Customer Engagement:
Future Trends

2024

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/ Introduction

At the last time of counting, there were ninety-two marketing trends presentations swirling around the industry at the end of 2023, each attempting to make bold predictions around the future challenges and opportunities faced by the average marketer in 2024. With this much competition for attention in the trends space, what could the DMA possibly have to say that hasn't already been said several times over?

The answer lies in new primary research conducted by the DMA, offering a data-driven perspective on the trends that influence how consumers are responding to marketing comms, and how marketers are responding to these changes. A nationally representative survey of 2,000 UK adults conducted in 2023 in line with the DMA's core Customer Engagement research, provides the backbone to this Future Trends report.

In the DMA's customer engagement research 2023 report – 'How to win back customers and (re)build loyalty' – we posed the question of whether brands and marketers had a cost-of-living-crisis exist strategy in place. In a depressed economic climate when marketing budgets have been under more pressure than ever, businesses have been drumming up short term demand through the use of price promotions and discounts. However successful this might be in the short run, this always-on promotional activity is increasing levels of consumer price sensitivity and having a downward pressure on customer loyalty as a result. For those businesses looking to increase loyalty and create less price sensitive consumers, a renewed focus on customer experience and brand building activity is vital for long term growth.

The three trends covered in this report very much feed in to this narrative and offer plenty of food for thought for those looking to win back customers and rebuild loyalty:

1. **'A.I. "One Year" On'** explores the efficiencies that generative A.I. can bring to under-pressure marketing budgets in the fields of creative, analytics, automation and chat bots.
2. **Personalisation Rebooted** explores the renewed opportunity of personalised marketing comms in a post third-party cookie world, and how if you get it right, personalisation can be used to offer richer, seamless customer experiences.
3. **Brand Experience I.R.L** explores how real-life brand experiences are still important in a digital world, particularly when it comes to creating brand connections with consumers.

We would like to thank the DMA Customer Engagement committee for their guidance and input in to this report, along with our sponsors Salesforce and Merkle.

As always we welcome feedback on this report from the DMA community and beyond. We hope you enjoy the read!

Ian Gibbs
Director of Insight and Planning at the DMA

/ Foreword – Salesforce

As we usher in a new year, as marketers we ponder the trends for the year ahead, and one compelling question arises: what will 2024 be remembered for?

Salesforce is thrilled to collaborate with the DMA once again on this report, offering insightful perspectives for the year ahead. The DMA provides a lucid viewpoint: Even in the era of AI, our humanity remains intact.

Consumers crave elements that make them feel unique, such as personalisation and real-life experiences. A meaningful connection with brands, on their terms. They don't merely want to be understood; they want their needs to be anticipated.

However, the vast array of choices available to consumers can sometimes be overwhelming. This is where AI becomes an invaluable ally for marketers, creating opportunities for brands to be present at the right moment, in the right place, with the right message for each consumer.

AI can help at every step of the campaign process: from uncovering deeper customer insights to automating intelligent journeys, scaling personalisation and optimising spend and performance.

While we've had predictive AI for some time, Generative AI is truly transformational. It enables teams to work more swiftly and efficiently, saving time on routine tasks to focus on more strategic work. According to Salesforce's Trends in Generative AI for Marketing Report, 53% of marketing leaders see generative AI as a "game changer" and over half, (51%) of them are already using it in their job. But it's crucial to do it in a trusted way: 67% of marketers say their company's data is not properly set up for working with generative AI.

At Salesforce, we're working to help marketers take advantage of AI purpose built for them, whilst maintaining trust in the privacy, security and integrity of their data. Combining the power of AI with trusted data gives marketers an unprecedented opportunity to transform the way they operate and create value for customers and brands.

We're committed to helping marketing teams use data and AI every day. Personalisation is the cornerstone of strong relationships, and not only for experiences like web, messaging, or advertising. Personalisation should extend to anywhere the customer wishes to engage, be it a service call, a loyalty program, or an in-store experience.

This report is not just a snapshot. It's a roadmap to navigate current challenges toward a future-proof marketing strategy, this year and beyond.

Jonathan Beeston,
Product Marketing Director, EMEA, Marketing Cloud at Salesforce

/ Foreword – Merkle

The three big trends identified by the DMA's Customer Engagement: Future Trends report resonate resoundingly at dentsu. These trends are transformational for people, businesses, and society at large as we look forward to what 2024 will bring.

The impact of each trend fits with dentsu's people-centred transformation strategy, an approach which embodies the understanding that brands have the power to influence how people think, feel and act by delivering engaging, relevant, and impactful experiences.

Such experiences will need to increasingly leverage AI, the first trend discussed in this report, yet the DMA's research shows that the majority of consumers are concerned by the role of AI in marketing. It's imperative for us all to build consumer trust in this space. However, more positively, I'm convinced that we'll see AI and related technology powering "the experience economy"; a term reflecting that today's consumers expect higher levels of relevance and emotional connection from brands.

The second finding of this report highlights this trend towards individual, personal experiences that brands are now expected to provide to each customer. As Merkle, dentsu's customer experience company, we always urge businesses to focus on meeting people's needs and preferences to nurture loyalty and build long-term relationships. It's vital to concentrate on customers, not products, to be future-ready; this requires longer-term focus, and longer-term measurement. Embracing this, brands need to combine creativity, media, technology, and data to transform experiences.

The third trend, Brand Experience I.R.L., emphasises the importance of not neglecting our very human need to connect in-person. Real-life experiences allow us to develop a true emotional connection with the businesses we engage with as customers. At Merkle, alongside dentsu group, we are finding that powering these target experiences, both digitally and in-person, requires design, strategy, technology, and data. To deliver this combination of elements smoothly, brand and agency ways of working must evolve to centre the customer. It's vital to create business agility and facilitate collaboration so that traditionally separate teams can harmoniously create exceptional experiences.

Ultimately, delivery against consumer expectations in the experience economy will depend on utilising data in ways that are frictionless and seamless. Yes, the world may be transforming, but future-readiness is possible; it's our view that staying true to the principles of data-led brand experience will mean that success is attainable throughout 2024 and beyond. – that's precisely what we do.

As you read through this report, put yourself in your customers' shoes and be honest in viewing each finding through the lens of how they think about your email program. Feedback is a gift and while it's sometimes not easy to hear, it's always an opportunity to improve – reinforcing the fair exchange of value and enhancing subscriber trust and loyalty.

When you have your customers' backs, they will have yours in return.

Anne Stagg
CEO, Merkle UK

/ A.I. "One Year" On

Machine learning, large language models, and the drive to simulate cognitive functions through technological advancement have been around for years, yet it is the profound impact that generative A.I. has had on the public consciousness in 2023 that creates the most significant platform shift that we have seen since the advent of the smartphone.
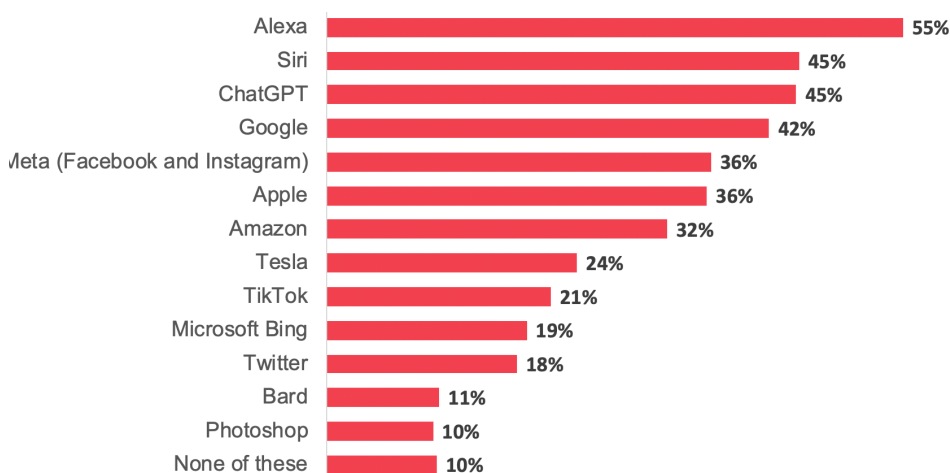
A year ago, following its launch in November 2022, the world was asking Chat GPT to write satirical haikus about Elon Musk and Tesla. Now, one year on, there is not a business sector left which isn't exploring how A.I. can drive productivity and create efficiencies throughout their supply chain.

