



SPECIAL REPORT

Understanding Personalization Efforts in the Hospitality and Retail Industries

Personalization has become a hot topic for customer experience leaders. With ongoing advances in artificial intelligence, ever-multiplying niches for specialized content and products, and a continued shift toward digital interactions, tailoring the customer experience is now table stakes for businesses looking to maximize customer acquisition and retention. Medallia research confirms why: 61% of consumers are willing to spend more with companies if they offer a customized experience, yet more than half can recall past experiences where brands have promised a personalized experience and then failed to deliver.¹

Personalization expectations are shaped by what consumers experience across industries, and leading brands setting the standard for personalization in their respective sectors can serve as inspiration for businesses across categories. In particular, the hospitality and retail verticals are two industries seen as leaders in this area.

Both have a high frequency of interactions across multiple touchpoints and repeat transactions providing opportunities to learn more about customers. They have historical strength in growing loyalty and rewards programs and the best brands use customer experience as a key differentiator.

For insights on what hospitality and retail brands are doing — or not doing — to personalize experiences, Medallia surveyed 1,749 hotel guests and 1,905 retail consumers about their recent retail transactions and hotel stays.



Nicholas Adams



Notes

Buying Purpose:
Anniversary Gifts

Preferences

- ☒ Red Roses
☐ Deluxe Black Box



¹ <https://www.medallia.com/resource/how-consumers-feel-about-personalization/>

Personalization’s relationship to satisfaction

For both hotel stays and retail interactions, personalization has a strong correlation with satisfaction. Customers who rate the level of personalization they received as a 9 or 10 on a scale of 0 to 10, with 10 being the most personalized, are far more likely to also rate their overall satisfaction as very high. And vice versa, those who do not perceive their experience as being personalized are more likely to report lower satisfaction ratings.

However, despite the power of personalization in both hotel and retail interactions, many consumers do not experience high levels of personalization. Roughly 3 in 4 say that their last interaction had a low to moderate level of personalization, while only about 25% report experiencing the highest levels of personalization.

Relationship Between Personalization and Satisfaction During Hotel Stay

Overall Satisfaction

(Average on 0-10 scale)



If guest felt personalization was low
(0-6 personalization rating)



If guest felt personalization was moderate
(7-8 personalization rating)



If guest felt personalization was high
(9-10 personalization rating)

From Medallia Market Research November 2023 Personalization Survey (n=1,1749 hotel guests). “How would you rate your satisfaction with the hotel on that occasion?”

Relationship Between Personalization and Satisfaction During Retail Interaction

Overall Satisfaction

(Average on 0-10 scale)



If guest felt personalization was low
(0-6 personalization rating)



If guest felt personalization was moderate
(7-8 personalization rating)

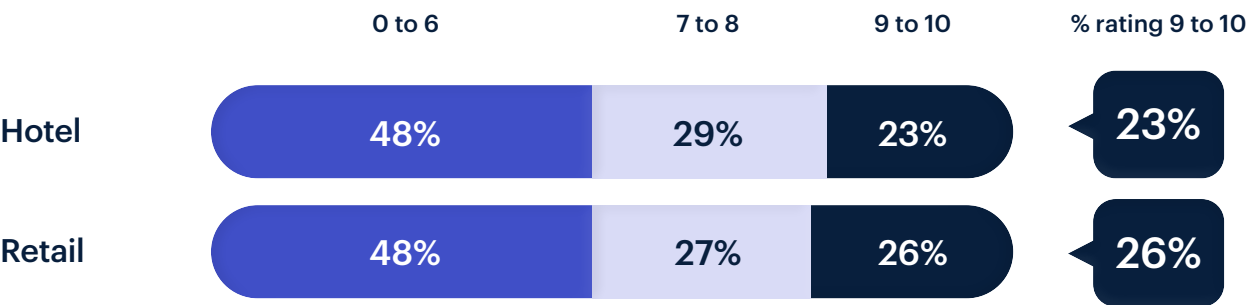


If guest felt personalization was high
(9-10 personalization rating)

From Medallia Market Research November 2023 Personalization Survey (n=1,905 retail customers). “How would you rate your satisfaction with the interaction you had with the company on that occasion?”

