TRENDS IN PERSONALIZATION

RESEARCH FINDINGS

SITECORE® + SoDA

GLOBAL **TRENDS** STUDY

The Global Trends in Personalization Study is a collaboration between SoDA and Sitecore to assess investment plans, adoption of emerging technology, organizational priorities and key challenges relative to delivering personalized digital consumer experiences. Data was collected in January and February of 2019 from 351 marketing leaders and C-level executives across North American, Europe and APAC. The full report, along with commentary and perspectives, is available online at:

www.sodareporton.com/trends-in-personalization

SUMMARY

FINDINGS

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1 Digital experience personalization is a major priority for global business leaders and investment plans for expanded capabilities are growing.

- ✓ 85% of marketing leaders and C-level executives say that digital experience personalization is an important facet of their marketing ecosystem with 35% indicating that they see personalization as a *major competitive advantage for their business*.
- ✓ 83% increased their investments in personalization for 2019 with 32% pointing to a *significant budget increase* this year.
- ✓ The importance of personalization capabilities and investment plans varied little across geographic regions, leadership roles and size of digital budget, indicating that *digital experience personalization is a consistent, global priority*.

2 Data & Analytics and Technology Platforms are top investment priorities in 2019 with no signs of slowing down through 2021.

- ✓ Marketing leaders and C-level executives point to Data & Analytics (41%) and Technology Platforms (36%) as the Top 2 areas where they are currently *investing the most money to fuel their personalization initiatives*.
- ✓ Looking ahead at the next two years, investments remain focused on Data & Analytics and Technology Platforms with 38% and 33%, respectively, earmarking these areas for the *most significant budget increases*.

3 Content is a crucial element of the digital experience ecosystem and global leaders are focused on scaling their content production capabilities.

- ✓ Producing and publishing personalized digital content more quickly and more cost-effectively is a near-unanimous priority for global leaders (> 95%) with 55% and 47%, respectively, focused on *speed of delivery* and *efficiency* *as a major priority for their organization*.
- ✓ Not surprisingly, challenges related to developing a more robust digital content ecosystem mirror the biggest opportunity areas: global leaders point to Speed (44%), Budget (39%) and Automation (39%) as the *top pain points throttling their ability to produce and deliver more personalized digital content*.

4 While marketing leaders and C-level executives clearly recognize the importance of digital experience personalization, the majority appear to over-estimate their current capabilities.

- ✓ When it comes to digital experience personalization, 67% of global leaders *rate their organizations as "Masters" or "Experts"* with robust and advanced levels of personalization capabilities.
- ✓ Though rating themselves highly in terms of organizational maturity, *less than 40% utilize even the most basic targeting criteria* for personalization: Purchase History (38%), Browsing History (28%), Referral Source (24%) and Session Click-stream Data (20%).
- ✓ *Less than 45% are leveraging AI-capabilities for crucial functions* such as automating routine tasks, improving content targeting, becoming more responsive to user actions or scenario planning.
- ✓ *Less than one-third of leaders rate their personalization capabilities as "Advanced"* in any crucial sales and communication channel (Web, Mobile, Email, Call Center, In-Store Experience, Online Advertising or Cross-Channel Integration).

SUMMARY FINDINGS

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Global leaders have identified many of the crucial priorities necessary for digital experience personalization, but most still lack the strategic plans, data practices, platform capabilities and budgets necessary to accelerate and enhance their capabilities.

- ✓ 52% currently *lack an adequate roadmap and strategic investment plan* for the personalization capabilities.
- ✓ *Lack of budget* (40%), *limited platform capabilities* (37%), *channel complexity* (37%) and *data* (35%) are *significant barriers* standing in the way of enhanced personalization.
- ✓ Data & Analytics is a top priority but nearly 50% of leaders do not view testing and measurement as a major priority while data *Automation* (44%), *Accuracy* (40%), *Fragmentation* (39%) and *Interpretation* (39%) represent *significant challenges*.
- ✓ *Organizational practices and priorities for data privacy significantly lag*– just 35% say that data privacy is a major priority for their business and only 32% are actively improving their processes relative to data privacy despite the fact that nearly 80% admit to experiencing some level of data breach at their organizations

RESEARCH

HIGHLIGHTS

Investments Growing in 2019

Marketing leaders and C-level executives point to increased investments for personalization in 2019.

Spending on Personalization	2019
Significant budget increase in 2019	32%
Budget increase in 2019	52%
Budget same in 2018 and 2019	15%
Budget decrease in 2019	1%

32%

Significant Budget Increase

32% of marketing leaders and C-level executives in North America, Europe and APAC say that they have significantly increased their budget for digital experience personalization in 2019.

Spending is an even bigger priority for online businesses, those with digital marketing budgets greater than $100MM and those who view personalization as a competitive advantage for their business.

Of Nearly Ubiquitous Importance

85% of global leaders acknowledge the importance of digital experience personalization for their business.