As is the DMA's remit, this report will focus on the role that Artificial Intelligence will play on shaping the data-driven marketing industry over the coming years, and in particular the role that generative A.I. will play – which as Salesforce reports, is now being used by 51% of marketers. Generative A.I. is a field of Artificial Intelligence that produces content -whether that be text, creative imagery, audio or data – all of which are key inputs in the creation of effective marketing communications.

How aware are consumers of the A.I. revolution?

While the marketing world grapples with the task of un-earthing the generative A.I. prompts required to produce the content that they need in a credible, timely and effective manner, it should also be conscious of what this means for the consumers that they are trying to reach. Marketers are often accused of operating in a technology-drive bubble distinct from the world in which their customers operate – a trend that is all too apparent when we asked a nationally representative group of two thousand UK adults about their awareness of A.I.

Which companies do you think are or use A.I.?

Company	Percentage
Alexa	55%
Siri	45%
ChatGPT	45%
Google	42%
Meta (Facebook and Instagram)	36%
Apple	36%
Amazon	32%
Tesla	24%
TikTok	21%
Microsoft Bing	19%
Twitter	18%
Bard	11%
Photoshop	10%
None of these	10%

n=2,000 UK Adults
Question: AI (Artificial Intelligence) could be used by brands to better understand and communicate with you, whether that's on social media or through emails and messages. How concerned, if at all, does this make you?
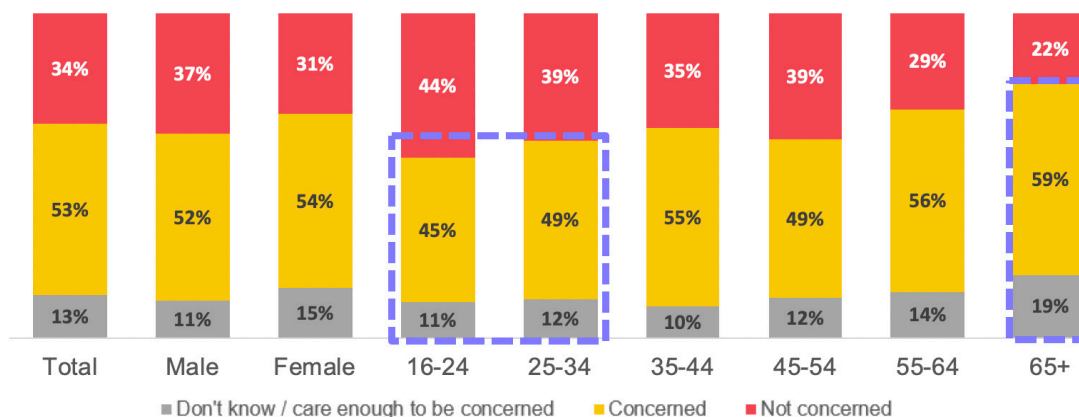
When asked which companies they thought either use, or were A.I, the large tech brands dominate the public consciousness. Alexa (Amazon) and Siri (Apple) top the rankings, with Google and Meta also appearing in the top five. With the advent of A.I. creating new points of control and leverage in the tech world (as Benedict Evans puts it) – in other words, competitive threats to the established order of the big tech brands – Google, Meta, Amazon, Facebook and Apple are investing heavily in A.I. yet this fact is only recognised by less than half of consumers. The only exception is Alexa, and given that a whole host of new generative A.I. tools have been announced for the platform – ranging from the ability to have conversations with historical figures to creating A.I. generated songs – it's perhaps not hard to see why.

Of the standalone A.I. systems themselves, the entire marketing world may be aware of Chat GPT, yet only 45% of consumers have heard of it one year one. That said, compared to other comparable systems such as Google's generative A.I. chatbot Bard which only 11% recognise as an A.I. tool, Chat GPT has clearly lead the way in capturing the public imagination.

Are consumers concerned about the advent of A.I.?

The majority of consumers (53%) claim to be concerned by the role of A.I. in marketing, with just over a third claiming not to be concerned and 13% claiming that they do not know enough about it to be concerned. Younger audiences are generally slightly less concerned than average, and while fewer 65+ year olds are less likely than average to claim that they are not concerned, it is worth noting that nearly a quarter of this age group say that they don't know or care enough about the subject to have an opinion.

How concerned are you by A.I's role in marketing?

	Total	Male	Female	16-24	25-34	35-44	45-54	55-64	65+
Not concerned	34%	37%	31%	44%	39%	35%	39%	29%	22%
Concerned	53%	52%	54%	45%	49%	55%	49%	56%	59%
Don't know / care enough to be concerned	13%	11%	15%	11%	12%	10%	12%	14%	19%

■ Don't know / care enough to be concerned ■ Concerned ■ Not concerned
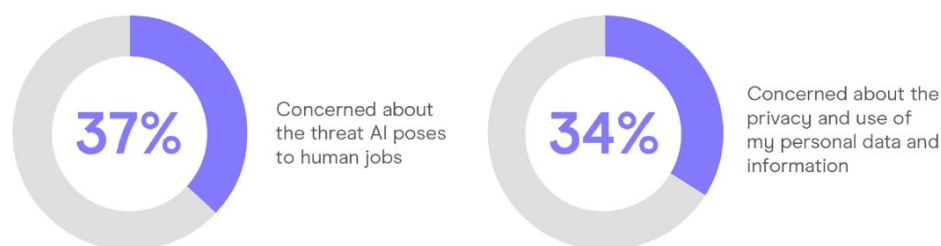
n=2,000 UK Adults
Question: AI (Artificial Intelligence) could be used by brands to better understand and communicate with you, whether that's on social media or through emails and messages. How concerned, if at all, does this make you?

The DMA's recently published Data Horizons report provides an insight into where these concerns primarily lie. 37% of consumers are concerned about the threat that A.I. poses to human jobs, while 34% are concerned about their privacy and use of personal data.

While A.I. will likely touch on all areas of the workforce McKinsey reports that Marketing and Sales, and Software and Engineering, will be the job functions impacted the most. This report will touch on A.I.'s impact on marketing later in this chapter, but amongst optimists there is the belief that A.I. brings opportunity, not threat to the role of the marketer. If harnessed correctly, it can be used to inspire creativity and bring efficiencies to certain tasks, freeing up marketers to focus on higher level valued-add tasks. When Adobe Photoshop was released in 1990, many signalled it as the end of the creative, with the task of creative production now being available to the masses. This clearly was not the case. Instead, creatives learned how to use Photoshop to full effect, and the same parallels now apply to A.I.

Consumer concerns around impact of AI (% agree)
What, if anything, is your main concern about the growth of Artificial Intelligence?

37% Concerned about the threat AI poses to human jobs

34% Concerned about the privacy and use of my personal data and information

Source: DMA Data Horizons. n=1,000 UK Adults

Consumer data privacy concerns are very real considerations that marketers must get to grips with when harnessing the power of A.I. The use of data for retention and acquisition purposes sits at the heart of responsible marketing. Under the new DPDI reforms, which take a strong pro-growth stance on the use of customer data, there are now greater freedoms for marketers looking to build their customer base through legitimate interest targeting. The use of A.I. in this process must be done with full customer-centricity, addressing their needs and concerns as transparently as possible.
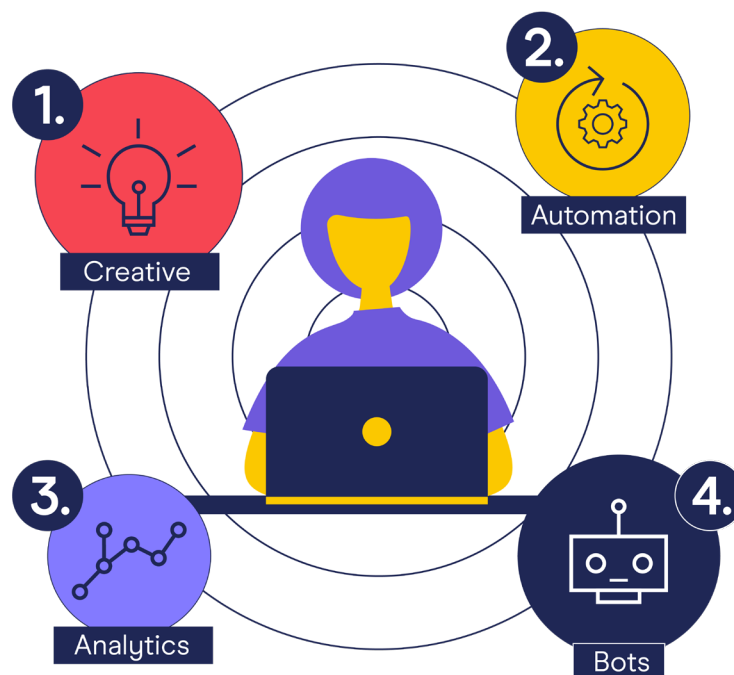
As the **DMA's Rachel Aldighieri** says,

An ethical framework founded on core values such as accountability, responsibility and transparency is critical to for A.I.'s development to ensure it remains a force for good. The human-AI team is our best future, with A.I. operating as a tool that humans use to enhance and assist our own abilities.

