

2025 Leadership Priorities in Personalization

AI, Data, and the Future of
Customer Experience



An original research report from Apply Digital

Contents

Executive summary	02	Personalization case study: Kraft Heinz TasteMaker	19
Methodology	03	Navigating challenges to effective personalization	20 – 23
The current moment: consumer expectations and competitive pressures	04 – 10	What this means for businesses	23
What this means for businesses	09	The final word	24
Personalization case study: Upside	10	Credits	25
The rise of AI-powered personalization	11 – 17	About Apply Digital	26
What this means for businesses	17 – 18		

Executive summary

In our last report from 2024, *The Future of Customer Engagement*, we showed that decision-makers were dissatisfied with the results they were seeing from traditional personalization and loyalty efforts. Knowing this, when we began work on this research report, we wondered how much had changed in the field of personalization. As it turns out, things have changed a lot.

Our latest research shows that, surprisingly, businesses are doubling down on AI to push the science of personalization into new frontiers, as they grow budgets and increase investments in AI-enhanced experiences. Companies are now using generative AI tools to enable the delivery of true 1:1 digital experiences at scale. Combined with other advances, including ever-more-powerful recommendation engines and the looming arrival of agentic AI — autonomous ‘bots’ consumers can use to transact on their behalf — our research suggests 2025 is the year AI brings personalization to the next level.

This renewed focus on personalization isn't solely due to competitive pressure; leaders understand that customers expect engaging, tailored experiences, and will reward those businesses that rise to the occasion.



Brian Browning

VICE PRESIDENT, ENTERPRISE SOLUTIONS, APPLY DIGITAL

Of course, any successful personalization strategy begins with data. It's clear that organizations that have invested in composable architectures, and that have connected commerce-level data insights with a deep understanding of their customers' expectations and behaviors, are poised to leap ahead of their competitors during this next generation of AI-driven personalization.

On the consumer side, feelings toward personalization are generally positive, but they also vary significantly by country, gender, and age group. Concerns about privacy and data security are top of mind, and some consumers find the idea of having AI bots transact on their behalf unsettling. Businesses need to keep these concerns in mind as they pursue growth strategies in the years to come. Taken together, these insights paint a nuanced picture of how the science of personalization is changing, and how the world is changing along with it. At Apply Digital, we're excited to dig deep into these changes, and to have you along with us for the journey.

Methodology

For this research report, we set out to discover how businesses and consumers are feeling about advanced personalization, data privacy and security, and soon-to-come personalization technologies.

To accomplish this, we engaged Censuswide to conduct a survey of 400 senior decision-makers across the sports, retail, media and entertainment, CPG, and B2B industries. Censuswide also surveyed over 1,000 consumers across various demographics.

Business leaders were asked detailed questions about personalization activities at their organizations and investment priorities for the year to come. Consumer survey respondents were asked detailed questions about how they felt about personalization, data collection and privacy, and the use of AI technologies in personalization.

Answers to the survey questions are presented in this report as both stand-alone data points and contextually in charts and/or graphs.

99%

enhance at least one of their personalization tactics with AI

82%

of leaders will spend more on personalization in 2025 than last year

43%

say their current tech is holding them back [from developing AI-driven experiences]

SECTION 1.

The current moment

The current moment: consumer expectations and competitive pressures

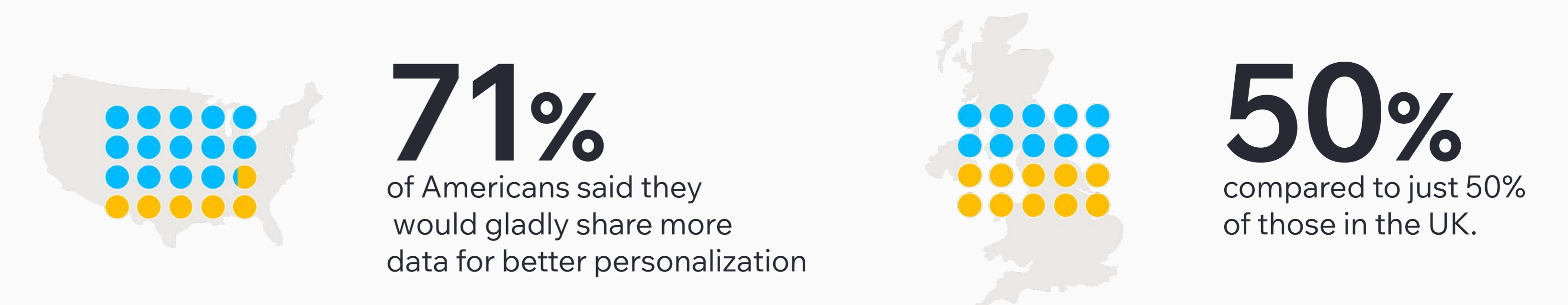
In 2025, personalization is no longer a competitive advantage — it's an expectation. Driven by shifting consumer preferences and the need to keep pace with competitors, businesses are now expected to deliver more tailored experiences to ensure customer loyalty. Today, AI is playing a key role in this evolution of customer experience, and leaders are increasingly taking notice - but before we dive into how companies are investing in personalization, let's explore what consumers are saying.

How do consumers feel about personalization?

Consumers across the UK and the United States showed a thought-provoking range of feelings about personalization, especially around the use of their data in the context of AI.




79% of consumers in the US said personalization is important to them, significantly more than the 63% in the UK who feel the same way.

When we asked respondents if they would be willing to share more personal information than they currently do, in exchange for more helpful experiences online, the geographic disparity in opinion widened even further:



This difference could speak to cultural differences around privacy concerns, or simply reflect a deeper awareness in the UK of the risks of information sharing (i.e. data breaches and fraud.)