VIEWPOINT ON ROLE OF DIGITAL EXPERIENCE PERSONALIZATION

35%	We see personalization as a competitive advantage for our business.
50%	We see personalization as an important part of our overall marketing ecosystem.
13%	We see personalization as cost of doing business.
3%	Personalization is not a critical priority for our business.

a competitive advantage

35%

More than one third of marketing leaders and C-level executives say that digital experience personalization is a leaders say that *competitive advantage for their business.*

Data & Platforms Top Spending

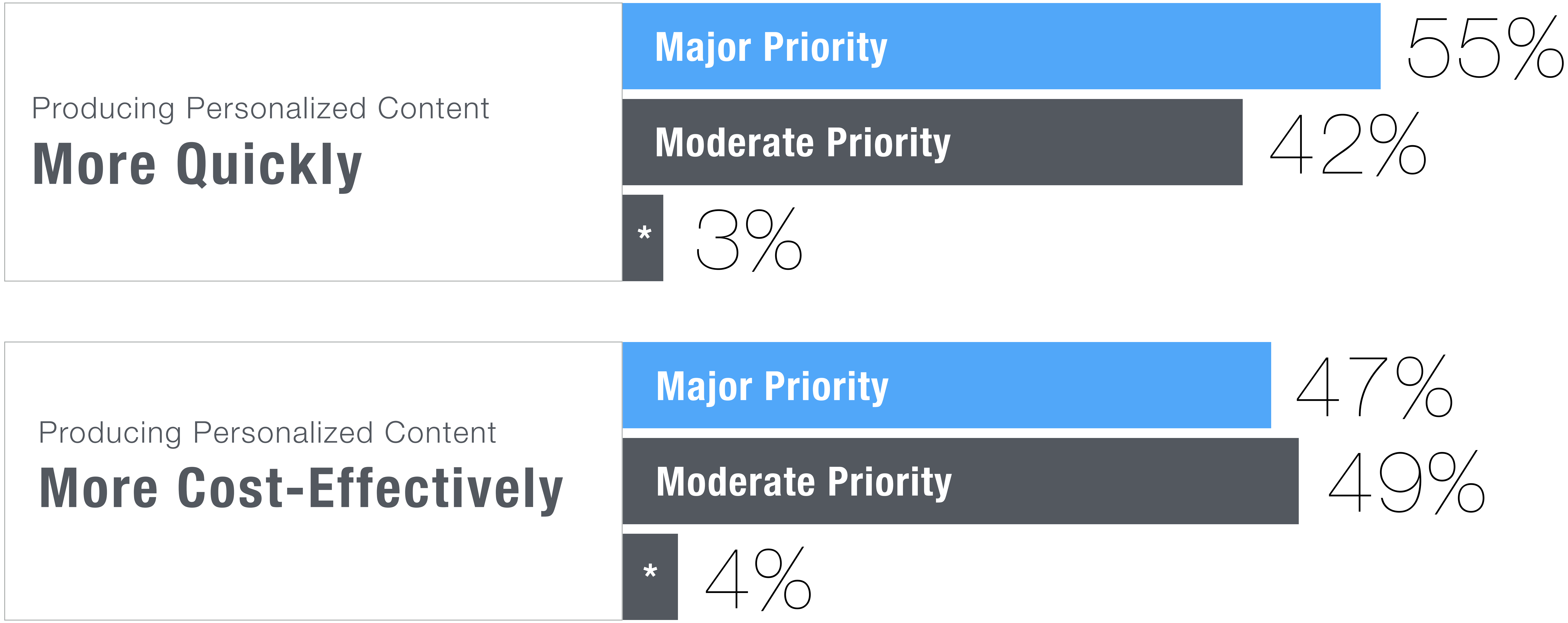
Data and platforms are the biggest areas of spending for personalization and slated for budget growth through 2021.

2019 :: Top 2 Areas of Investment	
Data & Analytics	41%
Platforms & Technology	36%
Strategy & Planning	35%
Staff & Headcount	24%
Media & Advertising	22%
Content Production	21%
External Partners	20%
Process & Org Change	2%

2020/21 :: Top 2 Areas of Increase	
Data & Analytics	38%
Platforms & Technology	33%
Strategy & Planning	32%
Staff & Headcount	26%
Media & Advertising	25%
External Partners	23%
Content Production	20%
Process & Org Change	3%

Content is a Major Priority

Content is crucial for the personalization ecosystem and global leaders cite speed and efficiency as priorities.



** Not a priority.*

Challenges for Personalization

Leaders point to automation, speed and channel complexity as top challenges hindering greater personalization.