Personalization Rating of Most Recent Interaction

(% rating 9-10 on 0-10 scale, by Industry)



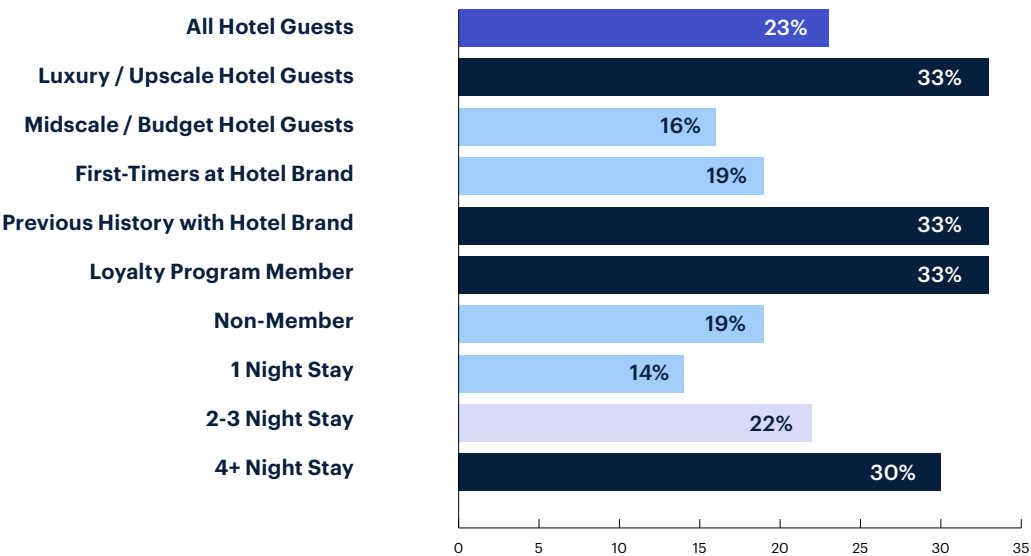
From Medallia Market Research November 2023 Personalization Survey (n=1,749 hotel guests and 1,905 retail customers). “For this recent [hotel stay / retail interaction] you have been asked about, how ‘personalized’ did it feel to you? Use your best judgment on what ‘personalized’ means in terms of interacting with a company.”

Hotel Deep Dive

Hotel guests are more likely to report having a personalized experience if they’re members of a company’s loyalty program, have stayed with a brand before, or if they stay with a hotel for multiple nights. Guests also report experiencing higher levels of personalization at luxury and upscale hotels, suggesting premium hotels are investing their higher revenue per guest in personalization.

Personalization Level of Hotel Stay

(% of guests rating 9-10 on 0-10 scale, by Stay Type)



From Medallia Market Research November 2023 Personalization Survey (n=1,749 hotel guests). “For this recent hotel stay you have been asked about, how ‘personalized’ did it feel to you? Use your best judgment on what ‘personalized’ means in terms of interacting with a company.”

However, there are many opportunities for hotel brands to improve. Consumers find the hotel experience to be inconsistent and also lament broader macroeconomic trends that have been unfolding since 2020 that are contributing to the feeling that the hospitality sector as a whole is skimping on what used to be better experiences.

% Agreeing

(% rating 4 or 5 on 1-5 scale)