What are the applications for A.I. in marketing?

The use cases for A.I. in marketing are endless, and are summarised by the tech commentator Benedict Evans as offering a world of "infinite interns" by which he means that mundane low-value tasks previously fulfilled by lower-skilled members of the workforce will now be fulfilled by A.I/, allowing those same workers to now focus on higher value tasks.

Broadly the use of A.I. in marketing can be broken down in to four fundamental areas:

1. **Creative and Content:** There are range of tools at marketers disposal that can be used to create marketing content, such as Jasper, Copy AI, Phrasee and Optimove. These tools generate personalised marketing content at scale to be used on social channels, email comms and in ad copy, each optimised towards relevant marketing KPIs. There are also tools which generate creative imagery such as Midjourney, Shutterstock, DALL-E-2 and NightCafe, each with its own capabilities and artistic take on image generation according to the prompts of the user.

   Global FMCG brands like Nestle, Unilever and Mondelez have reportedly been using these systems to create profound savings in ad production. However, detractors claim that generative A.I. lacks the nuances of human language such as sarcasm, humour or emotion. With creativity fundamentally linked to ad impact, marketers must be cautious about an approach to ad creation that focuses on efficiency over effectiveness.

   In addition, consumers must be made aware of the provenance of creative that they are exposed to, if trust is to be maintained between brand and customer.

2. **Automation:** On the automation front, there are numerous tasks in the digital marketing sphere that can be assigned to A.I., freeing up the time of increasingly pressured marketers, and acting as a great efficiency driver. Keyword research, trend analysis, social media management and sales automation are some of the key areas of note. Idea generation and strategy development is one particular field that is time consuming for a marketer, yet one that enables agencies to stand out and charge a price premium in an increasingly commoditized market.

Industry commentators have been quick to assert that A.I. should be used as a reference only in this respect – providing a spark of an idea fpr the generation of concepts and strawmen that can be refined or discarded as is appropriate. To outsource strategic tasks entirely will lead to a decline in creativity and the innovative thinking that drives truly great marketing campaigns.

3. **Analytics:** In the marketing analytics space, machine learning can be deployed to create advanced customer segmentations for use in the targeting of personalised ads and content, along with cross-selling and up-selling activity. A.I. chat assistants can be used to field data queries to extract learnings from raw data, while natural language processing can be used to conduct sentiment analysis on large quantities of text based customer feedback data.

In addition, the production of increasingly accurate synthetic data starts to by pass the need for traditional consumer market research"

Search optimisation and brand monitoring via video and image recognition all potentially transform the role of marketing analytics. It is in this area however, where businesses must protect themselves from the loss of I.P when feeding proprietary information in to open-loop systems. Data privacy concerns are also very real in this space, again highlighting the need for a robust ethical framework governing the use of A.I.

4. **Bots:** The chat bot market is thought to be worth over $5 billion globally, revolutionizing the way in which brands handle customer conversations and queries both pre and post purchase. While rule-based chat bots use pre-defined scripts and "if/then" logic to communicate, AI based chat bots (or virtual agents) utilise natural language processing to handle a broader range of conversational tasks. AI based chat bots can provide personalised and contextual responses, arguably creating more seamless and natural customer interactions – whether they be text or voice based.
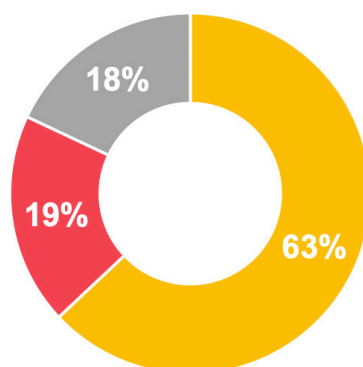
Any A.I. system that learns and refines its output based on it conversational interactions with consumers raises important ethical considerations related to privacy, transparency, safety, accuracy and accountability. The early days of generative A.I. were full of stories of fabricated content and responses – most famously the case of the US lawyer citing fake cases created by ChatGPT and repeating them back to the court verbatim. Large language models are only as effective as the data that trains them, and can be prone to amplifying inherent human biases. In an industry already heavily male dominated, there have been some positive stories about how AI is being employed to address gender imbalance in the real world (such as the example of the AI-created football expert Hope Sogni said to be running for the FiFa presidency), but at the

same time, there is a very real risk that AI perpetuates gender, race and other imbalances present in the real world.

So how aware are consumers that they might be talking to a chat bot rather than interacting with a real customer service agent? According to the DMA's research, 63% claim that they know the difference – a number that differs little by gender, but has a higher reading among younger audiences (72% for 25-34 year olds) than older (54% for 65+ year olds). Arguably, best practice use of chat bots relies on them as a conduit to real-life customer service agents for complex queries and tasks. The clear signalling of such should make it obvious when a real-life service agent steps in, yet for over a third of consumers, this distinction isn't so obvious. The blending of A.I. in to this process is likely to cause more confusion and wariness amongst customer who demand real-person interactions.

More complex tasks are even starting to be performed by chat bots, with low value and infrequent refunds for missing Amazon deliveries easy to claim with just a short burst of chat bot interaction. With AI layered on top, the double-edged sword of increased efficiencies (and their positive knock-on effect for consumers) vs the potential loss of customer service jobs is one that marketing driven organisations will increasingly grapple with.

Do you think you know when you're talking to a real customer service representative?

- Yes - No - Not Sure

n=2,000 UK Adults
Question: Many brands and companies use online chat functions to allow customers to speak to customer service representatives. Often these are real humans, other times they are virtual chat-bots. Do you think you know when you're talking to a real customer service representative?

Away from the world of customer service chat-bots, The role of A.I. generated influencers is also a key consideration going forward. Recent backlash against the usage of an A.I. influencer to promote the new Formula E season gives a sense of consumer reticence in fully embracing comms generated by A.I. Again, clear labelling of the provenance of A.I. generated marketing content is essential for making the most of the efficiencies promised by generative A.I.

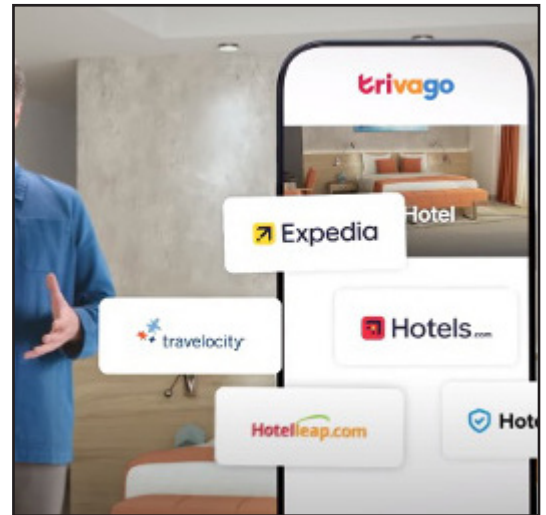# Key questions for marketers in 2024

- Does your business have the **knowledge and skill set** to harness the power of A.I. in creative, automation, analytics and customer service?

- Generative A.I. **will be rapidly become table-stakes** for marketing services agencies. How will you differentiate yourself in this world?

- How will you get to grips with the impact that **A.I. will have on your job**?

- How should marketers address consumer concerns with AI relating to data privacy, **online safety and transparency**?

- Are consumers as informed about **the upsides of deploying A.I.** (e.g. more efficient delivery of goods and services) as they are **the downsides** (e.g. potential job replacement).

- Are **A.I. generated ads** right for your business?