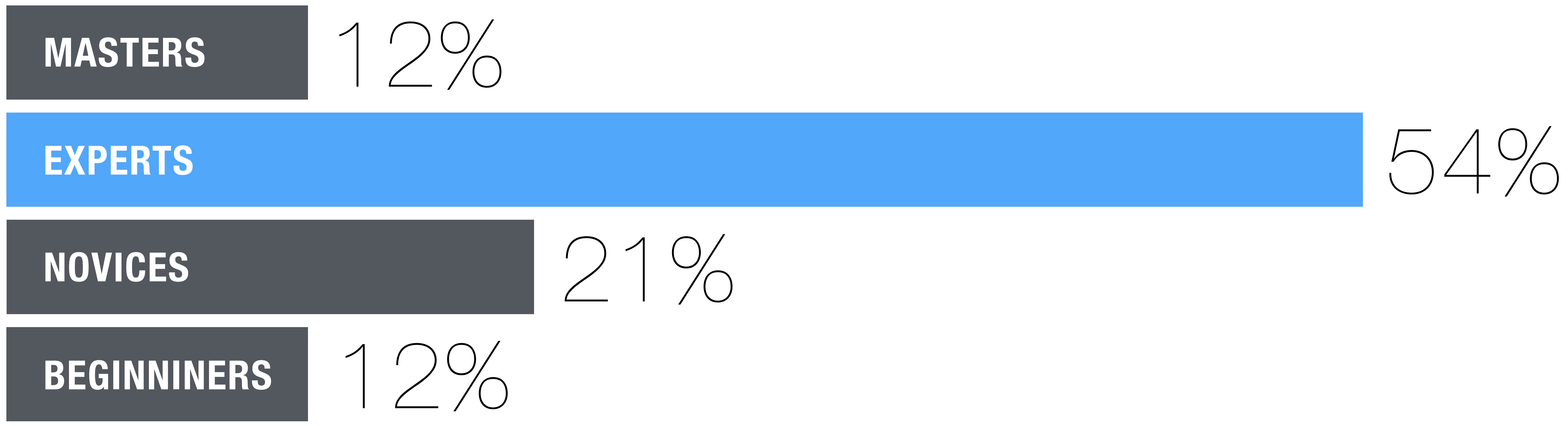
Top Barriers :: Organizational	
Budget	40%
Technology Platform	37%
Channel Integration	37%
Data	35%
Executive Support	34%
Internal Processes	34%
Internal Team / Capabilities	31%
Content	29%
Prioritization	19%
Other	2%

Top Barriers :: Data	
Automation	44%
Accuracy	40%
Fragmentation	39%
Gaps	36%
Access / Timeliness	32%
Budget	23%
Interpretation	9%
Other	1%

Top Barriers :: Content	
Speed	44%
Automation	39%
Multi-Channel Distribution	35%
Internal Staff / Capabilities	33%
Asset Library / Media Types	30%
Agency Partners	26%
Insight	11%
Other	1%

Organizational Maturity

Leaders rate their organizations highly when it comes to assessing their current personalization capabilities.



Masters… *We are delivering a comprehensive, dynamic and advanced personalization program continually optimized through ongoing improvements and investments.*

Experts… *We are delivering robust levels of personalization with a clear roadmap and investment plan for more enhanced personalization capabilities.*

Novices… *We are delivering simple levels of personalization but steadily increasing our level of sophistication.*

Beginners… *We have not done much yet and/or are just starting to explore personalization.*

Top Targeting Criteria

Organizations utilize a number of criteria to target and personalize the delivery of digital experiences.

Top Targeting Criteria Used for Delivering Personalized Experiences			
Geography / Region	38%	Device Type	25%
Purchase History	38%	Referral Source	24%
Segmentation Model	33%	Predictive Model (manual)	24%
User Profile / Preferences	31%	Gender	23%
Age	30%	Session Click-stream Data	20%
Current Geo-location	28%	Ethnicity	15%
Browsing history	28%	Predictive Model (AI)	9%
Shopping cart history	26%	Other	1%

!

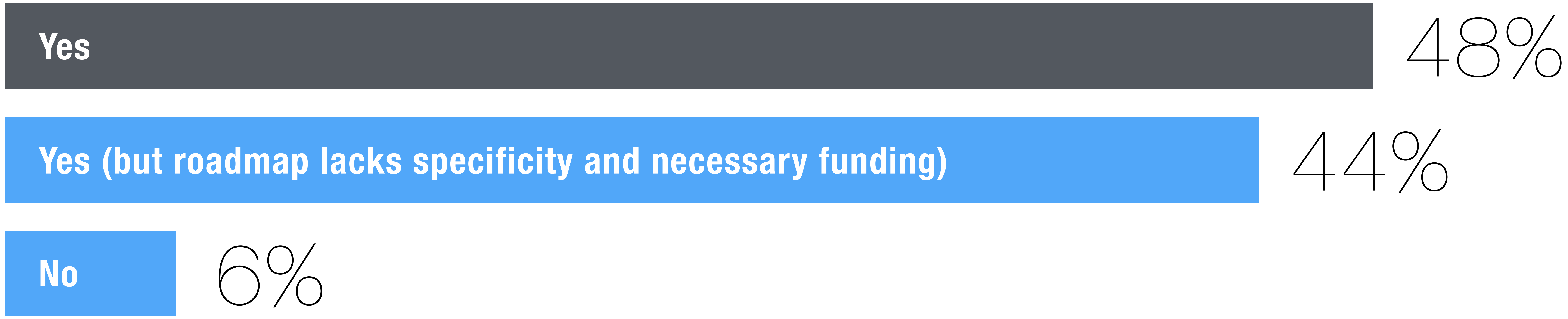
ROOM TO GROW

While marketing leaders and C-level executives rate their organizational capabilities for for personalization highly, less than 40% are utilizing even the most basic parameters for targeting, indicating that it's still early days for most businesses when it comes to delivering personalized digital experiences.

Strategic Roadmaps Lacking

More than 90% of leaders say they have a strategic roadmap for personalization but majority are lacking.

More than half of all organizations lack an adequate strategic roadmap and investment plan for the development of enhanced personalization capabilities.