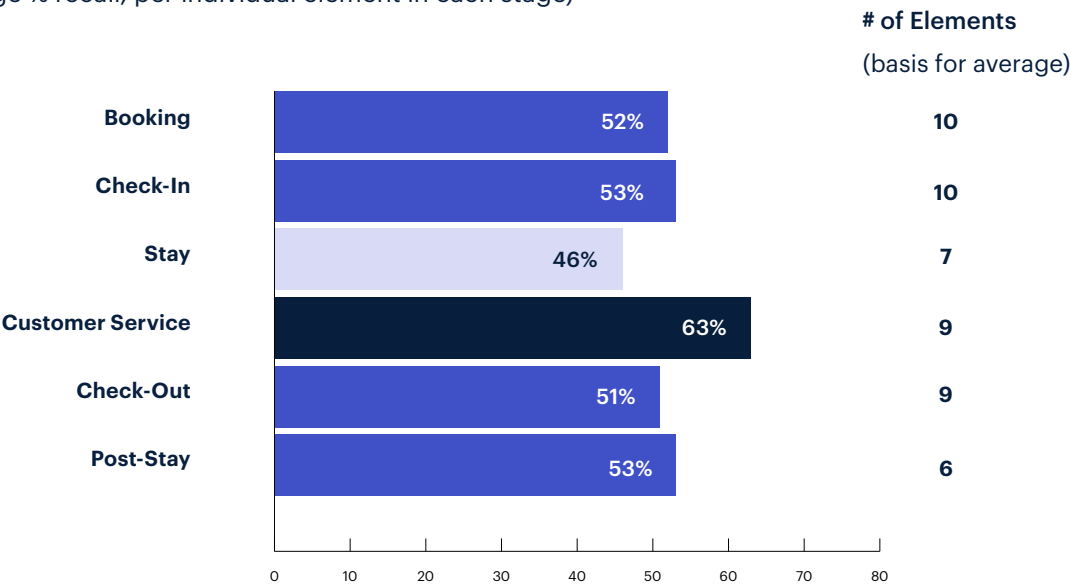


From Medallia Market Research November 2023 Personalization Survey (n=1,749 hotel guests). % selecting 4 or 5 (agree or strongly agree) on a 1-5 agreement scale

Surprisingly, the greatest opportunity to maximize personalization for hotel guests is during the stay itself. Guests are less likely to recall personalization at this stage of the customer journey — only 46% do, compared with a higher share of customers reporting personalized experiences during other key moments, such as when interacting with customer service, post stay, and during the booking, check-in, and check-out processes.

% of Guests Recalling Personalization Elements, by Stage

(Average % recall, per individual element in each stage)



From Medallia Market Research November 2023 Personalization Survey (n = 1,749 hotel guests)
"During [stage], which of the following did you notice or experience?" *Percent based only on guests who did have a customer service interaction.

Most / Least Noticed Personalization Elements

(Average % noticing, top 5 and bottom 5 [of 52 total])

Stage	Element	% Noticing
Hotel Customer Service*	They provided me the opportunity to give feedback about the service I received	66%
Hotel Customer Service*	They followed up with additional communications informing me of resolution status, or confirming if I am now satisfied	66%
Hotel Customer Service*	They gave me the choice on how I wanted the issue resolved (e.g. refund, complimentary upgrade, etc.)	65%
Hotel Customer Service*	They already had my stay details or other information handy when the interaction started	65%
Hotel Customer Service*	They gave me flexibility on how I wanted to interact with customer service (e.g. online, calling on phone, etc.)	64%
Hotel Browsing / Booking	I saw the hotel supported causes (e.g. social, environmental, etc.) that I care about	44%
Hotel Stay	They incorporated allergies or other dietary preferences at hotel restaurants (e.g. gluten free options, brand substitutions, etc.)	43%
Hotel Check-Out	Options were given to pay over time vs. all at once	43%
Hotel Stay	My name was on a welcome message on the TV screen	42%
Hotel Stay	Music preferences (on / off, type of music to play) were available in the room	41%

From Medallia Market Research November 2023 Personalization Survey (n = 1,749 hotel guests)

"During [stage], which of the following did you notice or experience?" *Percent based only on guests who did have a customer service interaction.

Additionally, hotels can offer greater personalization when rewarding guests based on their status, by allowing guests to make customized selections during the booking process, giving them more opportunities to provide feedback, and allowing them to choose the support channels they prefer when they need customer service.

Consumer Personalization Wish List for Hotels

% Selecting, Top 5 Choices of 16 total

Reward me based on special statuses or history as a customer

26%

Allow more customizations for the rooms I pick / what I want in my stay

24%

If I qualify as an especially valuable customer, give me more benefits like dedicated customer service or exclusive benefits