Among all respondents, nearly half cited data privacy and security breaches as their top concern around sharing personal information. They also cited:

 Spam and over-marketing	42%
 Lack of control over how personal information is used	38%
 Lack of transparency about how data is used	31%
 Irrelevant or intrusive personalization	27%
 Feeling manipulated or targeted	24%

as reasons for not wanting to share personal information.

Taken together, 61% of respondents overall said they are willing to share more personal information with businesses to enjoy personalized experiences.

But many of those willing to make the trade said they are only comfortable doing so if they have control over what data is shared.

"Outside of jurisdictions like California and the EU, where individuals can request companies to destroy their personal data, people continue to face challenges in taking control of their information. In light of consumer discomfort, businesses can build trust by taking a human approach: address people's concerns up-front, and focus on building personalized experiences for those who want them."



Steven Aldrich

SVP MARKETING SERVICES,
APPLY DIGITAL

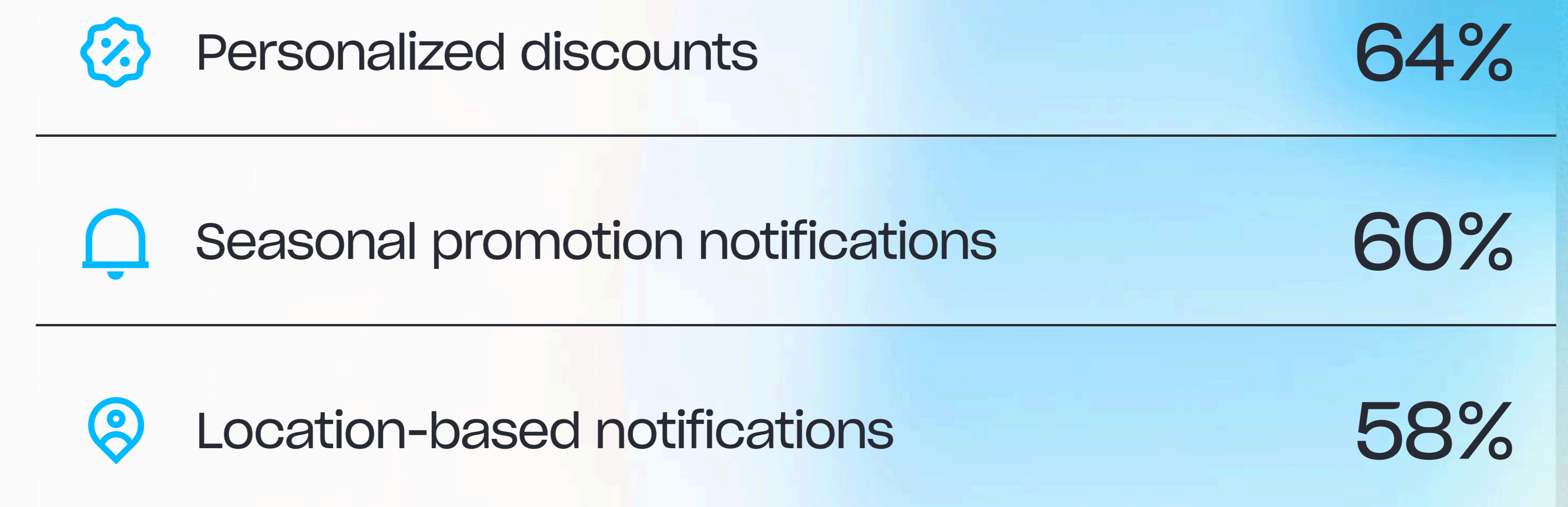
What do consumers want from personalization?

Consumers have made it clear that they expect personalized experiences from the businesses they engage with. But those expectations come with a catch: **personalized experiences must offer clear value, and consumers need to know their sensitive data will be handled securely.**

Our data shows price-led value offers remain compelling: personalized discounts (64%), seasonal promotion notifications (60%), and location-based notifications (58%) all continue to resonate strongly with consumers, suggesting that amidst the current cost of living crisis, price and convenience are reliable drivers of consumer behavior.

These features create a sense of exclusivity and convenience, reinforcing the idea that businesses understand individual preferences and needs. When implemented effectively, they increase customer satisfaction and encourage repeat purchases and brand advocacy: data from our report [The Cookieless Revolution](#) shows consumers are 41% more likely to buy from a business after a personalized experience.

By focusing investment in personalization technologies that provide opportunities to deliver both the financial value and improved human experiences that their customers are looking for, businesses can strengthen engagement and maintain a competitive edge.