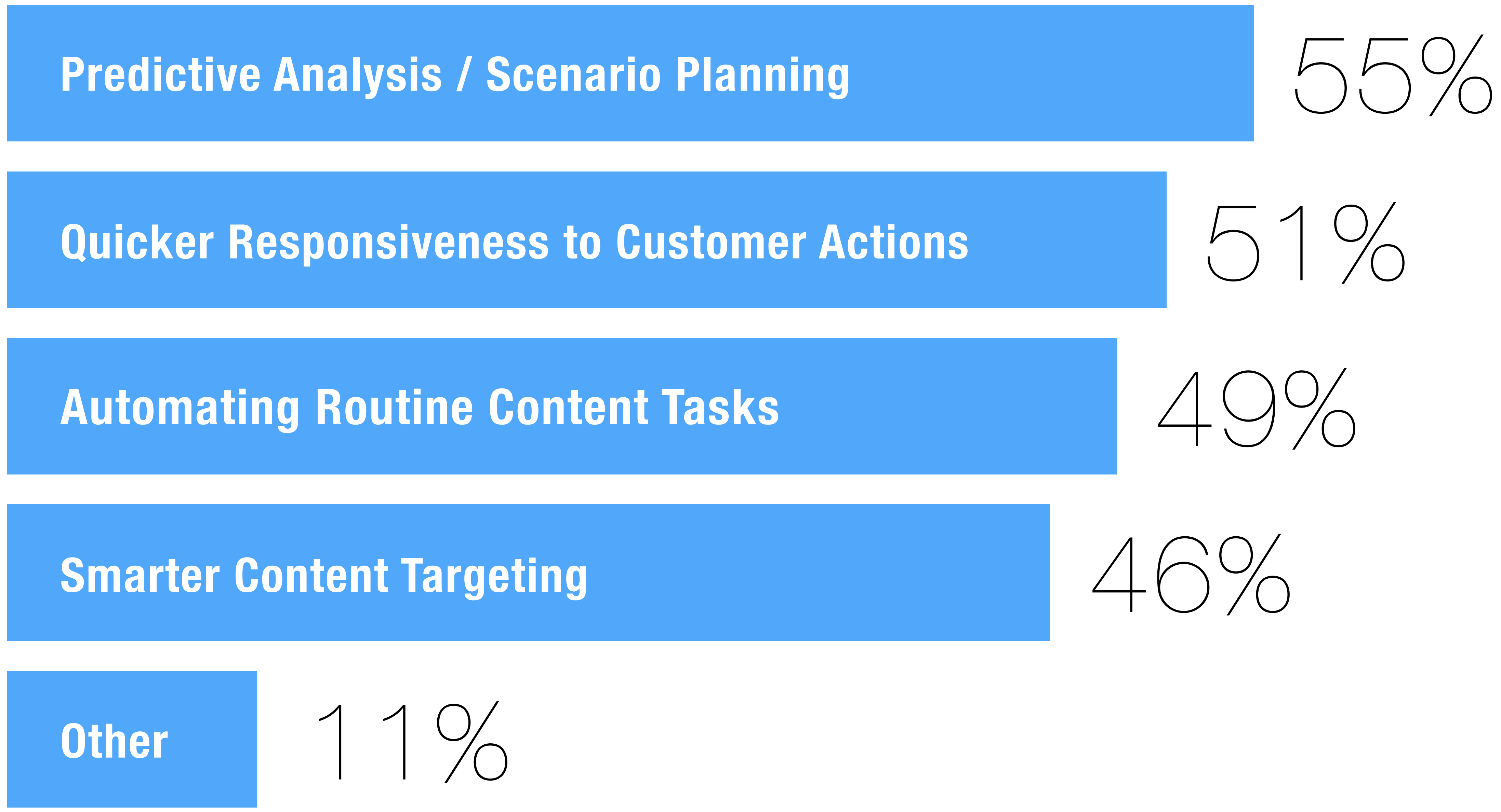
AI Adoption High But Use Limited

81% of global leaders are utilizing AI capabilities for personalization but the applications are very limited.

AI FOR PERSONALIZATION

24%	Leveraging AI capabilities that are *native to the software platform(s)* we use.
37%	Leveraging AI capabilities *developed, trained, or customized internally*.
20%	Leveraging *both native and internally developed* AI-driven capabilities.
11%	Not currently leveraging AI capabilities, but *plan to in the next 12-months*.
8%	Not currently leveraging AI capabilities and no near-time plans / don't know.

PRIMARY USE CASES



A Few Segments Stand Out

Investment plans, priorities and practices varied little across segment data cuts with the exception of three.

Competitive Advantage

35% of respondents (n=122) view personalization as a competitive advantage for their business. This segment is more likely to:

- Have a detailed strategic plan (+18).
- Have significantly increased their budget for personalization 2019 (+21).
- View the production of personalized digital content as a major priority… more quickly (+27) and more cost-effectively (+22).
- View testing and measuring the impact of personalization programs as a major priority (+19).

Compared to the global average.

Digital Budget > $100 MM

28% of respondents (n=99) have annual digital marketing budgets greater than $100MM (USD). This segment is more likely to:

- Rate their organizational capabilities for personalization at a "Master" level (+17).
- Have significantly increased their budget for personalization 2019 (+15).
- Point to "Platforms & Technology" as one of the top two areas slated for big investment increases over the next two years (+14).
- Prioritize data privacy… investing heavily (+13) and improving processes (+14).

