

How AI is Powering Personalized Experiences that Customers Expect

AI is being used for everything from code generation and big data analytics to cybersecurity threat detection. Can it also help an organization's diverse customer-facing initiatives deliver greater business value?





Introduction

Personalization might not be a new concept, but it is a rapidly evolving strategy that helps organizations better connect with, engage and optimize the value of customers across their lifetime relationship with a brand.

This is particularly true in the AI era. “Offering seamless and personalized digital experiences for customers is a major directive for businesses operating in any market as this capability represents a competitive advantage and promotes brand loyalty,” according to analysts at TechTarget’s Enterprise Strategy Group.¹

Organizations understand that increasing and evolving market demand is driving them to come up with even more sophisticated, flexible and powerful systems to deliver personalization at scale, making each interaction feel genuine and meaningful. The explosion of available content and proliferation of digital purchasing options signals a fundamental shift in how customers buy.

At the forefront of this personalization revolution is artificial intelligence (AI). AI-native personalization is a powerful force used by both the world’s most successful marketers and by nimble, hopeful upstarts looking to even the playing field against their larger competitors. This technology helps organizations identify and capitalize on valuable business opportunities across multiple use cases.

This is not some blue-sky assessment of what personalization’s potential may be. Personalization is being used for measurable, significant business benefits in real-world settings, such as helping retailers [optimize Black Friday sales opportunities](#) and significantly [expand their conversion rates](#).

¹ Source: Enterprise Strategy Group Research Brief, [Digital Experience Platforms Promote Stronger Overall Digital Experience Strategies](#), Enterprise Strategy Group, October 2024.

96% of organizations are either using AI or considering it for their digital experience platforms (DXP)²

35% of organizations say personalization is a top use case for their DXP initiatives³

The state of personalization

Let's start with the basics: What is personalization? Here is an excellent definition, offered by Contentful, a leader in this category:

Personalization enables businesses to build closer, more profitable relationships with their customers through empathy. The actual process of personalization involves tailoring something—like information, an offering or an overall experience—to match the priorities and preferences of an individual customer or entire customer segment. In anticipating [what these individuals want](#) and need, businesses make customers feel valued, creating a more positive user experience.

As important as personalization has become in helping organizations conduct sales, marketing, customer service, training/education and so much more, the initial steps toward personalization were quite modest. Personalization evolved from genuine human interactions to digital shortcuts. For instance, instead of meaningful tailored experiences, many early digital efforts stopped at “Hi (First_Name)” or into generic mass-messaging. This actually reduced personal connection to mere mail-merge fields.

Personalization started to make a big difference when organizations made a more concerted effort to use their own data—purchasing history, shopping preferences, email preferences, localization—to fine-tune sales and marketing to a far more granular level. That empowered marketing teams to tailor application layouts to individual visitors, personalized channel-agnostic buying journeys or proactive customer service and support.

Now, powerful technologies such as AI and modernized personalization platforms promise the potential for even more exciting and innovative ways to connect with customers on an individualized basis. This future personalization will be marked by such trends as voice-based interactions and personalized virtual storefronts. They also will be governed with appropriate privacy and security guardrails.

Without question, AI is the catalyst for these next phases of personalization, delivering native intelligence, automation, contextual relevance and, in particular, continuous optimization. AI-powered suggestions enable organizations to continuously optimize content to deliver specific audience suggestions by analyzing data and content for tighter relevance and precision. AI-powered continuous optimization facilitates the development of ready-to-use audience segments that map to specific business goals, as well as helping to understand visitor behavior, analyze insights and experiment quickly with intelligence-based recommendations.