- How will you use A.I. without hastening a **decline in creativity?**

- Will you use A.I. to create content and strategy, or will you simply use it to **inspire new ways of doing things?**

- How are you going to **inform customers** that they are seeing A.I. generated ads or content?

- What impact does your use of A.I. have on the **wider digital ecosystem?** (e.g. will the ad-based internet as we know it, die out if A.I. is summarising all content for us?)

- If you perceive consumers to be concerned by A.I, then **assess exactly where their issues lie** – for example do concerns primarily relate to privacy concerns, the creation of marketing comms, chat bots, or being exposed to A.I. generated influencers?

Case studies

Trivago launches A.I. driven TV brand campaign

Undergoing a brand refresh in December 2023, encompassing a major new visual identity, the travel brand Trivago has used A.I. to tailor TV creative to several different markets globally. Using generative A.I. Trivago has produced ads in more than ten different languages. Each ad features the same actor but with tailored culturally relevant voiceovers in each country.
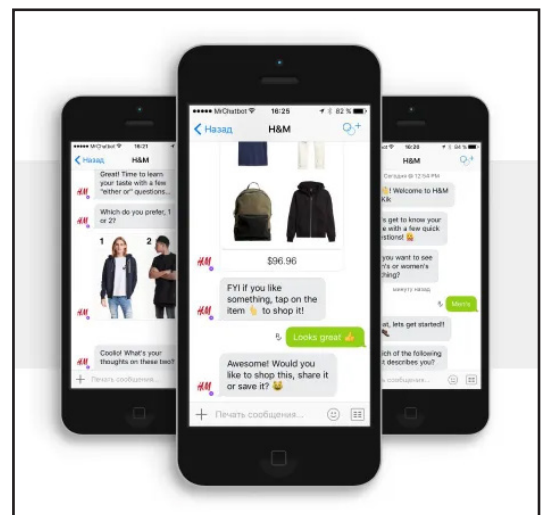
The use of A.I. has been reported to have drastically reduced production time and costs, enabling a more responsive campaign rollout. With A.I. generating visuals and vocals in each market in a way that does not make them appear dubbed, production time has more than halved from nine months to four months. The ability to test and learn with what elements of the campaign are more effective at hitting KPIs has introduced a more dynamic measurement approach to campaign effectiveness tracking for Trivago.

H&M's A.I. driven digital stylist

Consumers are becoming both more time-poor and more style-conscious. With this in mind, H&M created an A.I chatbot on Kik to create tailored clothing recommendations to its customers. By asking users a series of questions and sending images of clothing for users to respond to, the A.I. driven chat bot creates personalised style recommendations.

In doing so, H&M's chat bot saves its customers the considerable time it takes to browse through hundreds and hundreds of items of clothing online. Scroll fatigue is a very real issue in a world of fragmented consumer attention, and with H&M remembering users tastes and preferences and retargeting offers based on this information, huge efficiencies in the purchase journey can be found for shopper and brand alike.

/ Personalisation Rebooted

Since the advent of digital advertising, the question of whether to personalise or not to personalise has been an ongoing topic of discussion among marketers. While much of the debate around personalisation often centres around delivering unique creative to different audiences, personalisation is as much about using digital meta-data to deliver the right message to the right person at the right time.

So why is such an oft-discussed topics a future trend for 2024? The growing use of personalisation has certainly been exacerbated by the advent of A.I, yet moreover it has also been driven by the fundamentally changing way in which consumers interact with advertising. Ad bombardment and media saturation have fuelled a glut of poorly targeted comms that may have been easy to screen out twenty years ago, but that are increasingly hard to do so in the 2020's. With third party cookies on their way out, the need to get personalisation right has never been more necessary.

From a marketers point of view, with their budgets increasingly squeezed in challenging economic times - and media spend arguably more measurable than ever - getting personalisation right brings efficiency and effectiveness to marketing investment effectiveness to marketing investment. Yet at the same time, overly-focusing on personalisation and the hyper-segmentation of audiences can result in a loss of brand presence delivered through mass-media campaigns: a course of action that can have negative long term consequences for brands.

The DMA's Customer Engagement Future Trends Research reveals that 80% of consumers say they are open to some form of personalisation in marketing communications. As the following sections demonstrate, personalisation can mean different things to different people and the level of consumer acceptance differs markedly as a result.

What is the role of personalisation in marketing?

Personalisation can drive brand connections and market share growth. Accordingly to DunnHumby, those brands rated highly on personalisation by consumers (using metrics such as frictionless experiences, targeted savings and localised offerings) tend to achieve a higher share of wallet and emotional connection scores.
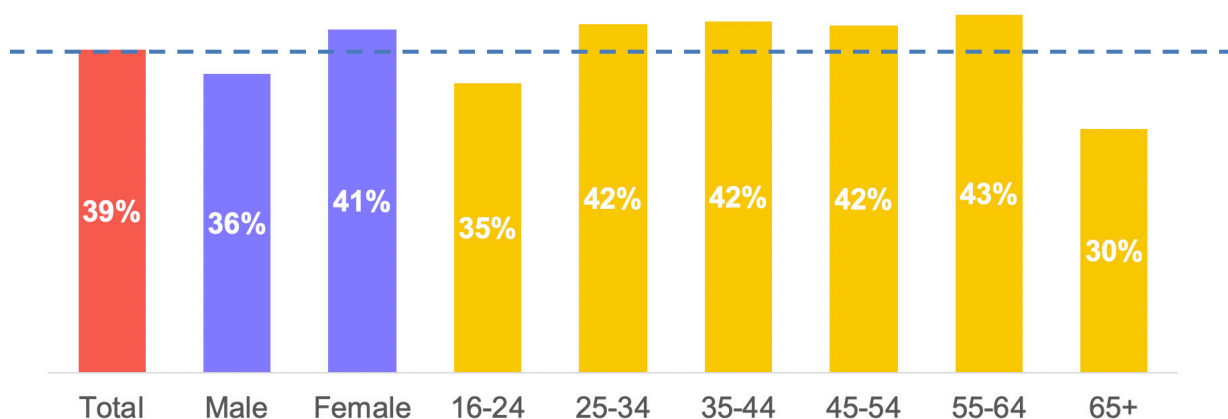
Fundamentally, the way in which personalisation delivers these business benefits, spans four key areas. Unique creative content which tailors imagery and text to specific individuals and their need states can be a tool for both acquiring new customers while retaining current ones; it enables businesses to create seamless personalised customer experiences improving loyalty and engagement throughout an omni-channel journey; it allows organisations to create new target audiences using personal data with greater granularity; and finally it drives cost efficiencies by minimising wasteful or irrelevant marketing investments.

Are consumers receptive to personalised marketing comms?

Two fifths of consumers are open to personalised discounts and offers for products with whom they have no established relationship. The use of discounting has been rife during the cost-of-living crisis (as covered in the DMA's How to Win Back Customers and (re)Build Loyalty report), and with consumer wallets more stretched than ever, their receptivity to savings is a vital marketing hook for acquisition marketing efforts. Women are marginally more receptive than men, and age is not really a limiting factor, with 25 to 64 year olds alike open to personalised discounts.