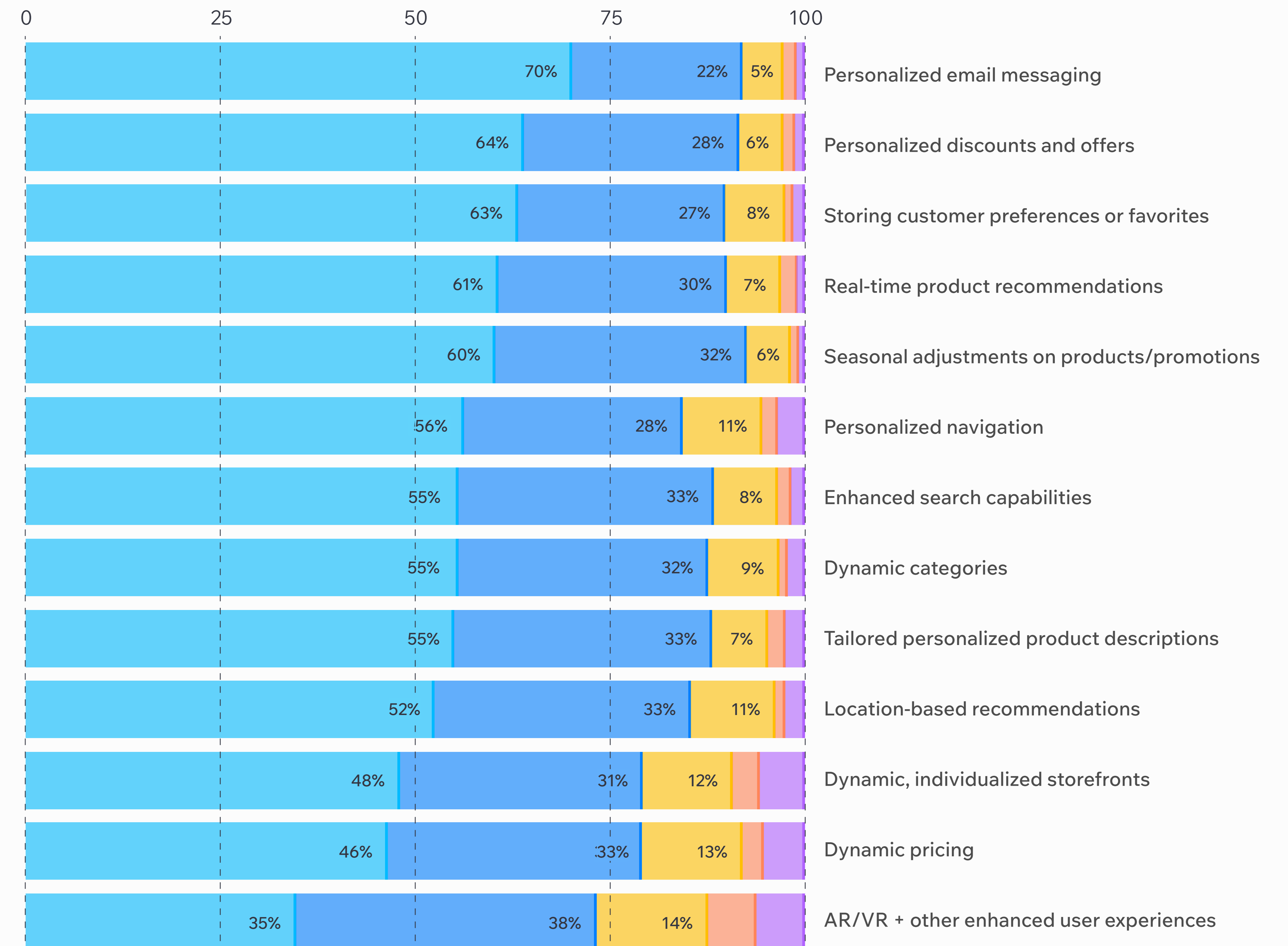
Where are leaders investing in personalization?

Beyond consumer demand for relevance and convenience, nearly three-quarters of leaders fear that without robust investments in personalization, they will lose market share to competitors. This dual motivation — enhancing customer engagement and mitigating competitive threats — is driving the rapid adoption of personalization technologies across industries.

Q. Do you currently have, or plan to introduce, the following personalized capabilities?

- CURRENTLY HAVE
- PLAN TO INTRODUCE IN LESS THAN 12 MONTHS
- PLAN TO INTRODUCE IN THE NEXT 12-24 MONTHS
- PLAN TO INTRODUCE THIS IN MORE THAN 24 MONTHS
- DO NOT HAVE / DO NOT PLAN TO INTRODUCE THIS

The leaders we surveyed are already taking tactical action. Over half of leaders across industries are currently using:



Businesses are also acutely aware that AI-powered companies are reshaping the landscape, and many fear being surpassed by those whose adoption efforts outpace their own. **Our survey found that 72% of businesses are concerned that competitors leveraging AI will erode their market share.**

Within this group, nearly a third are very concerned, indicating the high level of urgency among business leaders.

As a result, companies are increasingly viewing AI as a critical investment rather than an optional upgrade. Organizations that previously hesitated to integrate AI into their personalization strategies are now moving forward more aggressively, not just to enhance customer experiences but to avoid being left behind by their AI-first competitors.

72%

of businesses are concerned that competitors leveraging AI will erode their market share.

What this means for businesses

This evolving landscape presents both a challenge and an opportunity. Companies that fail to meet the demand for increasingly sophisticated personalization risk losing customers to competitors who can deliver seamless, relevant, and value-driven interactions. But those that strike the right balance — leveraging AI to enhance customer engagement while maintaining meaningful human connections — stand to build stronger brand loyalty and long-term customer relationships. However, the rapid evolution of AI-driven personalization also raises strategic questions: **How can businesses integrate AI without eroding consumer trust?**