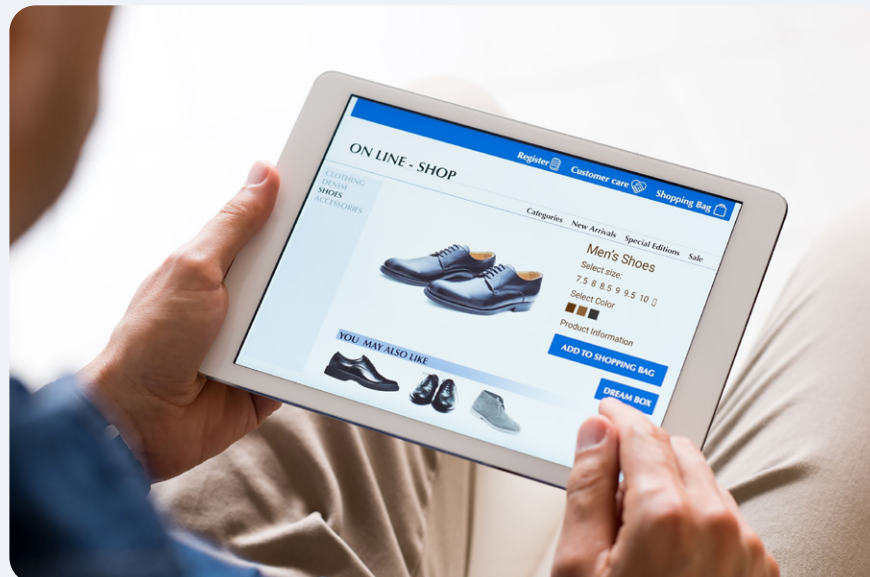
These enhanced capabilities transform personalization into a powerful driver of new business opportunities by combining effectiveness and unlocking unprecedented AI-native personalization and efficiency. This means achieving results faster, more affordably and with less friction.

But AI-driven personalization solutions must help organizations understand how to avoid audience burnout, sidestep the potential for customer resentment due to message saturation, and keep the attention and preference of prospects and customers.

This swing toward AI-driven personalization is still fairly new, but it is rapidly picking up steam. Enterprise Strategy Group research noted that 96% of organizations are either using AI or considering it for their digital experience platforms (DXP), and one in six organizations already are using AI extensively, calling it “fundamental to highly personalized digital experience.”² And personalization is an important driver in adopting AI solutions for DXP; that same Enterprise Strategy Group research notes that 35% of organizations say personalization is a top use case for their DXP initiatives.³

2 Source: Enterprise Strategy Group Research Report, The Evolution of Digital Experience Platforms, August 2024.

3 Ibid.



The challenges: What holds back organizations in their personalization efforts

While there is no debate as to the importance and value of personalization in a wide range of customer-facing use cases, many organizations struggle to develop, deploy and deliver those solutions. While personalization has become more influential and achievable thanks to the incredible advances of AI—especially GenAI—not all companies fully understand the array of challenges they face in attempting to use personalization to its fullest.

These challenges include:

- An inability to efficiently experiment with different personalization approaches due to such factors as time, cost, architectural/infrastructure complexity and the lack of a clear, overarching set of business goals.
- The presence of multiple data silos across teams and tools, which prevents organizations from getting the complete, real-time understanding of their customers essential to accurately power AI and deliver dynamic personalization at scale.
- A lack of expertise in both crafting effective personalized strategies and unlocking the potential of advanced technology solution.
- The need to develop—or rent—the right skills in machine learning, AI and data science.
- Concerns about cybersecurity risks, particularly anything related to data protection and data privacy of customers' private data.
- An inability to leverage personalized data across different marketing use cases, such as customer outreach, channel engagement, geographic-specific campaigns, price testing and marketing campaign development.
- Obstacles to fully understanding and avoiding the potential for AI infrastructure cost creep as more capabilities and goals ultimately require more compute, storage and networking.
- Competitors universally stepping up their own efforts to leverage personalization through new tools, new approaches and new technologies. The demand to keep one step ahead of competitors' accelerating efforts with AI-driven personalization are daunting—and essential to success.



Defining the solution: Responsibly harnessing the power of AI to deliver impactful brand experiences

A truly effective and efficient personalization journey requires the precision, intelligence and flexibility of AI. The trick is finding the right tools to fully leverage AI for personalization and to identify and work with the right partners that “get” AI-driven personalization.

Of course, organizations don’t buy AI-powered personalization off the shelf. They must look for a product that is engineered from the start for flexibility, adaptability and scalability to ensure personalization is optimized at an extremely granular level.

That solution should be based upon a platform with integrated automation, data-driven insights, experimentation options and dynamic personalization. Today’s AI-based personalization solutions must deliver substantially greater flexibility and agility than legacy ones in order to promote experimentation and innovation—but without increasing architectural and infrastructure complexity. Additionally, organizations need to ensure proper guardrails for data privacy, security and ethical use of AI.