Compared to those with budgets < $100 MM.

eCommerce Sales Model

37% of respondents (n=131) operate an eCommerce and online sales as their primary sales model. This segment is more likely to:

- Have a detailed strategic plan (+26).
- Leverage AI-capabilities (+18).
- View the production of personalized digital content as a major priority… more quickly (+24) and more cost-effectively (+16).
- Point to internal staff and capabilities as a key challenge (+13) and adding new staff and headcount as a top investment priority over the next two years. (+14).

Compared to those with hybrid offline/online models.

SURVEY

METHODOLOGY

Survey Methodology

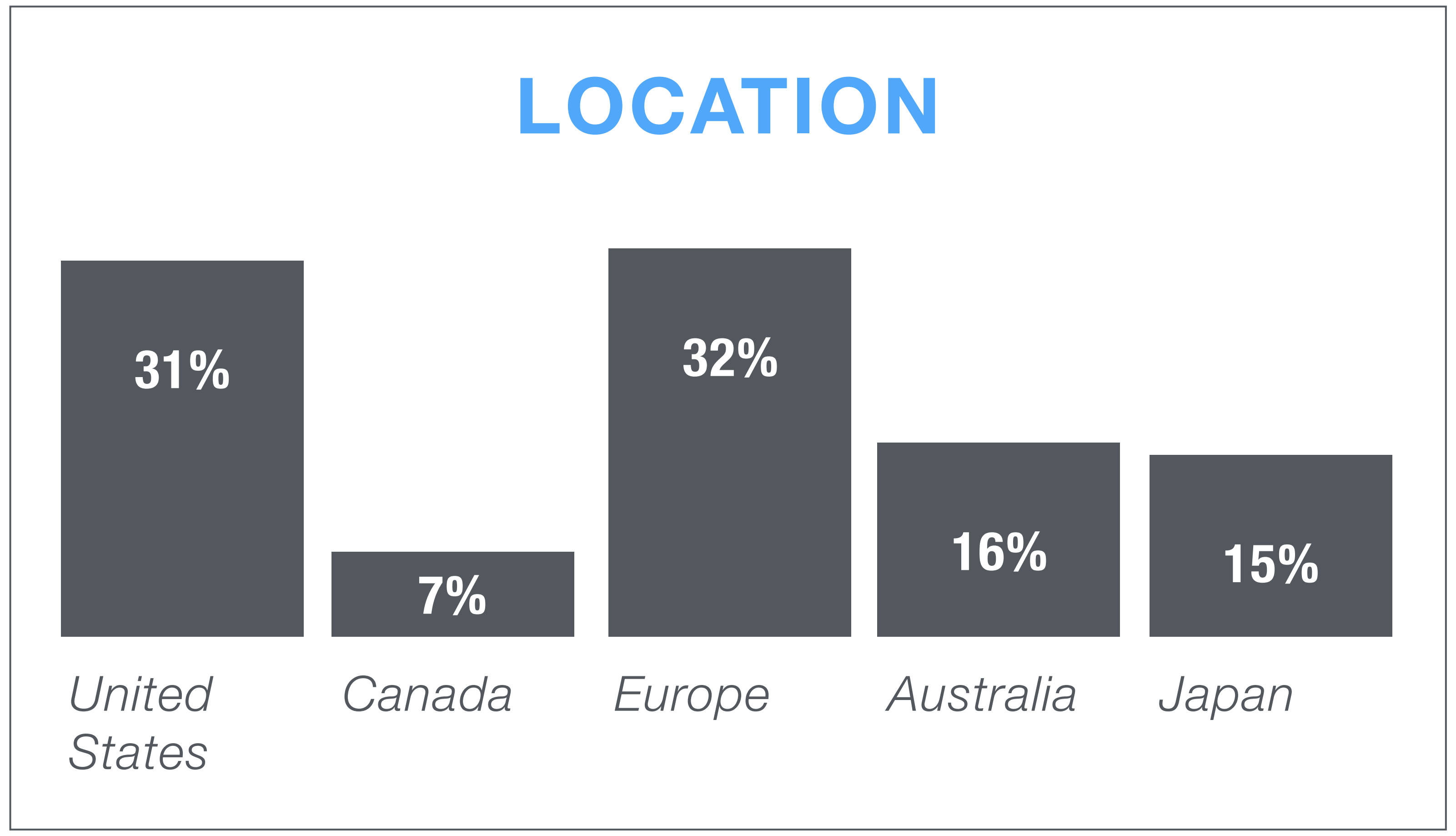
The respondent pool consisted of 351 marketing and executive leaders from a global mix of industry segments.