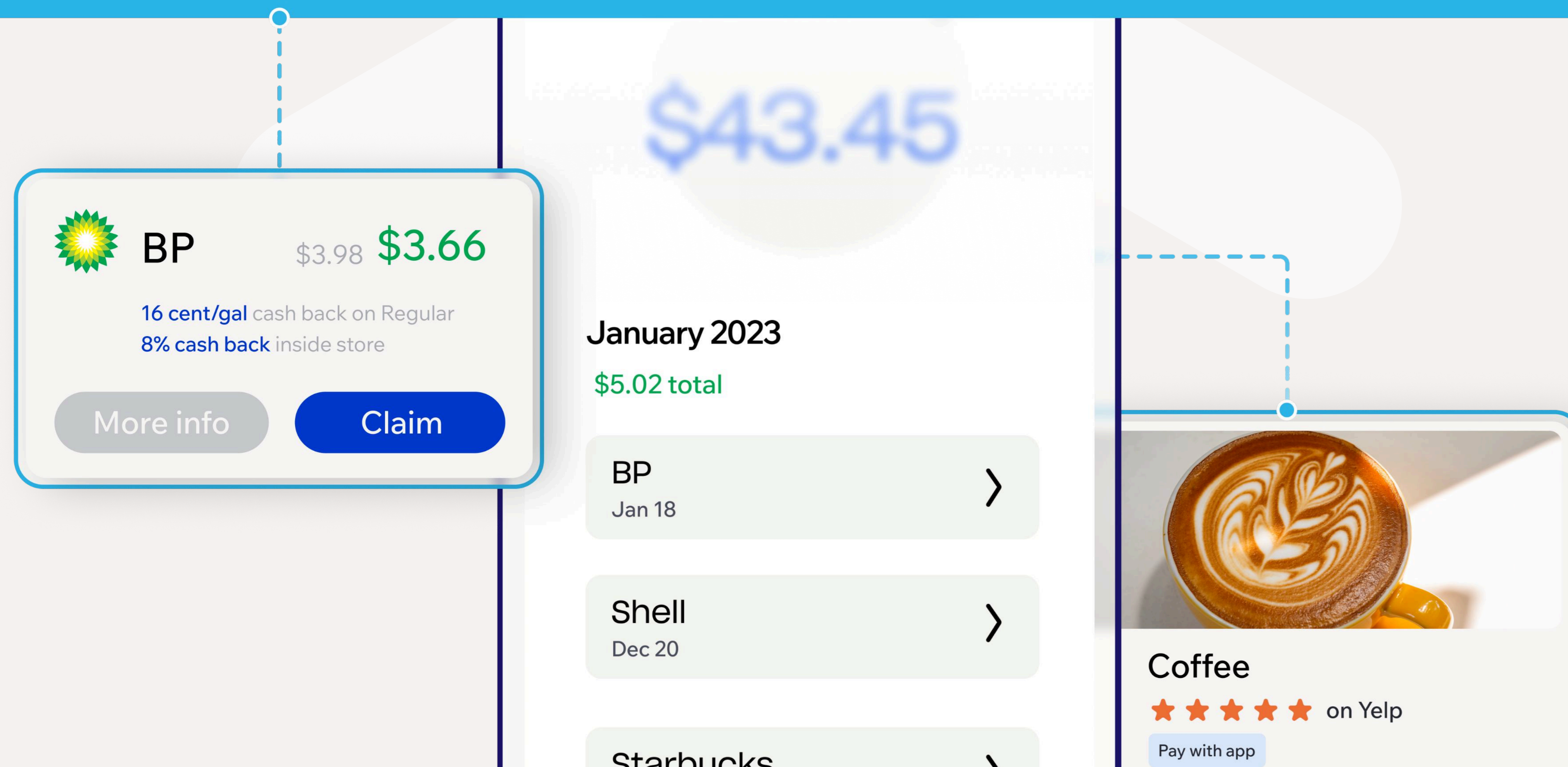
What role should human touchpoints play in an AI-enhanced experience? And how can organizations remain agile in a landscape where consumer expectations and competitive pressures are shifting at unprecedented speed?

The way businesses answer these questions will determine not just who stays competitive, but who leads in the next era of customer engagement. Businesses that invest in the right mix of AI, personalization, and human-centric strategies will be best positioned to thrive in a marketplace where differentiation is no longer about offering personalization, but doing it better than the rest.



CASE STUDY

Driving engagement with advanced personalization



CHALLENGE

Upside (client of Ragnarok, an Apply Digital company) is a cash back and loyalty app that collectively saves consumers hundreds of millions of dollars annually. They needed to centralize all customer interactions across their owned properties and ad programs to understand their customers' interaction with the brand across channels.

SOLUTION

We centralized all logged touchpoints to qualify users that had not yet formed a habit with Upside, but had strong behavioral signals predicting they would. A personalized program was then launched to accelerate their savings with Upside if they reached a certain threshold of transactions. Email, SMS, push, and in-app notifications were sent based on a user's preferred channel, and featured personalized local content promotions aligned with their transaction history.

RESULTS

The personalization program drove a 96% incremental increase in engagement resulting from better targeting, personalized recommendations, and leveraging the right channel.



SECTION 2.

The rise of AI-powered personalization

The rise of AI-powered personalization

In our last report, [The Future of Customer Engagement](#), senior leaders indicated they were dissatisfied with the ROI they were seeing from traditional personalization and loyalty efforts. This year businesses are investing heavily in AI to power experiences that they expect will delight customers — and working to convert those personalized moments of connection into revenue.

A staggering 82% of leaders said they will spend more on personalization in 2025 than they did in 2024, with 62% planning to invest more than 1 million USD on personalization over the next 12 months. In terms of projected AI spend, 52% say they will invest more than 1 million USD on AI-enhanced personalization this year.



