

Thought Leadership Report
Activate Personalized Experiences

FROM CLICK TO CONVERSION

Redefining Personalization with AI

NielsenIQ

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Introduction

From Click to Conversion: Redefining Personalization with AI

The [retail](#) industry has always been at the forefront of embracing new technologies. [Artificial Intelligence](#) (AI) and machine learning (ML) have been utilized for years to harness the power of customer data, to aggregate and interpret vast data sets, and to create [personalized interactions and experiences](#) for consumers. Today, AI is a linchpin in customer service, competitive intelligence, marketing communication, sustainability, and beyond. With the customer journey generating data at every stage, players have access to an increasing amount of information about their customers, including their preferences, behavior, and purchase histories. These rich data assets are mined and exploited to personalize the entire experience—to send the right message, on the most appropriate channel, at the right time.

Now, with further advances in AI capabilities, the sector has an opportunity to extend and exceed the benefits the technology has already delivered. In this report, we examine [personalization in retail](#) today and discuss how AI technology will revolutionize the execution of these strategies in the future.

“AI can empower retailers to connect with customers through personalized content and preferred channels based on life stage, lifestyle, social media preferences, and much more. By understanding the DNA of a customer’s choices, retailers can customize the entire customer journey—from the channel to content, timing to promotions, down to changes in personal circumstances. Improving engagement at an individual level builds a deeper connection and delivers more effective interactions.”

—[PARM SINGH](#)
Head of Retail Analytics, NIQ



Personalization today: Delivering engagements that matter for tier-one grocery retailers

Using [NIQ Activate](#), we evaluated the performance of this leading EMEA-based retailer's personalization program. We split the sample into two groups—shoppers who participate in the personalization program and those who do not—and compared their shopping activities over a six-month period. The results show the significant benefits to not just retailers, but also to customers and brand partners when personalization is done right.

Key benefits of the personalization program:

- Offers tailored to the customer, with less focus on discounts
- Improved brand collaboration
- Protect against churn
- Campaigns work for all—the brand, the customer, and the retailer



Revenue uplift: +37% more revenue generated by those enrolled in the program



ROI: For every **\$1** invested by the retailer in personalization, shoppers spent an additional **\$3**



Frequency: 19% more store visits by program participants



Digital uplift: 6 times more redemption on the digital platform

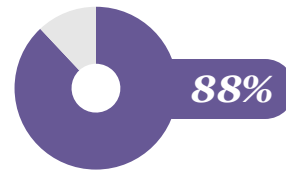
Truly granular targeting

Today, many retailers are leveraging personalization strategies to strategically allocate marketing activities, tailoring investments across diverse customer segments to maximize engagement and impact. Spend is concentrated on connecting with customer segments to create a more meaningful dialogue. As a result, shoppers increasingly expect personalized content where their data has been leveraged to some extent.

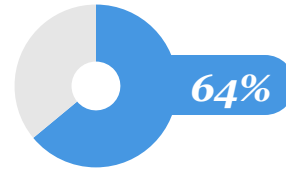
This is borne out by our 2024 [survey](#) of retailers and manufacturers for Harvard Business Review. Nearly nine in 10 (88%) of the 227 senior executives who manage the customer journey agreed **it's important these customer journeys are seamless, personalized, and consistent.**

It's clear from the study that many companies aren't currently meeting these goals. This comes at a cost because the quality of the customer journey impacts customer experience, retention and loyalty—not to mention sales and brand reputation.

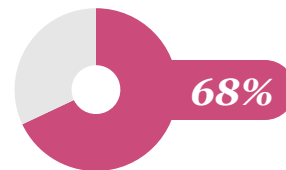
Survey Highlights



... say that it's important to create customer journeys that are **seamless, personalized, and consistent**



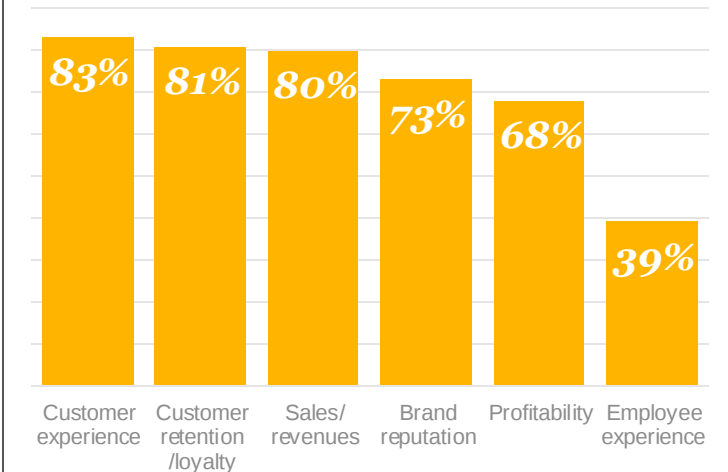
... say that the rapid increase in consumer-facing channels is making it **difficult to manage** the customer journey



