gartner survey mentioned above, “The use of AI/ML technology is closely tied to personalization objectives for marketers. **In fact, 84% of digital marketing leaders believe using AI/ML enhances the marketing function’s ability to deliver real-time, personalized experiences to customers.” Yet only 17% of those surveyed are currently using these technologies.** With the data-deprecation clock ticking, they’re running out of time.

Now is the time to start practicing personalization that drives value for your company.

AI Powered Personalization

Go from static campaigns to scalable conversations

Traditional Campaign Personalization			Dynamic One-to-One Engagements	
Product-First	Starts by selecting an offer to communicate about.	⇒	Customer-First	Starts by selecting a customer to communicate with.
Offer	Uses messages designed to sell products and services to customers.	⇒	Actions	Uses messages designed to solve problems; like sales, retention, and service.
Static	Delivers an offer to a group of customers, when the business is ready.	⇒	Real-Time	Delivers an action to a single individual, when that person is ready.
Segment	Personalize around the needs of a large group of people.	⇒	One-To-One	Personalizes around the needs of a single individual.
Targeting	Uses rules and logic to eliminate targets from the campaign audience.	⇒	Arbitration	Uses predictive models to pick the most relevant actions and treatments.
Optimization	Optimizes campaign performance based on what already happened.	⇒	Simulation	Optimizes next best action strategies based on what is likely to happen.
Multi-Channel	Independent conversations in-channels, optimized around campaign KPI.	⇒	Centralization	One voice across entire CX, optimized for high-level corporate objectives.

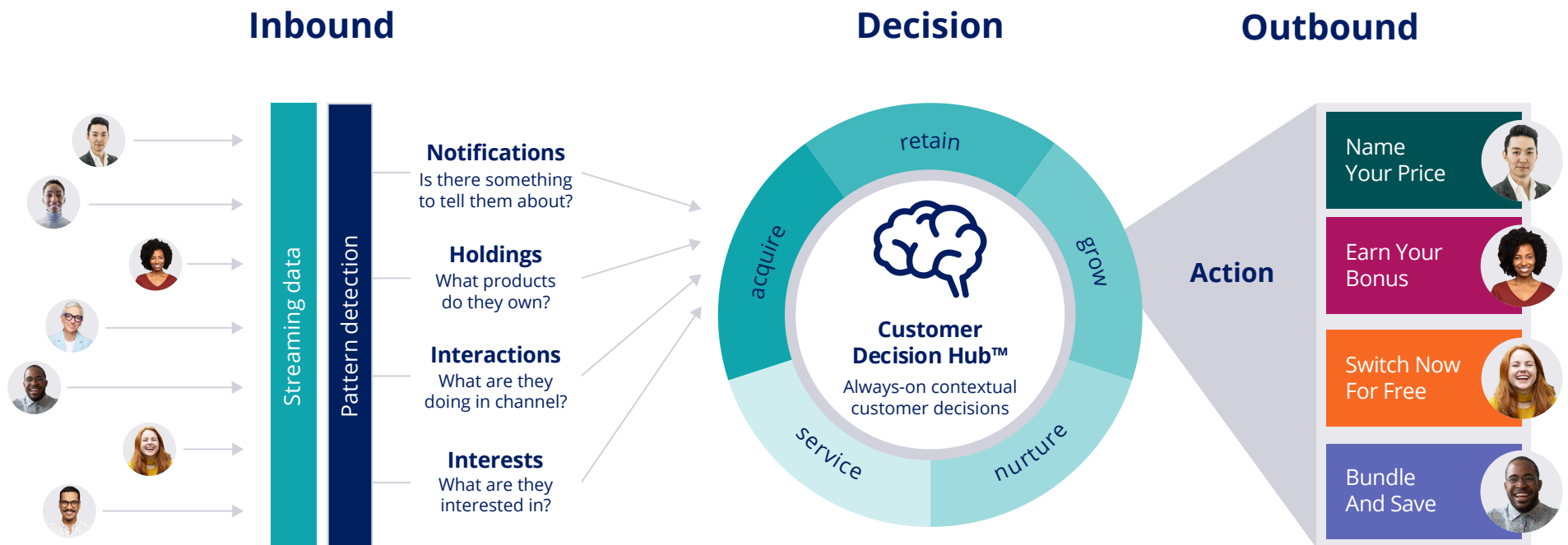
Unify data and centralize decisioning

Marketers have access to a multitude of channels that include inbound, outbound, paid, in-store, and more. Data generated by these applications is siloed, painting an incomplete picture of your customer journey.