23%

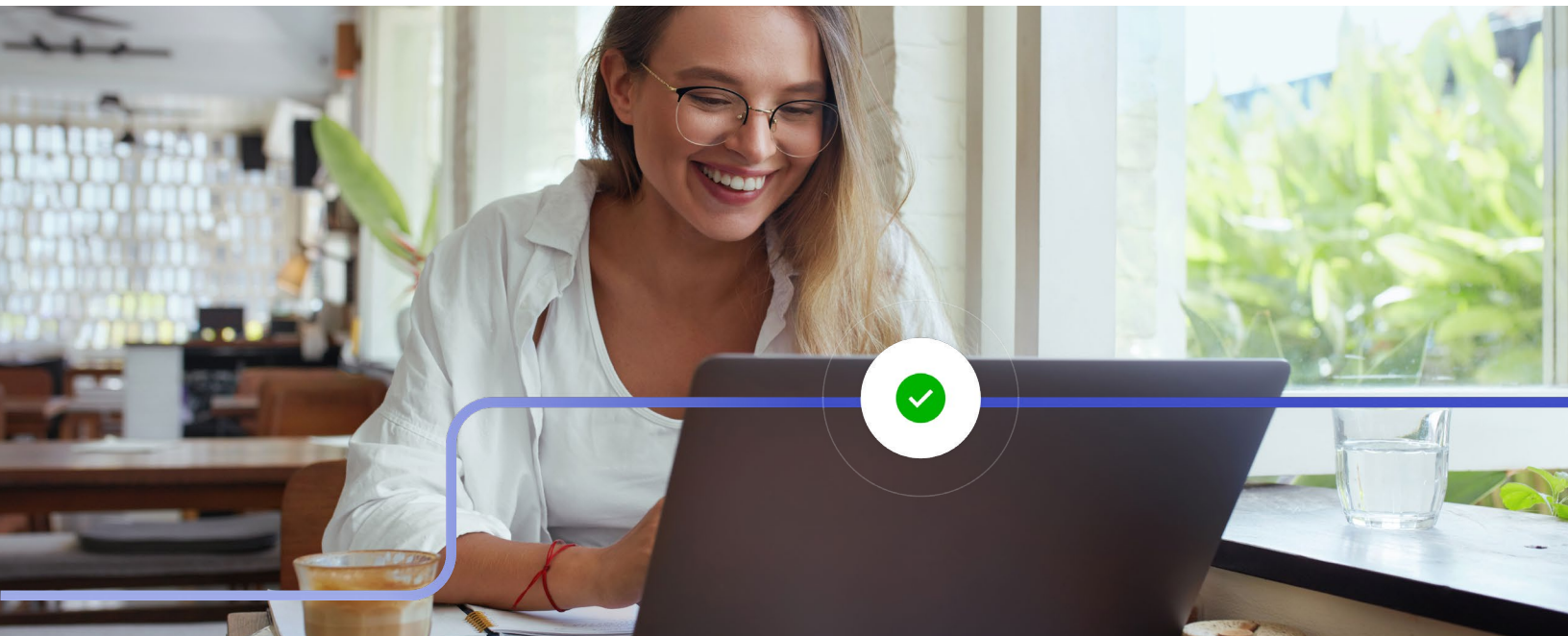
Ask for my feedback and ideas on how to improve future experiences

22%

Allow me to pick how I want to be served if I have an issue (e.g. online, phone, in-person, etc.)

21%

From Medallia Market Research 2023 Personalization Survey (n=1,749 hotel guests). “What do you think hotels should do to better personalize interactions?”