"I would like personalised discounts and offers for products that I haven't already purchased"

Total	Male	Female	16-24	25-34	35-44	45-54	55-64	65+
39%	36%	41%	35%	42%	42%	42%	43%	30%

n=2,000 UK Adults
Question: Brands and companies use different levels of personalisation in their communications and marketing. Which, if any, of the following types of personalisation would you like to see from the brands that you currently purchase from?
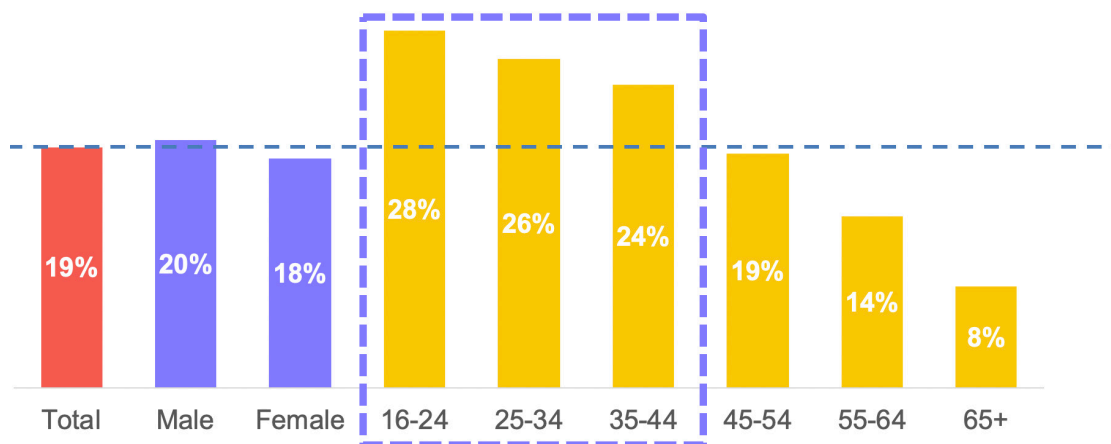
In addition, 30% of consumers claim that they want personalisation to take in to account what they have previously purchased, providing an impetus to data driven cross-selling and up-selling activity. However, at the same time, marketers must ask themselves what consumers really want when they ask for their previous purchase data to be used. Is personalisation as much about what ads we don't serve, as it is about the ones we do serve? There is nothing more frustrating for a consumer than receiving an email with an offer or discount for a product they have just purchased at full price, or to have a poorly retargeted display ad follow them around the web encouraging them to buy something that they've literally just purchased.

What data signals are being used to create personalised comms?

Data sits at the heart of an integrated personalisation strategy, yet with marketers believing that disjointed and infrequently updated data hampers their personalisation efforts, there is currently a lot of heavy lifting required to get personalisation right. With third-party cookies on their way out, the issues of what data signals to use and when in personalisation, is more important to get to grips with than ever.

A fifth of UK consumers are open to personalised recommendations being made based on their online habits, for example what they are following on social media and what sites they are browsing. As might be expected, younger audiences are more comfortable with this (up to the age of 45) than older audiences.
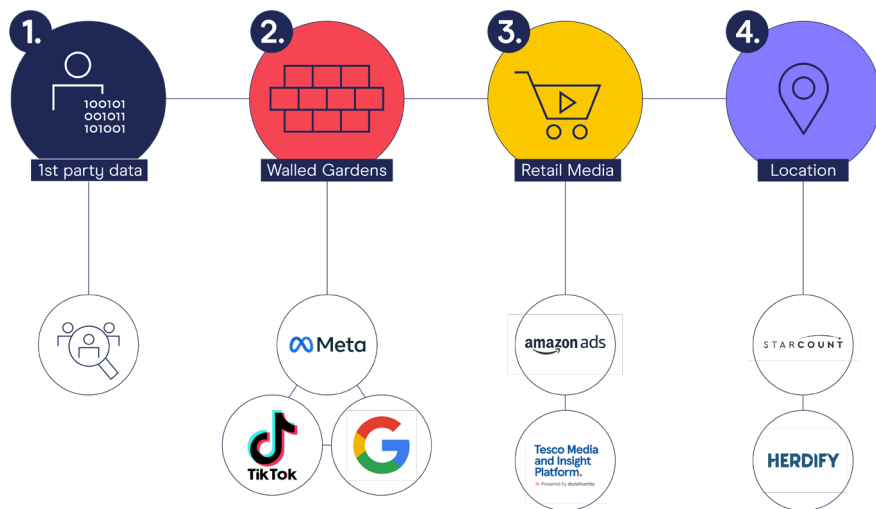
"I would like to be recommended new products or services based on my online habits e.g. what I'm following on social media"

n=2,000 UK Adults
Question: Brands and companies use different levels of personalisation in their communications and marketing. Which, if any, of the following types of personalisation would you like to see from the brands that you currently purchase from?

A very similar trend is observed in terms of online shopping / browsing, with 21% saying there are open to personalised comms using this type of data. With third party cookies on their way out, and Google's much delayed removal of third party cookie tracking for Chrome users finally kicking in to gear (starting with 1% of Chrome users from January 2024), the search for privacy compliant data with which to track, target and crucially personalise marketing comms is a key priority for marketers and will come from one of a handful of sources:

1. **First Part Data:** The holy grail for marketers – owned, privacy compliant, permissioned first party data that's value is derived from the fact that it comes directly from the customer. Advanced CRM analytics, and A.I driven machine learning will hasten the speed at which dynamic addressable customer segments can be created and addressed with paid and owned media channels. Through these channels, personalised customer experiences and offers will accelerate the ability to achieve retention and loyalty KPIs while upselling, cross-selling and optimising against metrics such as Average Order Value (AOV) and Average Revenue Per User (ARPU).

2. **Walled Gardens:** The likes of Google, Meta, Amazon and TikTok account for the lion's share of UK ad spend. While their "walled garden" approach results in a lack of inter-operability between the platforms, frustrating efforts to target and measure audiences across different apps and sites, the vast amounts of direct signed-in user data they hold has lead to their success. When working within these platforms, the opportunities to create personalised comms is seen as the antidote to ad burn-out in an era of ad saturation.

3. **Retail Media**: Deserving of an entire future trends report of its own, Retail Media is forecast by PWC to reach $113bn globally in 2024, growing 22% year on year. The usage of retail space as ad inventory has been around for years, but it is the acceleration in online shopping and the huge amount of digital inventory now commanded by retailers at the point of purchase which creates such rich opportunities for marketers. For those brands who lack valuable first party data (as so many FMCG brands do who rely on the retail channel for sales), retail media from the likes of Amazon or Tesco provides valuable data from which to target and personalise.

4. **Location:** Assessing who is talking about your brand, what they are saying, who they are talking to and where they are saying it can be powerful source of targetable data that enables marketers to move beyond demographic or psychographic targeting. Relatively young martech businesses like Starcount use social data, combined with financial transaction data to create rich acquisition targets that can be reached used online media, or offline media such as door drops or partially addressed mail at the postcode level. Herdify on the other hand, offers a behavioural science backed location targeting solution to create omni-channel acquisition targets
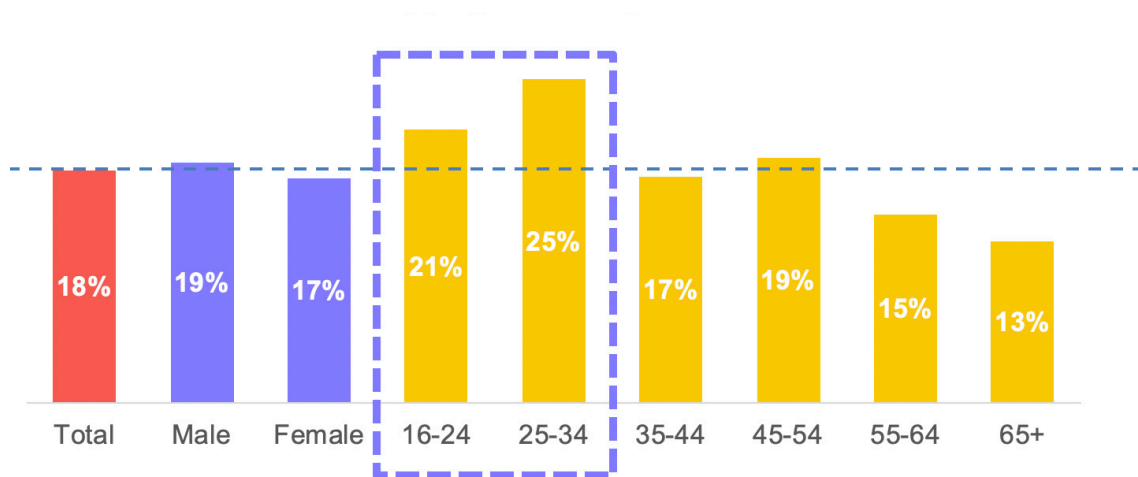
Can true creative personalisation become a reality?

The process of Dynamic Creative Optimisation (DCO) in which hundreds, if not thousands, of different creative executions are served to a vast array of highly segmented audiences based on their audience profile, browsing habits, shopping habits, or in response to real-world events (such as the half-time score of a football match), was much heralded when it first came about. However, operational challenges in dynamically producing creatives with varying text and imagery and monitoring effectiveness at scale, presented a very real challenge. As a result, DCO that promised to be largely programmatic in nature, often relied heavily on labour intensive manual tasks.