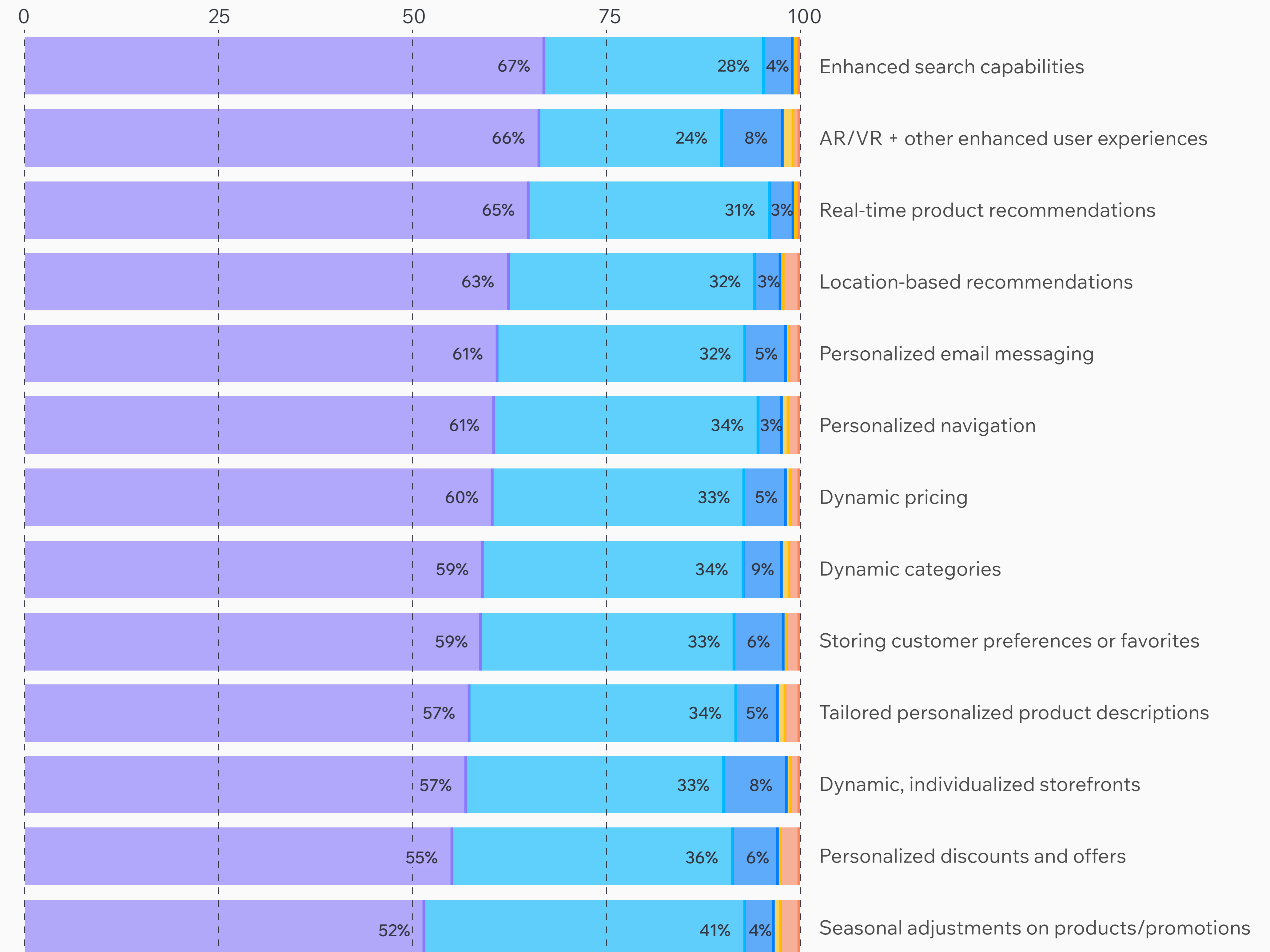
82%

of leaders said they will spend more on personalization in 2025 than they did in 2024




Stages of Adoption for AI Enhancements of Key Personalization Capabilities

Q. Have you already enhanced, or do you plan to enhance, any of these with AI?

- CURRENTLY HAVE
- PLAN TO INTRODUCE IN LESS THAN 12 MONTHS
- PLAN TO INTRODUCE IN THE NEXT 12-24 MONTHS
- PLAN TO INTRODUCE THIS IN MORE THAN 24 MONTHS
- DO NOT HAVE / DO NOT PLAN TO ENHANCE



Nearly all business leaders surveyed said they currently enhance at least one of their personalization tactics with AI. The top three areas they referenced include AI-powered search (67%), enhanced user experiences including AR and VR (66%), and real-time product recommendations and offers (65%). Among those who are not currently using AI for personalization, a majority are planning to do so in 2025, with a focus on seasonal adjustments (41%) and leveraging AI to improve personalized discounting.

 AI-powered search	67%
 Enhanced user experiences including AR and VR	66%
 Real-time product recommendations and offers	65%

Crucially, these efforts must be supported by robust data availability within the organization. Valuable customer and transaction information can be leveraged to power any number of personalized experiences, from product recommendations to dynamic pricing. Beyond these uses of AI, today's GenAI models can also deliver strong value in two distinct areas of content production: scaling up copy iteration, and rapidly producing and editing visual assets, to support personalization.

"Personalization driven by modern AI is able to go beyond classic customer segmentation by capturing context in real-time. This not only results in a more focused view of the customer, but it can also create a significantly more engaging experience for the user."



Michael Georgas

SENIOR DIRECTOR, AI,
APPLY DIGITAL



What is agentic AI?