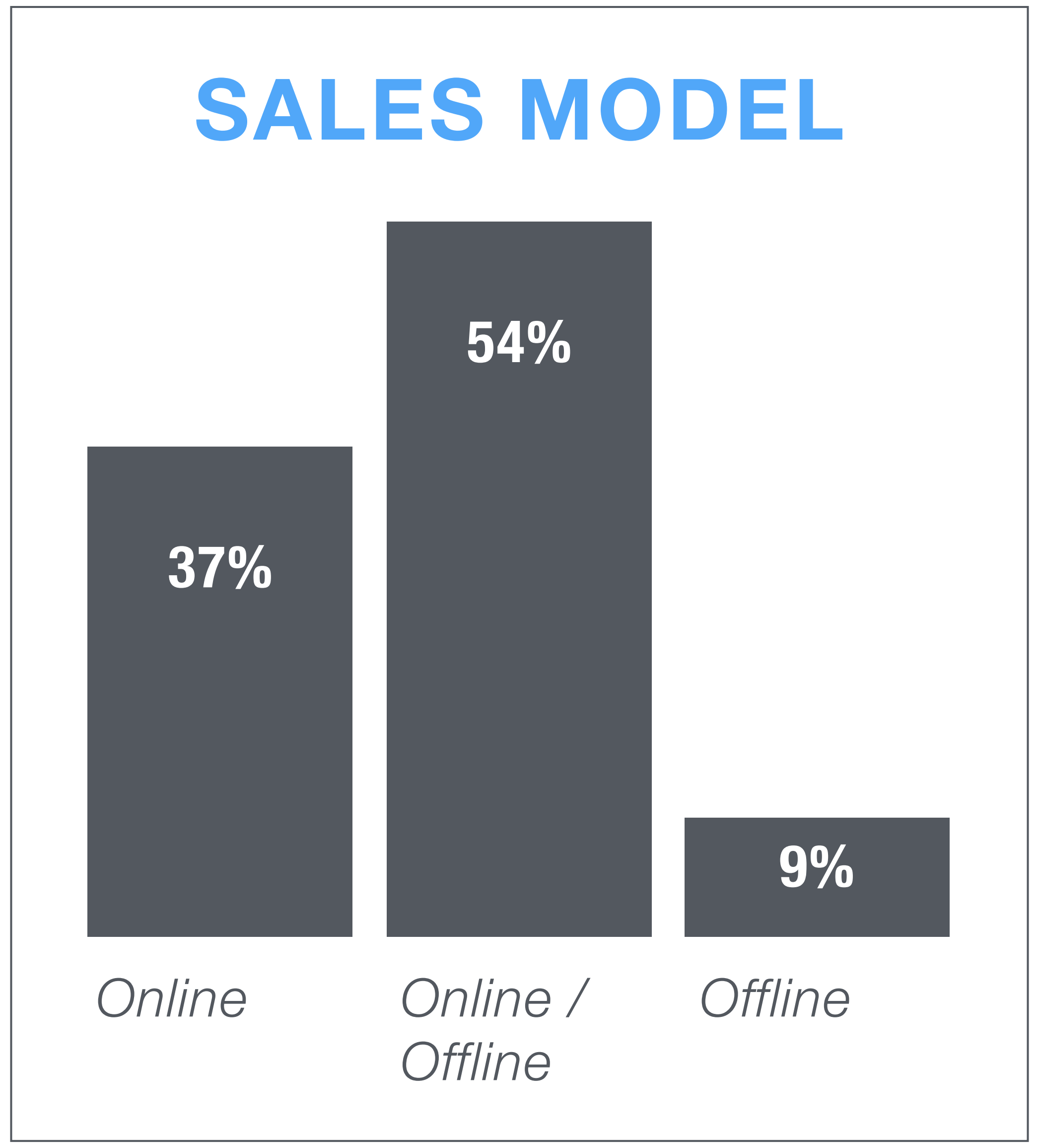
Survey Respondents
(n = 351)