Pega Customer Decision Hub™ [acts as one centralized decisioning authority](#), or “brain,” to power all client engagements. Customer Decision Hub sits at the center of all channels and applications, collecting data and delivering the best message based on their context from a library of content. Our artificial intelligence powers adaptive models, which means that as the customer puts

out data signals, the technology senses what the client needs in the moment. With a centralized brain in place, you'll break down traditional silos between channel owners to deliver relevant messages at the right time.

That action could be a personalized sales offer, a retention plan, service task, nurture effort, or even no action at all. But whatever it is, it's determined in real time using AI, adaptive models, and machine learning, [then delivered back out across any channel](#) – inbound, outbound, owned, paid, or even agent-assisted. And all of this happens in less than 200 milliseconds.

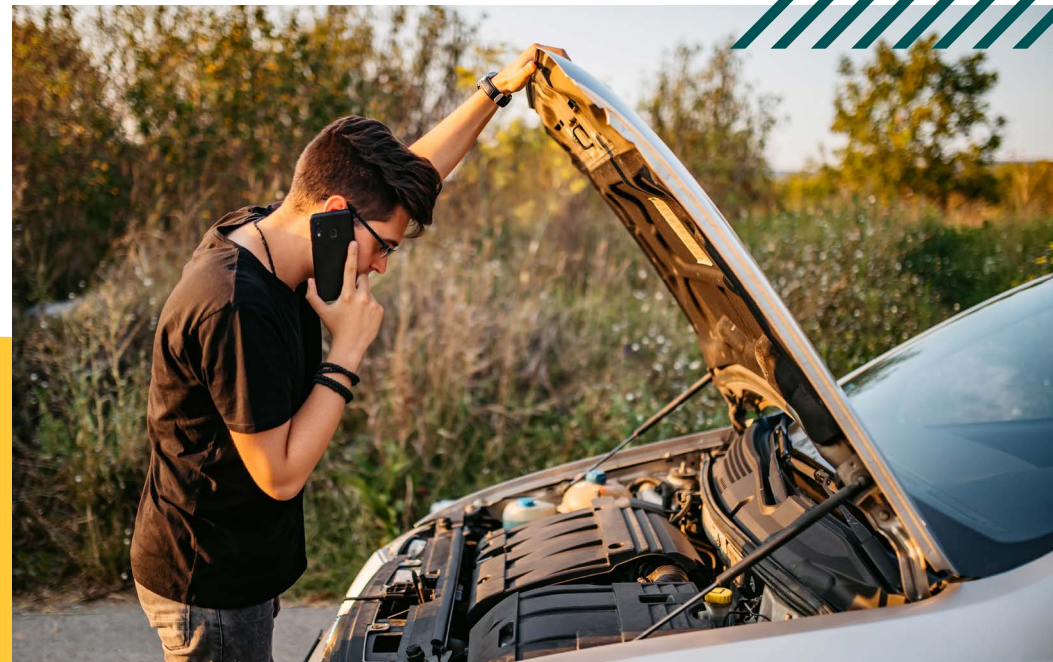


Infuse empathy into every customer journey

To engage each customer as an individual requires you to go beyond your traditional product-first mindset. Most businesses prioritize the product, service, or conversation they want to have to the prospect or customer. They do this with traditional campaign frameworks and mindsets. In a traditional campaign framework, the activation of data into marketing materials is preset and static. Once it's in motion, there is no ability to pivot or make changes based on what the customer requires in the moment.

We advocate for businesses to use AI to pivot to things like service or retention in the moment, as their customer's needs change. This is called a next-best-action framework. Next best action allows brands to interpret data signals and really engage with a customer empathetically, in the way that customers need at that exact moment in time.

What's key about engaging with empathy is that every time a new piece of data becomes available, the brain redecides the customer again and calculate a new next best action. The best brands are doing this five, 10, 20, even 50 times within a single interaction, [driving a five-fold increase in relevance](#). This demonstrates to the customer that you are paying attention, that you care about their needs, and that you are prioritizing them – not just business outcomes. Empathy is about balancing both.