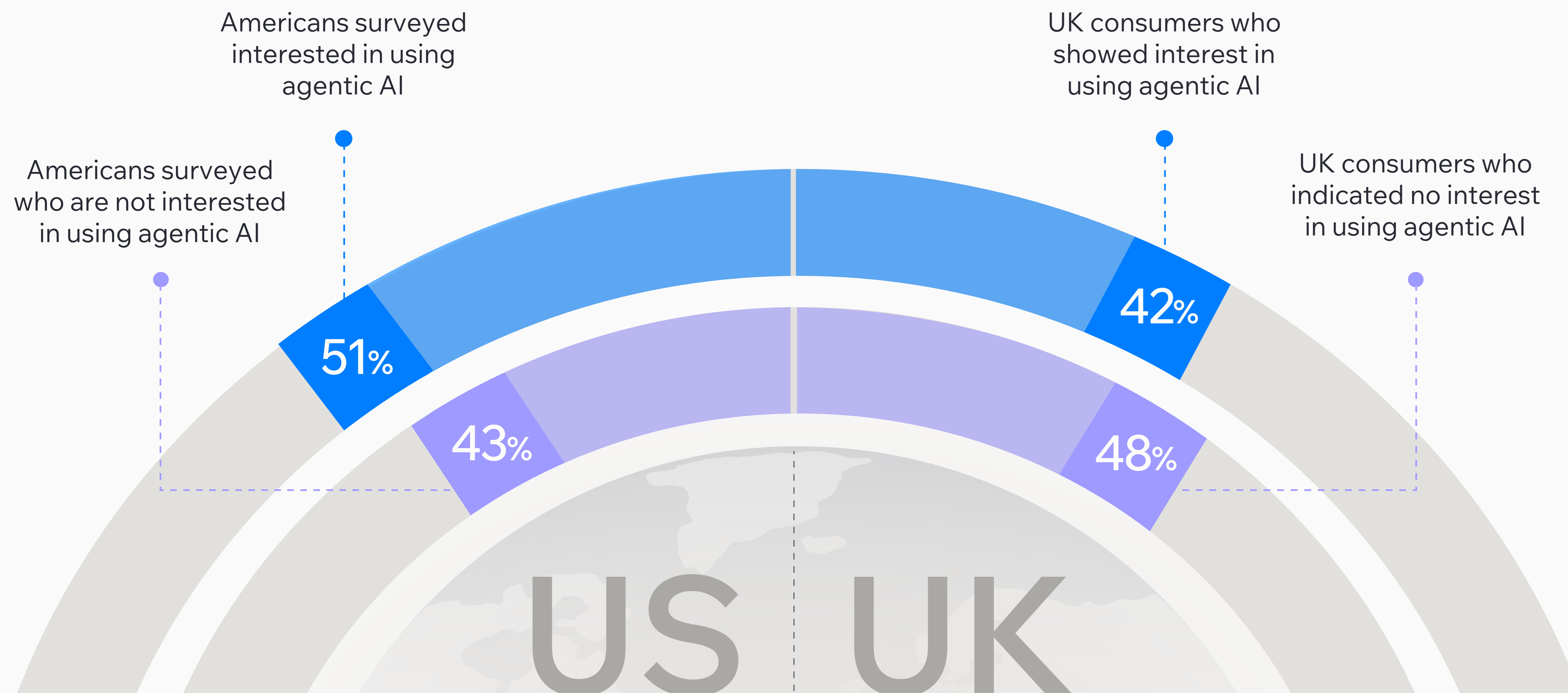
Imagine a future in which you no longer have to fumble through the drudgery of life’s administrative tasks — booking appointments, looking up directions, or buying airplane tickets. Instead, you simply speak instructions into your phone (“Book two round-trip tickets to Paris, leaving March 1st, returning March 15th, lowest price available”) and let AI handle the rest. Sounds appealing, right?

This is the future promised by the arrival of agentic AI, sometimes referred to as a ‘digital twin.’ In the coming months, people will be able to partner with AI-powered agents that understand their individual needs and preferences, and empower those agents to take action autonomously on their behalf.

This isn’t science fiction; companies are already releasing constructs in the market that are on the path to becoming autonomous. Knowing this, we were interested to find out: How comfortable are consumers with the idea of letting AI administer their daily tasks? And how are businesses feeling about the arrival of agentic AI?

Consumer

On the consumer side, the prospect of using autonomous, agentic AI revealed opinions on the far ends of the spectrum. With all responses considered, 46% said they were interested in using agentic AI, while 45% said they are not interested at all — practically a tie. In the UK, just 42% of consumers showed interest in using agentic AI, while 48% indicated no interest. In the US, the positions are reversed: 51% of Americans surveyed are interested in using the tech, with 43% saying they aren't interested.



Businesses

For their part, businesses are responding positively to the potential of agentic AI, and are ready to hit the ground running: nearly half of decision-makers surveyed say they are preparing to deploy infrastructure to allow consumers to use AI-powered agents to transact with their business across chat, customer service, and eCommerce channels.





Preparing for agentic AI

Businesses need to prepare for a world in which consumers will increasingly outsource administration of their own lives to agentic AI. This means companies should focus on developing interfaces to handle bot-to-bot transactions; bolster security infrastructure to ensure data is protected; and welcome customers who deploy agents to do their shopping, appointment booking, and more.


As with all new technologies, the devil is in the details when it comes to implementation questions: What kind of content will AI agents be able to interact with? How will companies handle accessibility concerns? Perhaps most crucially, how can businesses ensure the sensitive customer data needed to fuel agentic AI is protected from threats? These and many other questions around agentic AI remain to be answered.

What this means for businesses

As AI-powered personalization continues to gain traction, companies should focus on integration strategies that provide measurable ROI in the near term. Importantly, this must begin with integration of data sources from across the organization (e.g. financial, commerce, customer experience), which are essential to powering engaging personalization experiences. Leaders need to lay the technical foundation for the widespread adoption of agentic AI.

Beyond technical readiness, companies must recognize that without robust consumer trust, any personalization strategy is doomed to fail. Our data shows that customers need to feel their data is secure, their privacy rights are respected, and that companies are transparent about how customer data is being used, especially in the context of AI.