It is essential that AI-based personalization platforms are engineered with safe and responsible AI practices and policies as well as a “secure from the start” cybersecurity mindset. Additionally, given the increasing demands for embedding personalization into a broader array of customer-facing activities, solutions must be designed to achieve high performance at scale, even as organization-wide adoption expands and more users probe the systems simultaneously. For this and other reasons—like scalability, cost efficiency, ease of use and avoidance of technological obsolescence—a cloud-based solution should be the preferred approach.

Naturally, these systems must be engineered for consistent, reliable and timely deployments, driven in large part by a wide range of API integrations. These capabilities, combined with using and/or building the right AI model using an organization’s own data, are critical to helping AI to understand and activate an organization’s increasingly large and insightful databases.

Ultimately, this solutions spec sheet is designed to give marketers and other business leaders the power to meet and hopefully exceed their C-suite’s expectations: to experiment often and boldly, to fail fast, but to learn even faster. Within a personalization context, this follows a powerful progression: Create, experiment, understand and optimize for personalization at scale. Doing so is essential to helping turn the promise of AI-powered personalization into demonstrable, measurable business benefit.

How Contentful provides powerful, secure and scalable AI-based personalization

When it comes time to select the best partner to plan, build, deploy and manage an AI-driven personalization solution, organizations should prioritize that partner's real-world experience in both AI and personalization. Additionally, decision-makers should look for a technology partner with a sound, long-term technical roadmap that enables the integration of new capabilities as they emerge. Finally, it makes sense to collaborate with a provider that has its own broad, deep partner ecosystem that includes market-leading cloud service providers to a wide range of applications developers, service/support partners and business workflow consultants.

Contentful has a long history of building flexible, scalable, high-performing content foundations that help organizations create personalized, meaningful experiences for their customers.

Contentful runs on Amazon Web Services (AWS), which enables performance at scale, global reach and availability, cost efficiency, security and compliance—all of which are essential for any AI-based personalization framework. Contentful on AWS provides a comprehensive set of tools and services to build tailored AI-driven solutions that integrate seamlessly with an organization's own data while ensuring scalability, reliability, security and compliance.



A key part of Contentful's AI-driven personalization solutions portfolio is Ninetailed, an AI-native platform purpose-built for tailoring customer experiences. Ninetailed helps organizations customize customer-facing interactions for a wide range of use cases in sales, marketing, customer service and support, creating a more satisfying customer experience and helping organizations turn those tailored engagements into new business opportunities.

One important function enabled by Ninetailed is the ability to run robust content testing, including A/B testing. It also uses contextual AI to create personalized content without having to rely upon highly trained and expensive programmers.

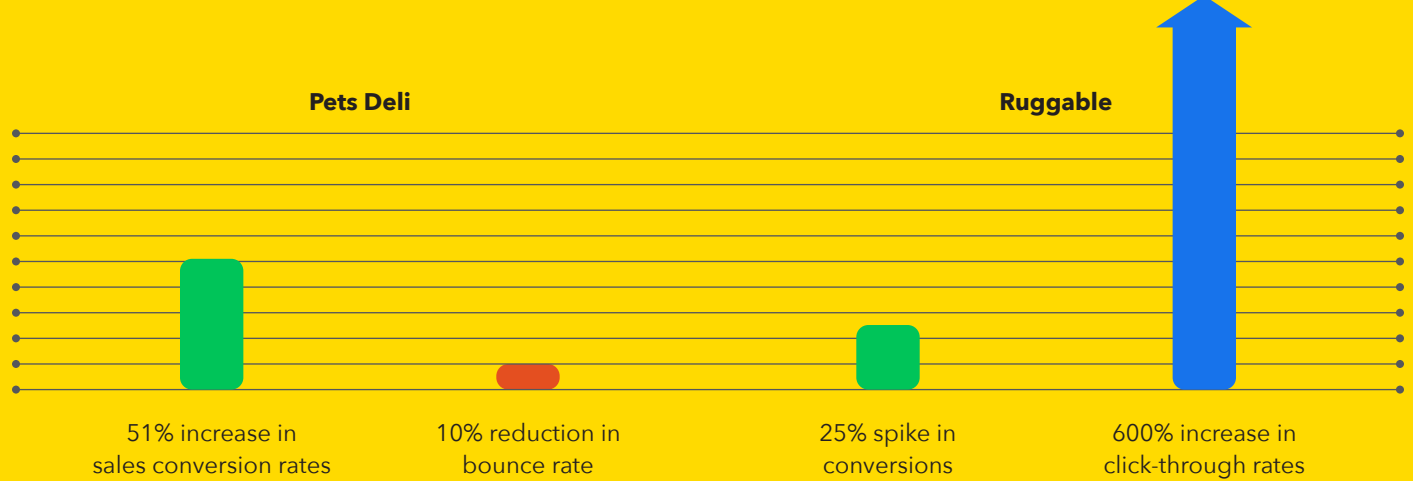
Ninetailed works in two ways. First, it can get data from Twilio Segment and drive audience segmentation along with Ninetailed's first-party data. Second, it can send collected data to Segment in order to enrich Segment profiles. Following that, Segment can send this data to other channels.