... say that blind spots in customer journey data are having a **negative impact** within my organization

Customer Journey

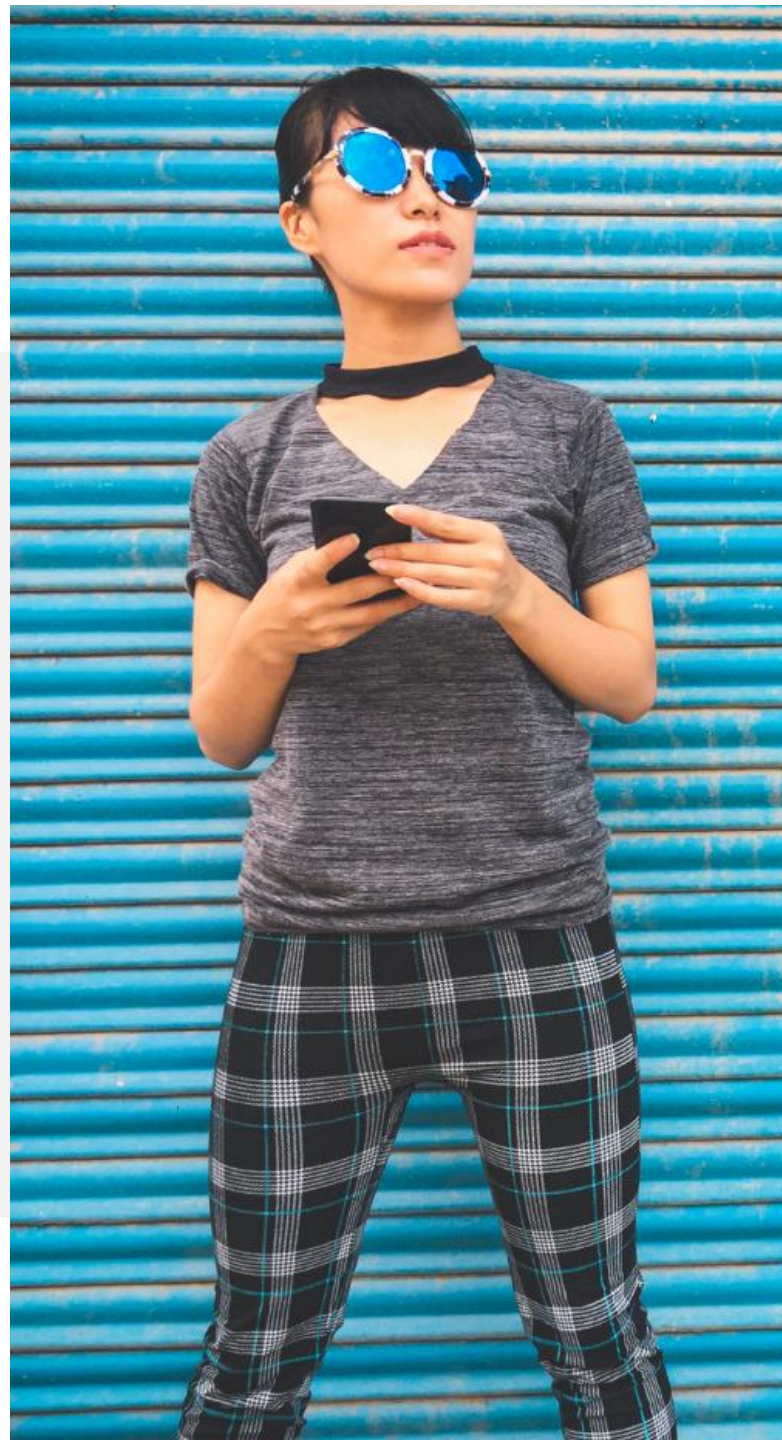
Customer experience, retention/loyalty, sales revenue, and brand are most impacted by the quality of the customer journey.



“Mass promotions will continue to be important to drive footfall and establish the retailer’s price image. The question is, How much of a retailer’s mass promotions should be transitioned to personalization strategies? Perfecting customer targeting is key to winning market share; so, the goal of this next generation of granular targeting using AI should be to win the shopping trip, build the customer’s basket, and improve competitive performance in all categories using relevant, tailored incentives. Retailers must understand where customers shop and how much they spend to reallocate budgets toward personalization, driving conversions and capturing market share. Perfecting customer targeting is key to winning market share—and a much more cost-effective way to achieve retailer targets.”

—**RAN DOTAN**

Director Customer Value, NIQ Activate



In the future, AI will enable truly granular targeting using response models to determine which offers to give to which customers—and when. Its sophisticated analytical capabilities mean retailers can translate the constant stream of customer and point-of-sale data into workable models that continually score and update information.