Deliver in the moment using AI

Engagements take place in seconds when they are backed by artificial intelligence. This is necessary given the increased speed with which customers now navigate the web. Conversations aren't relevant if they are based on yesterday's data, or even data from 30 minutes ago. In this new era of customer engagement, channels are irrelevant. Instead, customers want to be met where they are, regardless of location. Today's consumer might surf the web while using an app on their mobile phone at the same time. Investing heavily in a channel that your customers don't use is not only a missed opportunity, but a waste of resources.

Channel-based solutions are ultimately the execution vehicles for your next-best-action decisions. However, by using one centralized decisioning engine to power all those personalized experiences, brands can stay connected to their customers and provide the most personalized customer experience possible, regardless of channel.



"One of my favorite quotes from a customer that we listened to on a next best action call ... the customer said, 'I feel like T-Mobile knows me.' That's essentially what we want."

MARTY HICKS, VP OF CONSUMER STRATEGY AND PLANNING, T-MOBILE

Re-evaluate and define complex KPIs to understand personalization

Many brands that run campaigns prioritize short-term key performance indicators (KPIs) like click-through rate, which do not capture the full picture of your customer's personalized experience. Personalization is about building an authentic relationship through relevant interactions, not by spamming your customer into multiple clicks that may or may not result in a sale.

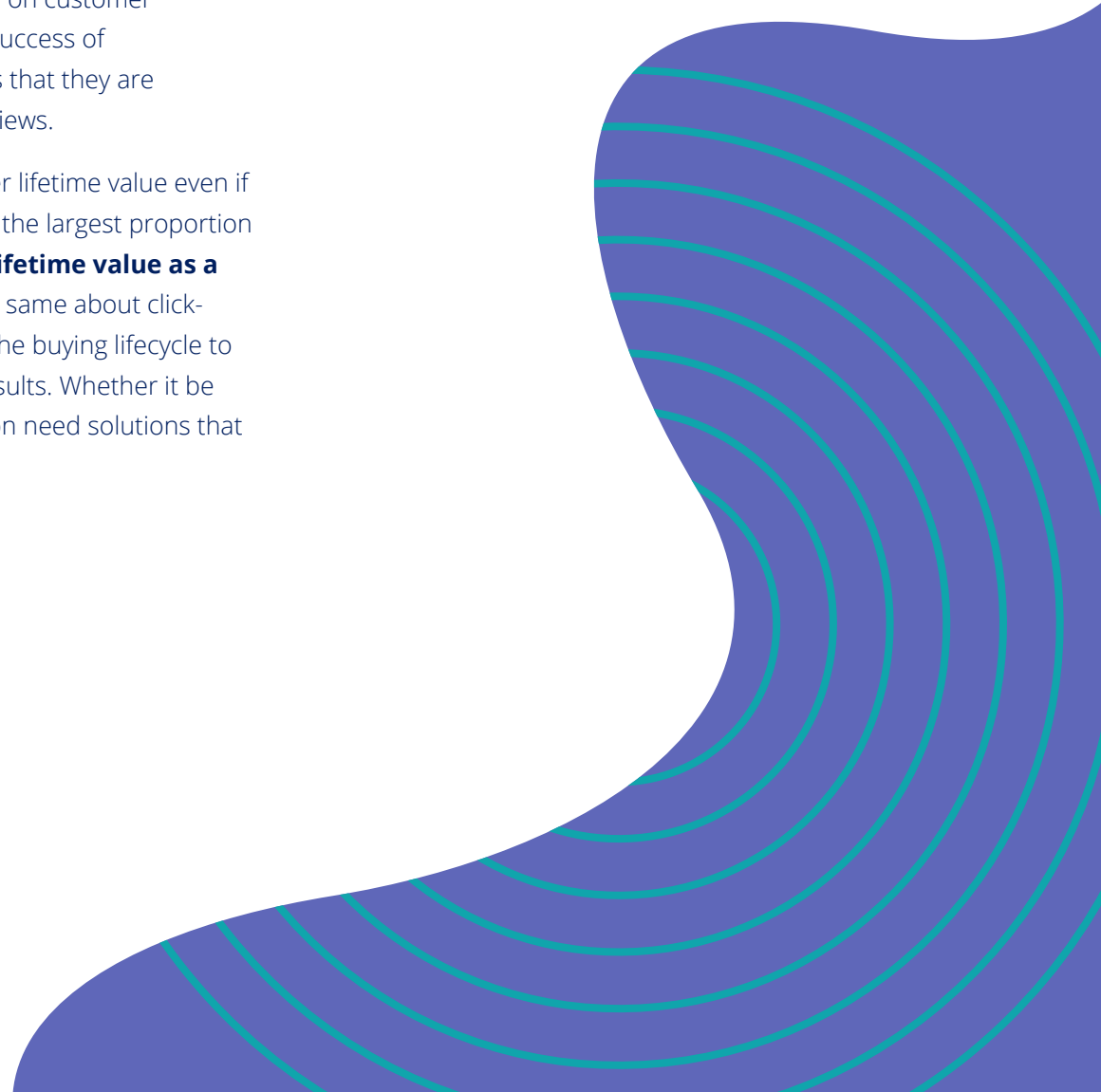
Brands traditionally measure the success of their customer interactions with third-party cookies, which follow the customer on paid channels or on the open web using a cookie and seeing where they click. While it is widely used, this method lacks accuracy and empathy in a post-COVID world where we browse more channels than ever. Considering that many users share devices, it becomes difficult to accurately attribute activity to an individual user through this method. Missed opportunities or ill-fitting messages can often result in cookie-based marketing. Not to mention that third-party cookies will soon be replaced with a more generalized "interest-based" categories system that only associates a user with up to three categories of interest.