In 2025, businesses should:

-  Identify which classic personalization tactics they are currently using that could be enhanced with AI, and invest accordingly
-  Review data protection infrastructure and security practices to ensure consumer protection and trust
-  Ensure financial, customer, and commerce data are not siloed, and available for personalization initiatives
-  Develop KPIs to measure the effectiveness of AI enhancements, to ensure investments are delivering value for money
-  Prepare for the arrival of agentic AI by investing in infrastructure to support bot-to-bot transactions

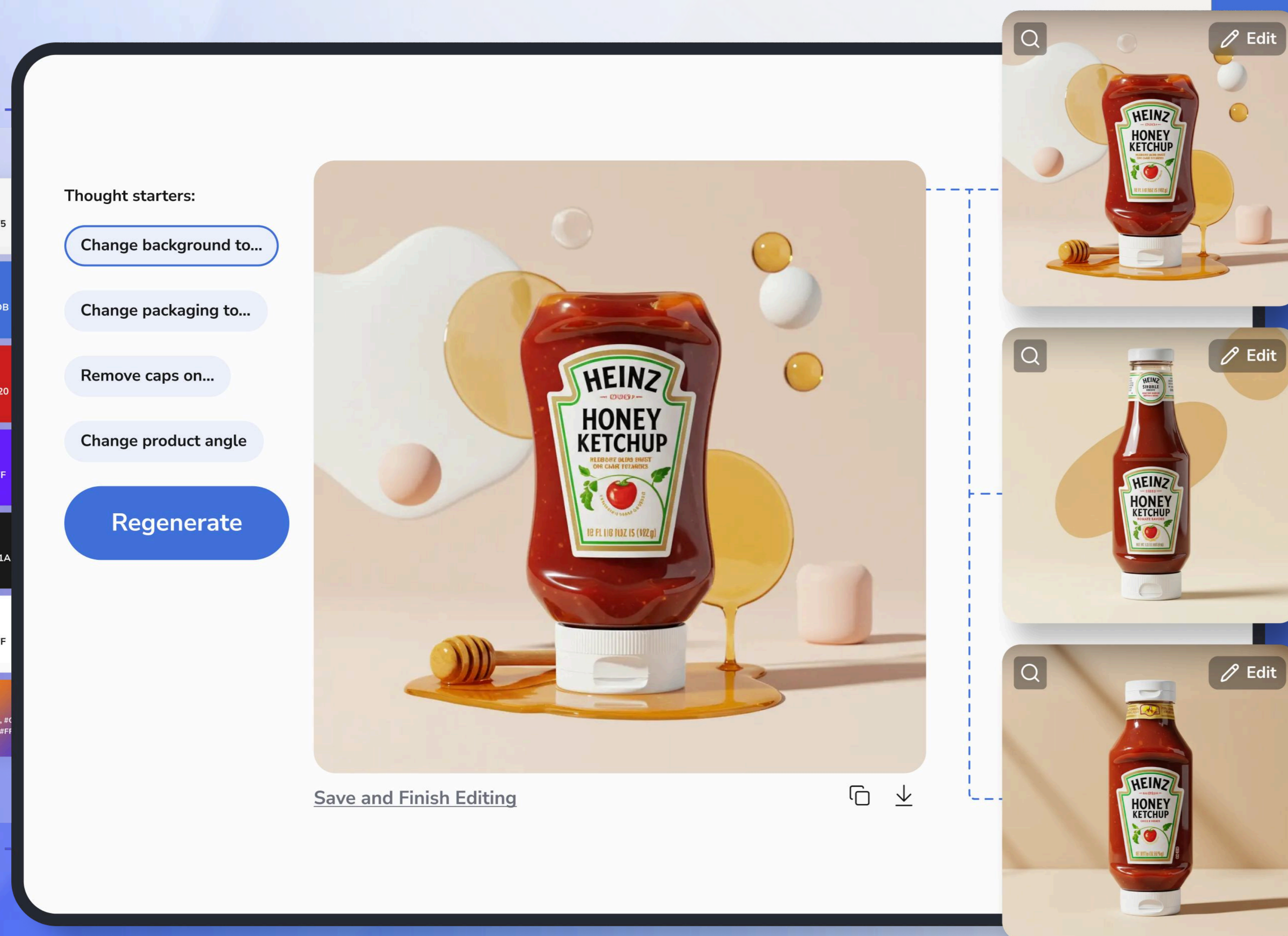
"Today's consumers expect engaging experiences, but personalization delivers more than just increased engagement. True 1:1 personalized experiences are key to driving revenue and business growth, because delighted customers keep coming back."



Sarah Hackett

SENIOR VICE PRESIDENT, GROWTH,
APPLY DIGITAL

Driving efficiency and engagement with AI



CHALLENGE

Apply Digital client Kraft Heinz, a global leader in food and beverage, wanted to leverage GenAI to create highly-personalized content in an efficient and cost-effective way. Kraft Heinz had been working with 180+ external agencies to plan, produce, and version content. To reduce spend and reliance on third parties, the company engaged us to deliver an AI solution that would bring much of the process in-house while freeing up budget for other initiatives.

SOLUTION

After in-depth consultation and scoping with Kraft Heinz teams, we created TasteMaker, an AI-powered platform to drive creativity, innovation, and efficiency. With TasteMaker, Kraft Heinz can now deliver smarter, faster, on-brand marketing content at a substantially lower cost. TasteMaker uses modern LLM techniques and Kraft Heinz's proprietary data — including products, brand books, insights, and recipes — to contextualize LLM output, ensuring content produced by the AI is on-brand and accurate.