With the advent of generative A.I. there is potentially a moment to reappraise the value of DCO. As covered in the previous chapter, one of A.I.'s key benefits is the efficiency it brings to the delivery of marketing comms via automation. If the production of multiple creative assets at scale, plus the associated analytics, can now be outsourced to A.I, then the inherent inefficiencies of first generation DCO can be dealt with.

However, marketers must carefully consider who they are targeting with highly personalised creative. Just because they can personalise, it doesn't mean that audiences will always be open to it. While 16-35 year olds over-index for their receptivity to tailored creative messaging, 55+ year olds very much under-index. Older audiences are not a segment to be ignored – they have huge amount of spending power compared to younger audiences, with paid off mortgages and burgeoning savings accounts. However, over-personalising creative messaging will likely trigger privacy concerns that will impact their ad receptivity to the detriment.

"I would like to have messages in advertising that are very specific to my shopping / browsing habits"

Bar chart: Total 18%, Male 19%, Female 17%, 16-24 21%, 25-34 25%, 35-44 17%, 45-54 19%, 55-64 15%, 65+ 13%

n=2,000 UK Adults

Question: Brands and companies use different levels of personalisation in their communications and marketing. Which, if any, of the following types of personalisation would you like to see from the brands that you currently purchase from?
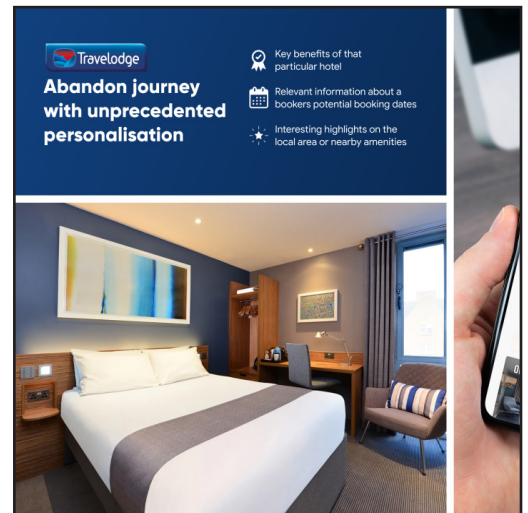
Key questions for marketers in 2024

- Is personalisation **right for your business** and right for your target audience?

- Where will you use personalisation – **e.g. for acquisition, retention,** loyalty, engagement?

- Will you use personalisation to hit **brand KPIs** and/or will you use if for **performance marketing**?

- Have you undergone an assessment of what your **key audiences need from you** and when, and have you reviewed your creative and content output against this assessment?

- **What data will you use** to create personalised comms and who / what will you work with (e.g. first party data, walled gardens, walled media, location data etc).

- Have you considered the **dangers of over-segmenting** your audience? Will your campaign be able to have the reach and salience to increase mental availability of your products and services if you over-segment?

- Consider **audience receptively to personalisation**. Older audiences might want personalised offers, but if they think their online browsing or shopping data has been used without their permission, it will turn them off.

- Can you make the most out of the potential of **Dynamic Creative Optimisation** now that the advent of A.I. will assist automation in the production of creative?

- Does your business have the **broad range of skills** in place to make the most of the personalisation opportunity?

Case studies

Travel Lodge Abandoned Shopper Journeys

Multi-stage, hyper personalised abandoned emails are rare in the travel industry. With a marketing objective to reduce the potential revenue gap from using fewer promotions, Travel Lodge identified the automated abandoned booking journey as the perfect lever to pull.

Travelodge's devised a hyper-personalised, 14-stage abandoned journey with the sole purpose of taking friction away from the hesitant booker. It knew bookers are often interested in information about the local area. This led to a strategy of personalised locational information in each stage of the email series, to enable prospects to make a better-informed decision. Each email became truly individualised to the prospective booker. This was powered by a product table integration, which contained 157 columns of data on 598 Travelodge hotels. The number of permutations that could be generated to deliver one-to-one personalisation ran into thousands. Email open rates and click to open rates were transformed as a result.

Salesforce Marketing Cloud Personalization

The leading customer data platform provides the building blocks for its users to make the most out of rule-based and machine-learning personalisation. In the B2C space, users have been deploying Salesforce personalisation technology to increase the ROI of site visits, build first party data, trigger personalised notifications and app-experiences, recommend products and services, deliver consistent messaging at the point of sale, and trigger notifications to call centres.

Additionally, in the B2B space, Salesforce users are using personalisation to increase deal velocity, increase customer adoption, driver registrations to events, upgrade freemium users to paying subscribers while collecting the zero party data to help fuel further personalisation efforts.

Heathrow and NewDay are organisations who have been using Salesforce Marketing Cloud Personalization to great effect.
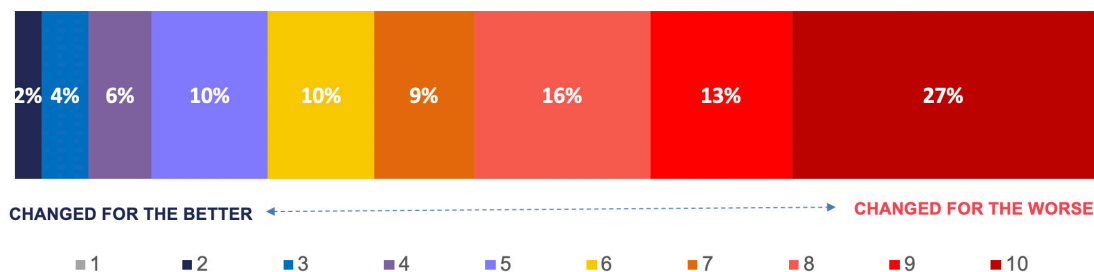
/ Brand Experience I.R.L.

"The death of the British high street" is an oft-used mantra, employed and politicised by anyone and everyone looking to promote their own version of pro-growth agendas as they look to for a way to pull the UK out of the economic malaise in which it currently finds itself.

The facts are often hard to argue. Vacant premises on the average high street are at an all-time high; physical footfall is either being diverted online or to out-of-town retail parks; and streets previously awash with household retail brand names are now a sea of charity shops, betting shops and in the case of Oxford Street, American candy stores. UK consumers cry foul at the demise of the high-street, lamenting the loss of the societal and social benefits of a thriving physical centre of commerce, yet as noted by the Guardian, these are simply crocodile tears shed as we click online and finish the high street off.

Hyperbole or reality? Our research would suggest the latter, with three quarter of UK consumers perceiving high streets to have changed for the worse (i.e. anyone scoring six plus on the chart below).

Has the high street changed for the better or worse (on a scale of 1 to 10)?

2%	4%	6%	10%	10%	9%	16%	13%	27%

CHANGED FOR THE BETTER ← - - - - - - - - - - - - → CHANGED FOR THE WORSE

■ 1   ■ 2   ■ 3   ■ 4   ■ 5   ■ 6   ■ 7   ■ 8   ■ 9   ■ 10
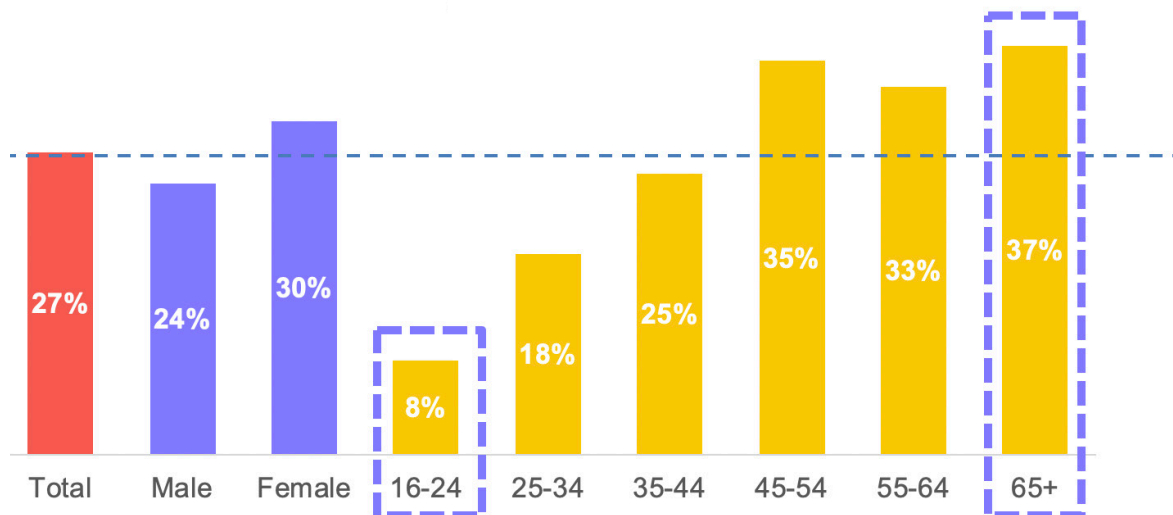
n=2,000 UK Adults

Question: We'd like to know how you're feeling about the high street and shops in general. On the scale below, please select which statements you more closely agree with.