AI will optimize near-time data and outputs to evolve customer engagement, deciding on the right interactions. These could include content messaging and length, the optimum offers or ads to communicate, which channels to use, the elasticity of discounts, and whether to use loyalty points or discounts at an individual customer level, for example. **In other words: Every aspect of the shopper's journey can be personalized.**



Heart health

Imagine that AI identified a customer who had made significant changes to their known purchasing behavior by buying more healthy food. There's been a shift in this household's approach to health.

The next step is to deliver content around health combined with relevant offers and ads: for instance, recipes and advice on lifestyle changes.

As AI has learned how the customer is receptive to new products, the retailer can deliver health food recipes or appealing, suitable offers on existing and new products, and then suggest better delivery options—all tailored to their specific communication and channel preferences. **This ultra-personalized level of customer knowledge enables the retailer to communicate with each person credibly, forming the foundation for a closer relationship that can drive loyalty.**



Tailored interactions that transform customer journeys

AI technologies will enable retailers to understand the DNA of a customer across life stages, lifestyle, price sensitivity, social media preferences, and more to provide the foundation for a more sophisticated connection.

Every communication can be designed to resonate with a specific person using the most suitable touchpoint. For example:

- Time-starved office workers could receive discounts on pre-made salads to pick up on the way home.
- Large families could benefit from tips and advice on quick budget-friendly meals that fit in with the fast pace of home life.
- Seniors would appreciate receiving large-font communications and visualizations when they're looking to buy their next mobile phone.

In other words: Personalization progresses from a broad marketing approach to a narrower, targeted one that delivers the right message, on the right channel, at the right time, and with the right benefit to each person. AI, for its part, elevates the journey connected with each customer over time.

Amazon is using generative AI to enhance [customer experiences](#). Given the enormous reach of the retailer and its diverse customer base, its application has focused on making both buying and selling easier on the platform. For instance, Alexa is using a large language model that understands context to be more conversational. AI is improving product listings, creating more engaging ads, and highlighting pertinent information in customer reviews to accelerate purchasing decisions. Physical retail, too, is being enhanced with palm print payments at select U.S. outlets and Just Walk Out technology at sporting venues.

Customers appear to welcome this level of targeting.

“As consumers become accustomed to AI handling more tasks, their reliance on AI for daily activities and decision-making will likely increase. This could shift consumer expectations toward more automated and intuitive services.”

—[YI FANG](#)

Director of Responsible AI, School of Engineering, Santa Clara University

As AI continually learns, the technology incorporates all the outputs of the personalization strategies to refine and adjust ways to connect over time. So, as individual customers evolve—for instance, changing the path to purchase—AI adapts with the specific shopper.

At scale, this means deciphering millions of customers to determine the right route to connect with the individual customer across different personalization touchpoints to create a far more engaging interaction with the customer over time.

We combine and integrate our data assets with a retailer's data in the [Activate platform](#) to broaden the scope and coverage of customers through shopper insights, deeper product intelligence, and market trends. This enables more robust and meaningful personalized experiences that can be unlocked by [Ask Arthur](#), our [Generative AI](#)-powered tool, to evolve customization in line with changes in a customer's behavior and life stage.

"Today's consumers expect more than just quality and convenience—they demand personalized experiences that cater to their unique preferences. From tailored product recommendations to bespoke DTC interactions, personalization powered by AI is reshaping the retail landscape. Retailers who leverage data-driven insights to create seamless, individualized customer journeys will not only boost sales but also build lasting customer loyalty."

—[MICHAEL MCLAUGHLIN](#)
President, International Retail, NIQ



To excel in today's competitive retail landscape, partnering with experts who bring decades of experience in AI and ML implementation, as well as deep knowledge of segmentation and personalization, is key. NIQ stands out as a partner committed to innovation, with a proven track record of embedding AI into end-to-end retail solutions to deliver actionable insights that drive growth and efficiency.

**Ready to transform your
retail strategy with AI
and Personalization?**

Discover how tailored solutions can drive growth, enhance customer experiences, and boost profitability. Let's discuss your goals—schedule a meeting with our experts today.





NIQ delivers the [Full View™](#) for retail, powered by the most complete data and advanced technology. With a suite of tools designed for a new era of intelligence, you can translate insights into powerful, profitable action and stay ahead of the competition. Keep up with rapidly changing market dynamics and consumer behavior while collaborating with suppliers to make smart, fast decisions.

NielsenIQ (NIQ) is the world's leading consumer intelligence company, delivering the most complete understanding of consumer buying behavior and revealing new pathways to growth. NIQ combined with GfK in 2023, bringing together the two industry leaders with unparalleled global reach. Today NIQ has operations in more than 95 countries covering 97% of GDP. With a holistic retail read and the most comprehensive consumer insights—delivered with advanced analytics through state-of-the-art platforms—NIQ delivers the Full View™.

For more information, please visit www.niq.com