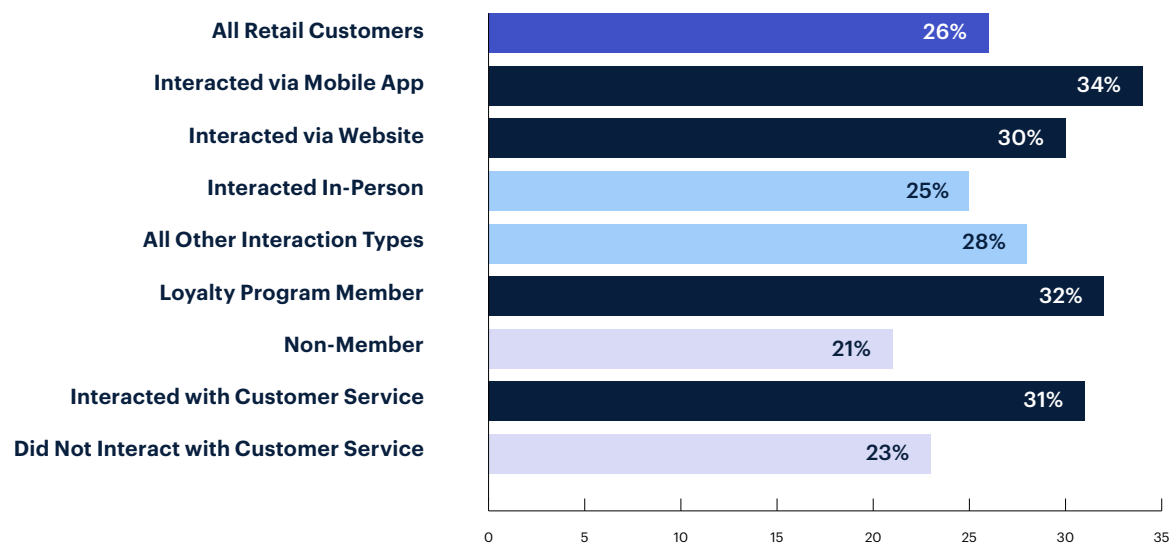
Retail Deep Dive

Retailers deliver more personalized experiences at certain touchpoints than others. They provide more tailored interactions for mobile app users, web visitors, loyalty program members, and customers who interact with a brand’s customer service team. These individuals are much more likely to report higher levels of personalization compared to the average retail customer, non-loyalty program members, and customers who interact with retailers in person.

These personalization gaps highlight an opportunity for retailers to step up and win a greater share of business and loyalty. After all, the majority of retail customers agree that customized, personalized, and quality service leads to them choosing a brand more often and spending more when doing so.

Personalization Level of Retail Interaction

(% of customers rating 9-10 on 0-10 scale, by Stay Types)



From Medallia Market Research November 2023 Personalization Survey (n=1,905 retail customers). “For this recent interaction with the retailer you have been asked about, how ‘personalized’ did it feel to you? Use your best judgment on what ‘personalized’ means in terms of interacting with a company.”



% Agreeing

(% rating 4 or 5 on 1-5 scale)

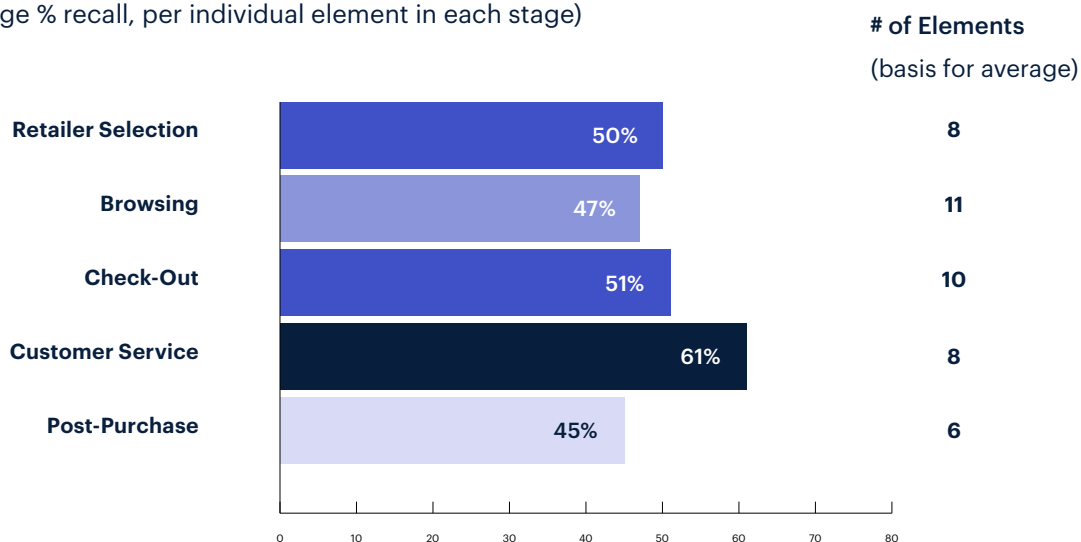


From Medallia Market Research November 2023 Personalization Survey (n=1,905 retail customers). % selecting 4 or 5 (agree or strongly agree) on 1-5 agreement scale

Retail brands receive the highest personalization scores for customer service interactions. The greatest opportunities to boost personalization occur during the browsing and post-purchase stages.