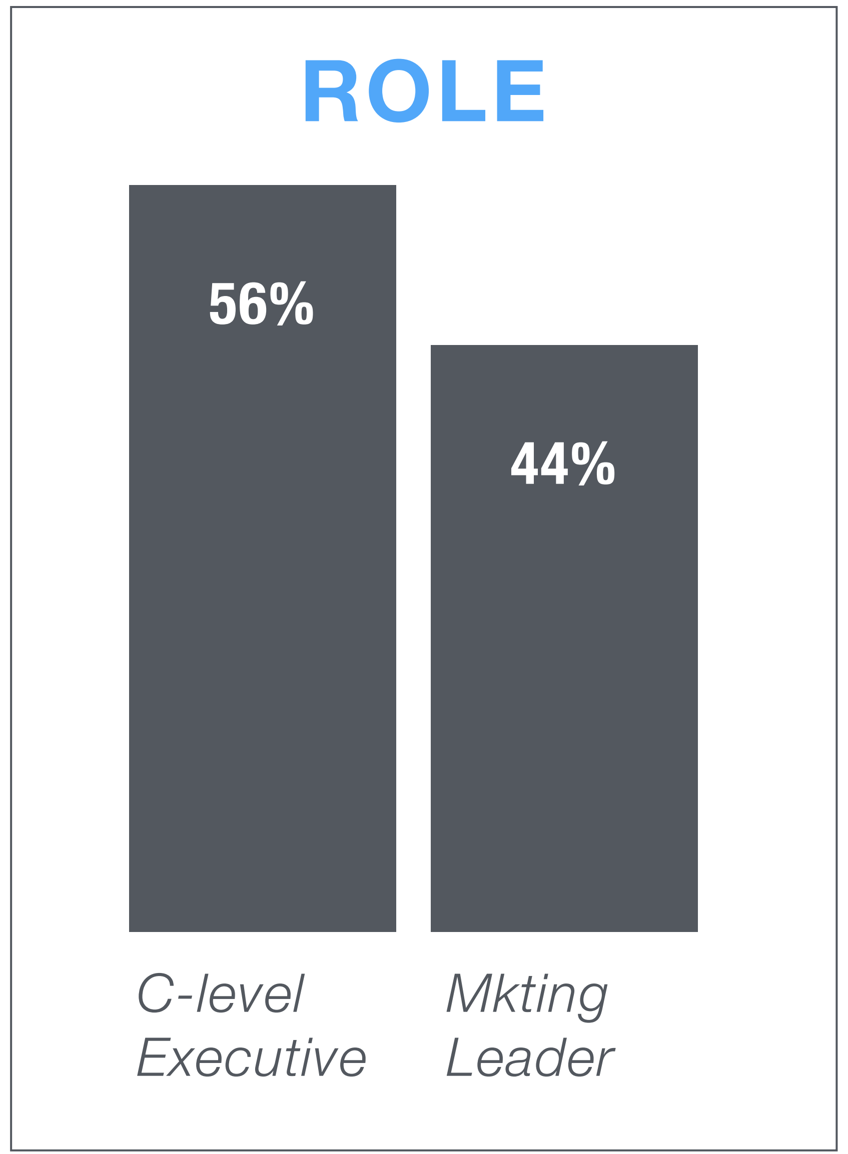
- Global online survey fielded for 6-weeks in January and February of 2019.
- Screened for responses from Marketing Leaders (director and above) and C-level Executives.
- Strong mix across industry segments and geographies.
- Nearly equal split of respondents with digital marketing budgets less and greater than $50 MM.
- Healthy representation of eCommerce sales models and hybrid online/offline sales models.

