The Power of Personalization

This article captures the highlights of the discussion from Mark Abraham's presentation to members of CNEXT's Generate Program. Please see the accompanying presentation for more details.

January 9, 2025

Mark Abraham:

Mark Abraham leads BCG's Marketing, Sales & Pricing practice in North America. He also launched and leads the firm's personalization capability.

Since joining BCG in 2004, Mark has helped clients use data and technology to deliver one-to-one customer experiences across channels, especially in the food and beverage, retail, consumer packaged goods, and apparel categories. He has also led many end-to-end transformation programs for large, global consumer packaged goods and retail clients.

Mark built some of BCG's largest ventures and AI platforms, including Fabriq Personalization AI by BCG X.

Personalization has become a buzzword, often overused and misunderstood. Companies prioritize it, invest in it, and launch initiatives around it, but often lack a shared understanding of what it means.

True personalization means **delivering experiences at scale that improve with each interaction**. Every time a customer engages, you learn from that interaction and use it to enhance the next one—making it faster, easier, or more relevant.

Over the last decade, the right tools have emerged to make this a reality. By leveraging vast amounts of customer data and using rapid feedback loops to generate insights, brands can create seamless, continually improving experiences across physical and digital touchpoints. Personalization is most effective when viewed as a journey to improve the long-term relationship with the client rather than convert a single sale.

1. Customers seek personalization

The top three benefits that customers seek from personalization are:

1. Value
2. Recognition
3. Convenience

Studies show that they are comfortable sharing personal data in exchange for effective personalization. However, most have encountered poor, intrusive personalization experiences, causing them to disengage.

2.   The five promises of personalization

Empower Me:

When you personalize, be clear about the problem you're solving for the customer. Whether it's offering better value, saving time, or increasing convenience, know exactly how your personalization will empower them.

Know Me:

Once the objective is clear, identify the specific data you need. With endless data available, focus on stitching together only what's essential to personalize effectively. Then, determine how to apply intelligence and AI to enhance the experience.

Reach Me:

Decide when to engage the customer and through which channel. Timely, relevant outreach is crucial for creating meaningful interactions.

Show Me:

Leverage generative AI to create personalized content—imagery, copy, and video—at scale. The key is to curate this content down to only what matters for each customer.

Delight Me:

Delivering better experiences is the ultimate goal. To succeed, create a process and operating model that shortens the time between launching and improving an experience. This requires rapid measurement, seamless collaboration across tech, analytics, marketing, and operations, and a clear roadmap to drive continuous improvement.

3. Coordinate personalization

Companies are improving at generating personalized content and segmenting audiences. However, without centralized coordination, separate business units and channel teams risk delivering uncoordinated messages, oversaturating some segments while neglecting others. Organizations need a unified process to manage outreach across teams.

4. Personalized pricing

Effective personalization can lead to price segmentation. However, transparency may cause issues if customers can compare prices and notice discrepancies.

Promotions are often easier to personalize than pricing, especially when loyalty programs or non-cash currency are involved. Consumers accept being rewarded differently based on loyalty but are less tolerant of price differences tied to demographics, income, or similar characteristics.

5. Responsible AI

Personalization requires a cross-functional framework, not just ownership by the chief risk officer. Injecting demographics into AI models poses significant risks—prohibited in financial services and inadvisable even for retailers.

Companies must check outcomes to ensure unintended biases, such as offering lower-value promotions to low-income customers, aren't occurring. These safeguards should be established as overarching rules governing AI-driven personalization.

6. Staffing personalization

Employees have individual preferences about specific shifts, preferred hours, and who they work with, influencing satisfaction and performance. Yet most scheduling solutions overlook employee preferences and prioritize only business demands.

With advanced AI, companies can now create smarter scheduling solutions that balance business requirements with employee needs, leading to better outcomes for both.

7. Improving personalization

Start by auditing your communication outreach—what messages are being sent, how often, and through which channels (email, SMS, push notifications, mailers). Typically, companies send far more messages than intended, leading to disengagement or unsubscribes. Identify where engagement drops and use these insights to refine your outreach.

Introduce real-time feedback mechanisms within the experience, such as thumbs up/down, to gauge effectiveness. With advanced technology, recommendations can now be adjusted immediately based on customer behavior.

The key to successful personalization is continuous testing. Regularly run experiments by comparing targeted customer cohorts with control groups. Track whether engagement increases and, more importantly, whether real transactions and customer frequency improve. To sustain this, companies must implement automated processes and a teaming model that supports ongoing testing, learning, and iteration.

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