Forget click-through rates and other short-term metrics

Instead of short-term KPIs like click-through rate, companies should focus on customer retention, cross-sell rate, and customer lifetime value (CLV) to gauge the success of personalization and one-to-one marketing. The difficulty with these KPIs is that they are complex and can't be correlated with simple metrics like clicks and page views.

Marketers understand the importance of complex indicators like customer lifetime value even if they cannot always track them. In Pega's ["The future of marketing"](#) report, the largest proportion of survey respondents (35%) stated that **the importance of customer lifetime value as a metric will increase in the next three to five years**. Only 5% said the same about click-through rates. This significant shift expands the focus of marketing from the buying lifecycle to the customer lifecycle – and marketers can finally track their long-term results. Whether it be through a measurement application or manual tabulation, brands will soon need solutions that show the entire scope of their personalization efforts.



Conclusion

True personalization is only possible with AI-powered technologies that deliver relevant, appropriate, and perfectly-timed messages – regardless of channel. Continued proliferation of channels, data deprecation, siloed technology stacks, and increasing customer expectations will be a challenge for companies looking to paint an accurate picture of customer engagement.

Brands must optimize their marketing technology stacks with AI to unify data sources to create customer relationships that drive long-term growth – by linking all channels with a central brain backed by AI, being able to pivot quickly in engagements, being empathetic, and closing the loop with relevant KPIs.

Learn how Pega Customer Decision Hub™ helps you prepare for the future of personalization:
[Decisioning in real time with the Customer Decision Hub™](#)



Leading Brands Deliver Personalization at Scale



Wells Fargo implemented Pega's Customer Decision Hub to provide real-time modeling and adaptive machine learning.

With the solution in place, the bank can constantly recalculate each individuals' "next best conversation", while those individuals are interacting in-channel and realized:

3-10x

Increase in customer engagement rate



Achmea uses Pega's real-time, omni-channel AI to personalize each engagement for nearly 10 million customers across inbound, outbound, owned, and paid channels. Their goal is to add value during every interaction – providing unique insights, advice, and recommendations to every one of their policyholders, they've been able to realize:

41%

Web to call-center conversion rate



T-Mobile created a team of experts empowered to solve almost any customer issue from start to finish, guided by Pega Customer Decision Hub (CDH). CDH takes all customer information that T-Mobile has and offers up Next Best Actions based on each customer's unique needs, preferences, and context. They were able to realize:

8 Point

Increase in Net Promoter Scores

Related Content:

[The Future of Marketing Report](#)

[Leveraging AI to achieve true personalization at ANZ Bank](#)

[Personalized conversations in real time, at scale](#)

[Gartner Says 63% of Digital Marketing Leaders Still Struggle with Personalization](#)





About Pegasystems

Pega is a powerful low-code platform that builds agility into the world's leading organizations so they can adapt to change. Clients use our AI-powered decisioning and workflow automation to solve their most pressing business challenges – from personalizing engagement to automating service to streamlining operations. Since 1983, we've built our scalable and flexible architecture to help people focus on what matters most, so they can meet today's customer demands while continuously transforming for tomorrow.

For more information, please visit us at [pega.com](https://www.pegasystems.com)

© 2022 Pegasystems, Inc. All rights reserved. All trademarks are the property of their respective owners.