Naturally it depends on who you ask, with a marked difference by age group. 37% of 65+ plus year olds strongly agree that the high street has changed for the worse (i.e. scoring 10 on a 10 point scale), compared to just 8% of 16-24 year olds. Clearly there are pragmatic considerations at play here: younger audiences obviously have less historical context with which to compare the current state of the high street, yet at the same time the high street perhaps doesn't fulfil the same social function for younger people as it does older. With 65+ year olds more likely to be retired than average, bricks and mortar stores and branches of post office and banks, become an important focal point of their day. In their absence, the loss of these social spaces is keenly felt.

Has the high street changed for the better or worse (by age, % scoring 10 / changed for the worse)?

n=2,000 UK Adults

Question: We'd like to know how you're feeling about the high street and shops in general. On the scale below, please select which statements you more closely agree with.

Do digital brands need to have a presence in-real-life (IRL)?

While it's easy to sound the death-knell of physical shopping experiences, it's important to provide some much needed context to the debate. Is the high street in decline? Probably. Are physical sales now unimportant? Absolutely not. Data from Statista suggests that after the inevitable surge in online shopping since Covid, online's share of sales has dropped back to circa 30%, with no clear linear pattern of growth, but instead exhibiting a seasonal peak towards the end of the year.

At the same time, digital brands who previously only occupied a consumer's attention on their smartphone, tablet or laptop, are starting to insert themselves in to our physical lives. With many start-ups realising that they have maxed out on the growth potential of digital marketing, or indeed have pivoted away from a pure performance marketing strategy to one that also encompasses brand spend across more traditional media channels, the transition from digital to physical is a trend worth noting.

Online fashion giant, Asos opened up its first ever physical pop-up store in London in November 2023, albeit with a team up with Snapchat that brought their digital nous to bear on the physical world. Deliveroo opened up its Deliveroo Hop grocery store in conjunction with Morrisons on New Oxford street in October of last year, while SHEIN has also invested in a physical pop-up store in the same area after a successful roll-out across the US.
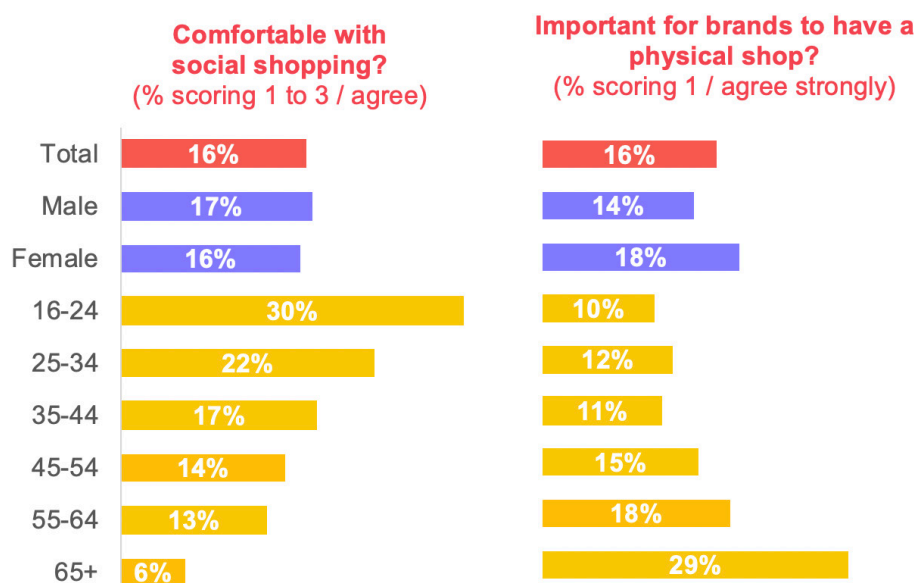
Alongside news that Ikea is opening up a store at Oxford Circus, and that HMV has reopened its doors for the first time in four years, you might be left wondering if the news of the high street's decline is overstated. These stories are decidedly London-centric in tone however. While there is a case to be made that those who have invested in their physical customer experience and thought laterally about the use of the physical shopper experience are reaping some immediate rewards, this is not enough to turn the tide of overall structural decline.

While digital experiences are becoming increasingly homogenous and "samey" there is arguably greater scope for customisation in the physical world. The key question remains however: if the physical shopping experience is in decline, then how else might brands insert themselves in to our day to day live prior to purchase?

Do consumers even want physical stores any more?

The generational divide in attitudes to the high street is more stark than any of the other trends covered in this report. Nearly three times as many 65+ year olds agree that it's important for brands to have a physical shop versus 16-24 year olds. In fact, up to the age of 44 there is generally far less weight placed on the importance of physical stores. When considering the alternatives to physical stores, it becomes clear why younger audiences are less concerned about physical stores.

An integration of shopping with their social habits creates seamless one-stop-shop brand experiences for younger audiences. 30% of 16-24 year olds claim to be comfortable with social shopping: five times the number of 65+ year olds. From Facebook to Instagram to Pinterest to Snapchat, all of the major social platforms have fully integrated social commerce channels. Most recently joined by TikTok Shop, social commerce squeezes the consumer purchase journey in to one place, bringing together top of funnel marketing through display and influencer activity, and combining it with hard-nosed performance marketing to enable purchase fulfilment as close to the point of brand exposure as possible.

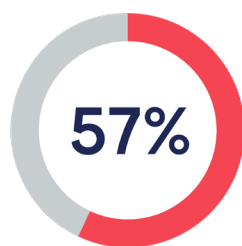|	Comfortable with social shopping? (% scoring 1 to 3 / agree)	Important for brands to have a physical shop? (% scoring 1 / agree strongly)
Total	16%	16%
Male	17%	14%
Female	16%	18%
16-24	30%	10%
25-34	22%	12%
35-44	17%	11%
45-54	14%	15%
55-64	13%	18%
65+	6%	29%

n=2,000 UK Adults

Question: We'd like to know how you're feeling about the high street and shops in general. On the scale below, please select which statements you more closely agree with.

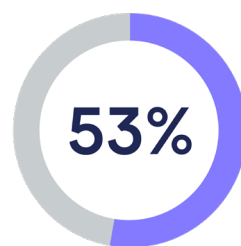## How do brands have a physical presence in an increasingly digital world?

If physical shops are now less important to anyone of working age, then what alternatives do brands have for inserting themselves in to people's physical lives and why might they want to? On the latter question, the role of "show-rooming" must be considered. Even if they are not purchasing instore, consumers often need a way to try out new products in a tactile way. Visitors to Samsung's store in Kings Cross will note that it feels less like a consumer electronics retail store, and more like a cross between an entertainment space and lifestyle show room, affording visitors the ability to trial their products without the hard impulse to buy there-and-then.

Visitors to Santander's Work Café's on the other hand, will note that they feel more like a coffee shop than bank branch, giving entrepreneurs co-working spaces that are much needed in the start up phase.