% of Customers Recalling Personalization Elements, by Stage

(Average % recall, per individual element in each stage)



From Medallia Market Research November 2023 Personalization Survey (n=1,749 hotel guests). “During [stage], which of the following did you notice or experience?” *Percent based only on guests who did have a customer service interaction.

Most / Least Noticed Personalization Elements

(Average % noticing, top 5 or bottom 5 [of 43 total])

Stage	Element	% Noticing
Retail Check-Out	Options were given to pay using the method I wanted (e.g. credit card, Venmo / Cash App, etc.)	67%
Retail Customer Service*	They gave me the choice on how I wanted the issue resolved (e.g. refund vs. exchange item, etc.)	66%
Retail Customer Service*	They followed up with additional communications informing me of resolution status, or confirming if I am now satisfied	63%
Retail Customer Service*	Already having my purchase details or other information handy when the interaction started	62%
Retail Customer Service*	Providing me the opportunity to give feedback about the service I received	61%
Retail Post-Purchase	Communications had references to the shopping need I originally had (e.g. the event I was planning, back to school, etc.)	43%
Retail Check-Out	There were options to have purchases gift wrapped or personal notes added	42%
Retail Post-Purchase	They used names or other details of the employee who prepared the product or provided service to me	41%
Retail Check-Out	There was a dedicated check-out process for VIP customers or loyalty program members	41%
Retail Post-Purchase	I received a thank you note sent after my purchase	40%

From Medallia Market Research November 2023 Personalization Survey (n = 1,905 retail customers)
 “During [stage], which of the following did you notice or experience?” *Percent based only on guests who did have a customer service interaction.

Retail customers are understandably interested in the chance to receive more personalized rewards and special benefits based on their status and history as a customer, but also care about receiving personalized product recommendations, being given the chance to select which types of communications they receive, and being given more flexibility related to payments and returns.

Consumer Personalization Wish List for Retailers

(% selecting top 5 choices [of 17 total])

Reward me based on special statuses or history as a customer

29%

If I qualify as an especially valuable customer, give me more benefits like dedicated customer service or exclusive products

22%

Recommend other products to me based on what you know I like

21%

Allow me to pick the types of communications I want to receive

21%

Provide more forgiveness or understanding when I need to make returns, exchanges, or have payment issues

20%

From Medallia Market Research November 2023 Personalization Survey (n = 1,905 retail customers)
"What do you think retailers should do to better personalize interactions?"



Bridging the personalization gap

The ROI of personalization is clear: Hotel guests and retail customers alike report higher levels of satisfaction when they receive more tailored experiences during their interactions with brands. Moreover, consumers across industries are willing to spend more with companies that offer a customized experience.

Still, there's a real gap between customer perceptions of personalization depending on the type of customer and the type of interaction. Customers are more likely to perceive high-touch and digital interactions as personalized. But brands are falling short when it comes to everyday, in-person experiences.

Hotel guests who stay fewer nights, visit midscale and budget hotels, are first-time visitors, and aren't members of a brand's loyalty program are much less likely to report experiencing high levels of personalization. Hotel guests are more likely to experience personalization during high-touch and digital interactions, such as when reaching out to customer service — and less likely to experience tailored interactions during the on-site stay. Similarly, retail customers report higher levels of personalization during digital and customer service interactions and if they're a loyalty program member and lower levels of personalization when visiting a retailer in person, if they're not a member of a retailer's loyalty program, and if they haven't had an interaction with a retailer's customer service team.

It's up to hotels and retailers to bridge these personalization gaps across channels, customer types, and touchpoints in the customer journey and raise the bar across all types of experiences.

About the Study

Medallia Market Research gathered responses from 1,749 hotel guests and 1,905 retail consumers about a recent visit or transaction in November 2023 using Medallia's CheckMarket survey platform and Medallia's Sense360 research panel.

Weighting has been applied based on U.S. census distribution of age and gender.

About Medallia

Medallia is the pioneer and market leader in customer, employee, citizen, and patient experience. Medallia Experience Cloud captures billions of experience signals across interactions including all voice, video, digital, IoT, social media, and corporate-messaging tools. Medallia uses proprietary artificial intelligence and machine learning technology to automatically reveal predictive insights that drive powerful business actions and outcomes. For more information visit www.medallia.com.

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