RESULTS

TasteMaker is powered by Google Cloud tools including AI Studio, AlloyDB, BigQuery, Cloud Run, Cloud Storage, and Looker. At the 2025 Google Cloud NEXT conference, CEO Thomas Kurian called out Kraft Heinz TasteMaker as an example of a powerful AI creative agent that can drive efficiency for content teams. With TasteMaker integrated into their creative workflows, time-to-market has dropped from 8 weeks to 8 hours.

SECTION 3.

Navigating challenges to effective personalization

Navigating challenges to effective personalization

Despite increased pressure to ramp up investment in personalization, businesses often have difficulty implementing personalization tactics. Issues related to data management, technology limitations, privacy concerns, and the cost of content creation are some of the challenges leaders face in their efforts to deliver truly personalized experiences at scale.

The necessity of data management

Harnessing the power of personalization hinges on access to high-quality, well-structured data — something many organizations struggle with. 44% of leaders describe their Customer Data Platform (CDP) as only “somewhat” robust, suggesting many lack the ability to centralize, analyze, and use customer data effectively.

44%

of leaders describe their CDP as only “somewhat” robust

Nearly half of leaders say data issues — like silos, system integration struggles, and incomplete customer profiles — present major roadblocks to AI-powered personalization initiatives. Even when businesses have the data, they may not have the right strategy or analytical skills to turn unstructured information into meaningful, tailored experiences. This gap in business know-how means many companies aren’t living up to their personalization potential.

Technology limitations slowing progress

Outdated technology presents a major roadblock to effective personalization. 43% of businesses say their current tech is holding them back from developing AI-driven experiences, due to the absence of real-time data processing, predictive analytics, and automation capabilities.

Disconnected CRM systems, legacy marketing platforms, and a dearth of AI expertise can compound the difficulties of executing personalization at scale. Even when companies get it right on a small scale, reaching more customers across different channels can be a challenge.

To stay competitive, businesses need to invest in AI-compatible composable technology stacks. But investment alone isn't enough to guarantee success: moving forward requires a shift in mindset, to move away from traditional processes and embrace a data-driven approach to customer engagement.

Tip 1.

Invest in AI-compatible composable technology stacks

Tip 2.

Enhance traditional processes with automation and AI

Tip 3.

Embrace a data-driven approach to customer engagement

Budget constraints and the cost of content creation

Personalization at scale requires investment in AI and data infrastructure, but also in the creation of dynamic content tailored to different customer segments. Around one-third of businesses cite content creation expenses as a roadblock in the context of personalization.

Leaders also worry about the broader financial implications of personalization technology: over 30% believe that implementing AI-driven personalization requires multimillion-dollar investments. But advancements in automation and GenAI are helping to drive down costs in this area. Companies can leverage GenAI to populate content recommendation engines, dynamic email marketing, and automated customer journey mapping to deliver personalized experiences at scale.



What this means for businesses

Personalization may be a competitive necessity, but getting it right means changing ways of working. From breaking down data silos and upgrading old tech, to addressing privacy concerns and getting creative with tight budgets, companies that want to stand out need to embrace composable infrastructure and build trust with customers.

Of course, execution is where things get tricky. How can businesses make sure their tech stacks are ready to support AI-powered personalization? What's the best way to personalize experiences, without crossing the line into disturbing customers? And with rising costs, how can companies make cutting-edge personalization happen without breaking the bank?

There's no single answer, but one thing is clear: businesses that take a strategic approach to personalization, that balance innovation with customer trust, will have the edge. Those that don't risk falling behind in a world where customers expect brands to know them, understand them, and deliver experiences that align with their desires.

The Final Word

The data we've presented in this report show businesses and consumers alike remain aligned on the benefits of personalization, with some caveats and concerns. Businesses are doubling down on their investments in AI in the hopes of realizing strong returns; customers want and expect personalized experiences, and are willing to trade their personal information to do so, up to a point.

On a deeper level, the story told by the data reveals that both parties understand that an intrinsic trade-off is taking place in the realm of personalized digital experience. That trade can be summed up as: **To enjoy an experience tailored to your desires — one that builds your connection to and trust in a company — you first must give up sensitive personal information. But to give up your information, you must first trust that a company will treat your data with respect.**

This is the bargain that millions of consumers and businesses engage in every day, across an untold number of digital transactions. Today, as various forms of powerful AI personalization become embedded in our lives, as people begin handing over the reins of their day-to-day activities to autonomous AI agents, the delicate threads of trust between businesses and consumers may become less obvious, harder to see — but they must never be broken.

There's an adage that reminds us that businesses' primary duties are to provide value to their customers and their communities. Today, in the age of borderless digital commerce, the saying may seem quaint. But these simple words are today more relevant than ever, because they encompass the fundamental philosophy that should undergird every transaction, no matter how small: **The customer is always right.**

In an era of unprecedented change, businesses should pursue ever-greater relationships of trust with the customers they serve. With more choice than ever before in where to transact, today's customers will increasingly gravitate toward brands that respect their dignity and choices through transparent data policies, and that bring value to their daily lives.

At Apply Digital, we help our clients deliver engaging personalized experiences for their customers while building trust every day. Our approach ensures that strategic and tactical decisions ladder up to business goals, without sacrificing the human connection at the core of every transaction.

[Contact our expert team today to learn more.](#)

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About Apply Digital

We are a global digital transformation partner for change agents. Leveraging expertise that spans Business Transformation Strategy, Product Design & Development, Commerce, Platform Engineering, Data Intelligence, Change Management, and beyond, we enable our clients to modernize their organizations and deliver meaningful impact to their business and to their customers. Our 700+ team members have helped transform global companies like Kraft Heinz, NFL, Moderna, Lululemon, Games Workshop, Atlassian, and The Very Group. Visit applydigital.com to learn how we can unlock your company's potential.

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