Contentful operationalizes content, providing everything that content authors need. Segment offers the mechanisms by which identities across different sources are unified and segmented into targeted audiences. Ninetailed brings personalization and experimentation directly into the content management system itself, effectively bridging these two specialized, omnichannel solutions.

Another relevant and powerful feature is the integration with Amazon Bedrock, an AWS managed service that provides access to a wide range of high-performing foundation models along with a broad set of capabilities to build generative AI applications with security and privacy in mind.

To optimize use of important technical advances such as GenAI, Contentful offers AI Actions, a powerful tool to automate and improve content management tasks using GenAI. Customers can use AI Action templates or custom AI Actions to refine prompts, define variables and configure a model of their choice. Practitioners will experience these more complex prompts as push buttons or even fully automated functionality that doesn't require manual triggers. It can power personalization tasks like automatic variant generation while allowing teams to configure and adjust the prompt and large language model provider and easily track all actions performed on the platform.





How personalization works in real-world settings: Ruggable and Pets Deli

Black Friday is a source of great anticipation for retailers looking to leverage pent-up consumer demand as a springboard for dramatic holiday sales acceleration. And Black Friday has proven to be a great opportunity to use personalization for two distinctly different kinds of retailers—working in concert with Contentful.

Pets Deli, a leader in the European direct-to-consumer pet food market, focuses on pet owners looking for high-quality foods. While the retailer has enjoyed a successful track record serving this market, it understood that many financial and operational benefits could come from a significant expansion of their conversion rates.

Working with Contentful’s Ninetailed solution, Pets Deli learned how to identify which pricing strategies were most effective and was able to adjust its tactics accordingly. The results were impressive: Pets Deli saw a remarkable 51% increase in sales conversion rates, while also experiencing a 10% reduction in its bounce rate.

Key to these results was Pets Deli’s ability to execute personalized promotions that didn’t require additional efforts by the customer, were easy to scale and substantially grew the retailer’s addressable market opportunity.

Another successful retailer that leveraged Black Friday opportunities through personalization for a range of benefits is Ruggable, an online retailer specializing in selling high-quality, yet washable, rugs. Ruggable wanted to make it easier to roll out time-sensitive promotions by integrating a personalization platform within its existing tech stack.

Using Contentful, Ruggable was able to publish individualized content and promotions at the very moment users began looking for deals, allowing Ruggable’s internal teams to see in real-time the payoffs from personalization.

As a result, Ruggable saw a 25% spike in conversions, as well as a 600% increase in click-through rates, all while facilitating a significantly improved customer experience for its discerning customers.



Conclusion

Personalization is no longer the future of customer-facing interactions: It is the standard. Regardless of which channel customers use to interface with a brand—brick and mortar, digital, face-to-face or omnichannel—organizations now embrace personalization in a wide range of use cases.

But now personalization at scale is the requirement. And, thanks to the power, flexibility and customization of AI, organizations offer customers previously unmatched levels of personalization that drive new business opportunities, improved profitability and more mutually beneficial relationships.

AI-based personalization solutions now enable organizations to unleash revenue potential they might not have even realized they were missing in the pre-AI paradigm. But even as organizations increasingly look to personalization to spark new ideas, opportunities, products and services, many struggle to identify where and when to start integrating AI into their technology stack.

These organizations should seek out and evaluate AI-based personalization platforms and tools from experienced, market-proven technology partners such as Contentful. In collaboration with its partner AWS and its own expansive partner ecosystem, Contentful deploys an approach to AI-driven personalization that promotes innovation, flexibility, experimentation, agility, security and resilience.

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