Other brands might need to think laterally about how they insert themselves in to the real lives of consumers, and they should be conscious that they there is

57% ..Would like to see brand sponsoring other venues such as coffee shops and libraries ect
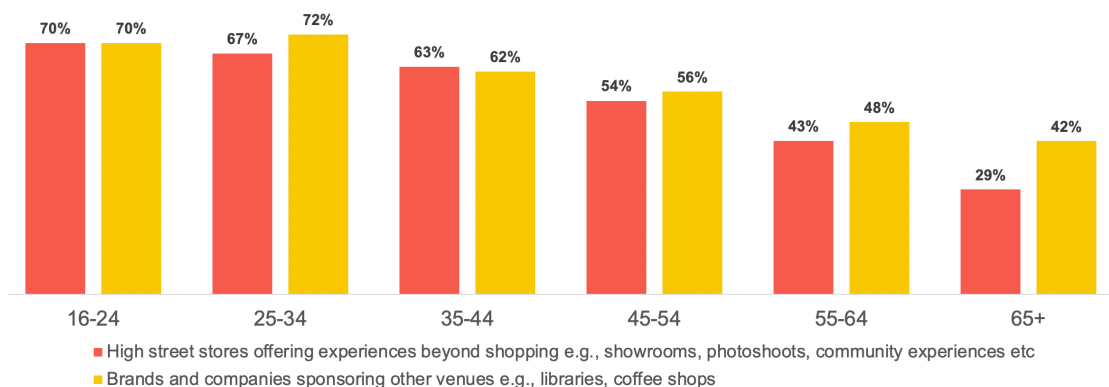
53% ..Would like to see high street stores offering experiences beyond shopping e.g. showroom, photoshoots, community experiences ect

The majority of consumers would like to see brands sponsoring non-retail venues such as coffee shops and libraries, while just over half would also be happy to see high street stores offering experiences beyond shopping, such as showrooms and community hubs. From coffee shops in Foyle's book store, to House of Fraser's lower ground floor gaming arena; and from Boot's new Beauty Playground in Battersea Power Station to the continued expansion of luxury shopping retailer Flannels in the north of England, with its Beauty Bars and Beauty Changing Rooms, there is considerable scope for new and innovative ways of engaging audiences in traditional retail spaces.

Away from traditional retail spaces, there is a role for brands to play in delivering real-life experiences usually funded by the public sector or not-for-profits which are sadly under more budgetary pressure than ever. Klarna ran a pop-up "Credit it History" museum to coincide with the launch of it's out of home brand campaign for example, while BP is often cited (sometime controversially) as a key sponsor of the arts as it looks to achieve it's CSR goals. Where might this trend lead us - the sponsorship of libraries, communities centres and public parks? The conversation is fraught with ethical and regulatory considerations and the perils of privatising vital public services, but as a future trend it is a conversation that is very real.

**How interested would you be in the following ideas from brands or companies?
(% interested)**

Age group	16-24	25-34	35-44	45-54	55-64	65+
High street stores offering experiences	70%	67%	63%	54%	43%	29%
Brands and companies sponsoring other venues	70%	72%	62%	56%	48%	42%

■ High street stores offering experiences beyond shopping e.g., showrooms, photoshoots, community experiences etc
■ Brands and companies sponsoring other venues e.g., libraries, coffee shops

n=2,000 UK Adults

Younger audiences may claim that they're not bothered about real bricks-and-mortar stores, but this doesn't mean that they reject brands having a physical presence in their lives. 16 to 34 year olds are more likely than any other age group to be open to businesses offering experiences beyond shopping while sponsoring other non-retail venues. Receptivity to these ideas declines with age, although it should be noted that 65+ year olds are more open to brands sponsoring other venues than they are offering experiences beyond shopping.

Key questions marketers in 2024

- Stress test the assumption that the high-street is in terminal decline. Are there **pockets of opportunity** that you can take advantage of when creating physical experiences for your customers?

- Consider where **in-real-life experiences matter in the purchase journey**. Bricks-and-mortar stores have a role beyond simply driving sales – they also fulfil a "showrooming" role in which they allow consumers to trial what they are about to purchases in a tactile way.

- **Understand the need states of your customer** base when it comes to real-life-experiences. Do they come to stores to buy and buy trial products or simply as part of a daily/weekly routine or as a social occasion?

- Think laterally about **where your brand has "permission" to offer alternatives** to shopping experiences. Coffee shops in book stores; co-working spaces in banks; gaming-zones in department stores – each of these examples has a contextual relevance between the experience and the space in which it is offered.

- Are you creating **spaces where people want to spend time** rather than (or as well as) buy things? The competition for consumer attention is fierce – make sure your real-life proposition has stand out.

- **Younger audiences do want real life experiences** from brands – but it is more likely that they will want these to be different to a traditional high street store – e.g. event sponsorship and lifestyle spaces.

- Physical stores are still very **important to older audiences** – audiences who have a lot of buying power.

- **Social shopping is on the rise**. Can you create a seamless shopping experience that provides a conduit between a physical experiences that is shared on social media, and a purchases that is made via social commerce?

Case studies

Asos' First Ever Physical Store

To coincide with Black Friday 2023, Asos opened up its first ever physical store in London with the aim of taking "immersive shopping to the next level." As well as featuring space devoted to its most popular brands, additional experiential elements included a live DJ, bookable panel talks and workshops, such as a styling session with LuxeGen, a skincare masterclass with The Ordinary and a running club with New Balance.
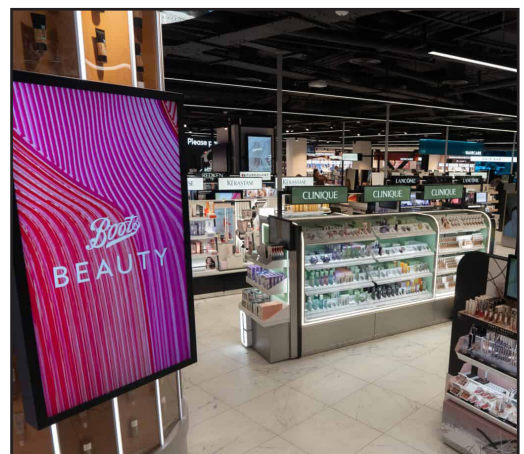
Crucially it was a partnership with SnapChat that created a seamless online offline shopper journey, with users of the social app able to see digital avatars of themselves wearing Asos clothing that could be purchased in store.

Boots Beauty Store at Battersea Power Station

Since its refit and overhaul, Battersea Power Station has become a byword for luxury shopping. Boots have capitalised on this opportunity by offering a shopper experiences quite different to the classic Boots shopper journey. A focus on their beauty range means that along with 250 beauty brands, the retailer is also offering a number of relevant customer experiences. Skin consultations, LED Light Transformation, skin scans and scalp checks are all on offer.

In addition, seasonal masterclasses were offered across the festive period, with Boots clearly catering to an upmarket consumer in search of brand experiences that extend beyond the purely transactional.

/ Methodology

The 'Customer Engagement: Future Trends 2024' report is a study undertaken by the DMA in partnership with Tapestry Research and the DMA's Customer Engagement Committee, sponsored by Salesforce and Merkle.

The report partially reviews data from the 'Customer Engagement: How to Win Back Customers and (re)Build Loyalty' 2023 report . In addition, the DMA Insight department conducted desk research on industry trends and canvassed opinions from industry experts.

If you have any questions about the methodology used in the report, you can contact the DMA's research team via email: research@dma.org.uk

/ About the DMA

The Data & Marketing Association (DMA) comprises the DMA, Institute of Data & Marketing (IDM) and DMA Talent.

We seek to guide and inspire industry leaders; to advance careers; and to nurture the next generation of aspiring marketers.

We champion the way things should done, through a rich fusion of technology, diverse talent, creativity, insight – underpinned by our customer-focused principles.

We set the standards marketers must meet in order to thrive, representing over 1,000 members drawn from the UK's data and marketing landscape.

By working responsibly, sustainably and creatively, together we will drive the data and marketing industry forward to meet the needs of people today and tomorrow.

www.dma.org.uk

/ About Merkle

About dentsu

Dentsu is the network designed for what's next, helping clients predict and plan for disruptive future opportunities in the sustainable economy. Taking a people-centered approach to business transformation, dentsu combines Japanese innovation with a diverse, global perspective to drive client growth and to shape society.

About Merkle

Merkle, a dentsu company, is a leading data-driven customer experience management (CXM) company that specializes in the delivery of unique, personalized customer experiences across platforms and devices. For more than 30 years, Fortune 1000 companies and leading nonprofit organizations have partnered with Merkle to maximize the value of their customer portfolios. The company's heritage in data, technology, and analytics forms the foundation for its unmatched skills in understanding consumer insights that drive hyper-personalized marketing strategies. Its combined strengths in consulting, creative, media, analytics, data, identity, CX/commerce, technology, and loyalty & promotions drive improved marketing results and competitive advantage. Merkle has more than 16,000 employees in 30+ countries throughout the Americas, EMEA, and APAC.

/ About Salesforce

Salesforce, the global CRM leader, empowers companies of every size and industry to digitally transform and create a 360° view of their customers.

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