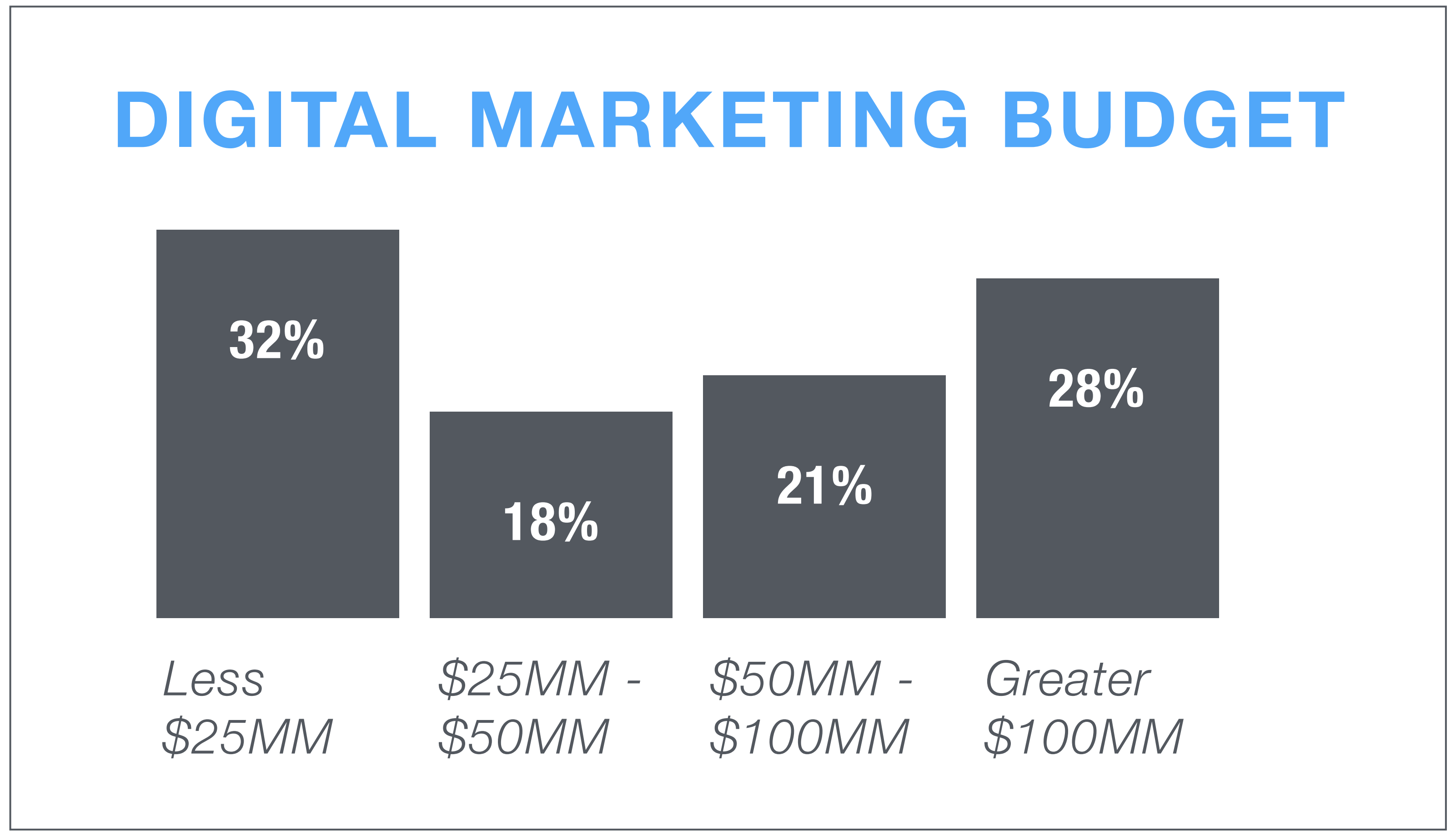
Respondents

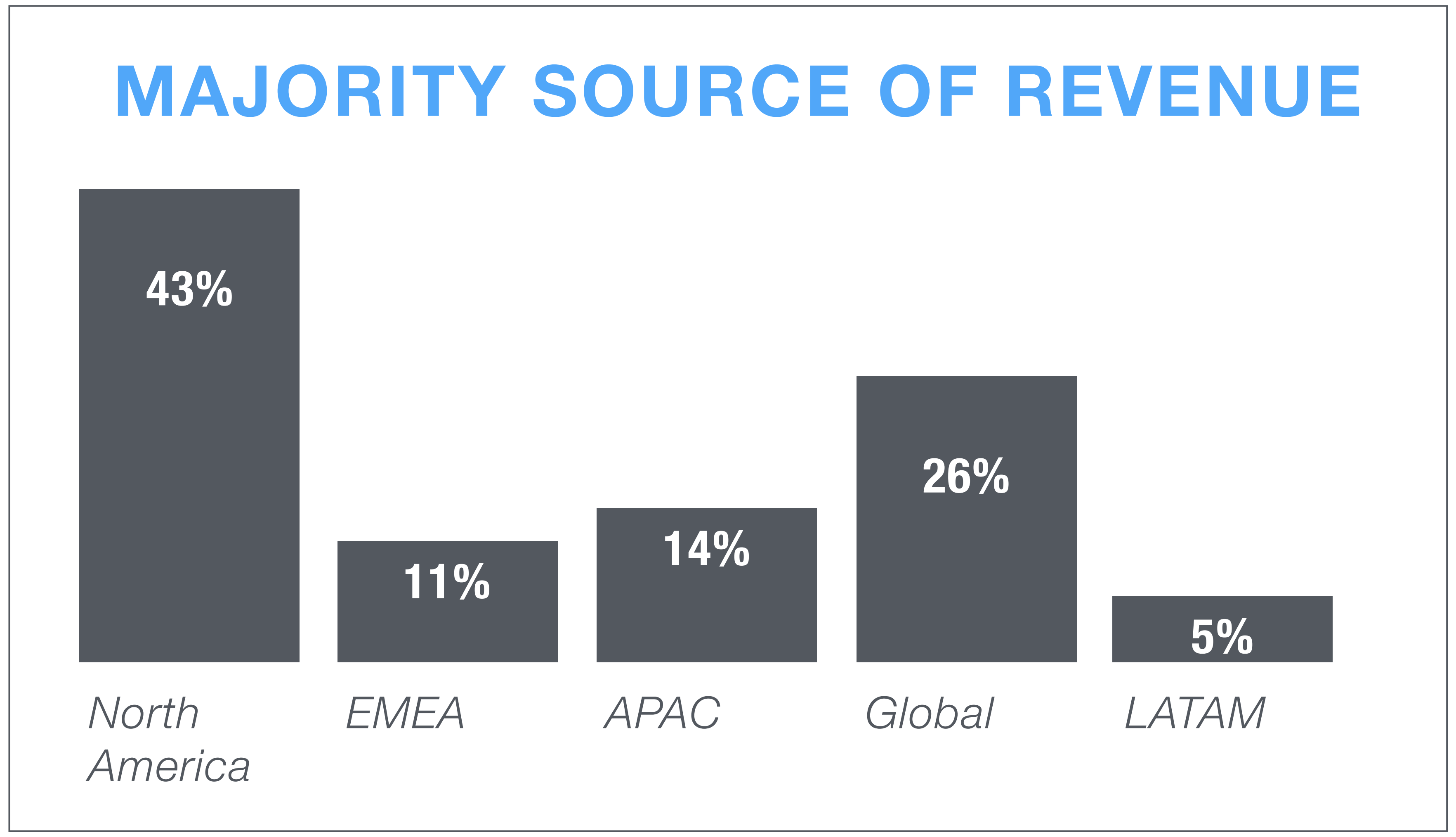
Survey Respondents
(n = 351)











ABOUT SODA

SoDA is the leading global network for digital agency leaders, creative innovators and technology disruptors. With more than 100 agencies spanning 6 continents (sorry, nothing in Antarctica … yet), our members help the world's most progressive brands imagine and create the future of digital experiences.

ABOUT SITECORE

Sitecore is the global leader in digital experience management software that combines content management, commerce, and customer insights. The Sitecore Experience Cloud™ empowers marketers to deliver personalized content in real time and at scale across every channel—before, during, and after a sale. More than 5,200 brands—including American Express, Carnival Cruise Lines, Kimberly-Clark, and L'Oréal—have trusted Sitecore to deliver the personalized interactions that delight audiences, build loyalty, and drive revenue.

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