

WHY CUSTOMERS ARE NO LONGER ACCEPTING SUBSTANDARD SERVICES IN A WORLD OF HYPER-PERSONALISATION

Today's customers expect companies to understand their preferences and are unwilling to accept substandard services – because hyper-personalisation, driven by advanced technologies such as Artificial Intelligence (AI), has set new benchmarks for customer expectations.

Hyper-personalisation leverages AI and machine learning to analyse vast amounts of data, enabling businesses to offer tailored experiences to individual customers. This approach goes beyond traditional segmentation by considering real-time behaviours, preferences, and interactions. A study by Accenture revealed that 91% of consumers are more likely to shop with brands that provide relevant offers and recommendations. This statistic underscores the critical importance of personalised experiences in driving customer loyalty and satisfaction.

Several leading brands have successfully implemented AI-driven hyper-personalisation strategies, many of which we use daily. Through its mobile app, Starbucks offers real-time personalised beverage recommendations and promotions based on customer purchase histories and preferences, promoting enhanced customer engagement and loyalty and driving an incredible 31% of sales in the US.

Nike's 'Nike By You' platform allows customers to design and customise their footwear and sportswear, promoting customer engagement and delivering a tailored shopping experience. Netflix uses machine learning and AI to give users unique recommendations based on viewing data. Spotify and its eagerly awaited Wrapped campaign provide fun, personalised insight into listening preferences, which are often shared extensively across social media platforms throughout December.

The shift towards hyper-personalisation is particularly evident in the financial services sector. For instance, Citibank was among the early adopters of AI-driven solutions, offering a 30-minute personal loan process in the early 2000s.

Since then, the Middle East has witnessed a surge in digital



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transformation initiatives, with banks focusing on delivering seamless, personalised services to meet the sophisticated demands of their clientele. Emirates NBD introduced Liv, a digital lifestyle bank that combines traditional banking services with lifestyle features and offers personalised experiences by integrating banking functionalities with daily activities.

Mashreq Bank also uses AI-backed digital solutions. These solutions analyse customer data to provide personalised financial recommendations and insights across various platforms. Implementing AI-powered platforms enables financial institutions to gain a 360-degree view of customers, facilitating real-time processing and integrated ecosystems that enhance service delivery. Moreover, AI is pivotal in improving operational efficiency and customer engagement.

However, there are still opportunities for businesses in the region to do more. According to KPMG's Customer Experience Excellence Report, despite huge investment made by companies in personalisation technology, the personalisation score in the UAE, one of six pillars of customer experience excellence as outlined by KPMG, dropped by 1.6%, in line with the global average of -2%.

What does this mean and what needs to be done? Personalisation extends beyond simply tailoring content or products; it is about creating meaningful customer experience. Many companies overlook the deeper psychological aspect of personalisation, which is rooted in making customers feel empowered, informed and in control of their choices. Effective hyper-personalisation fosters a sense of self-worth, helping customers make confident and well-informed decisions while strengthening their connection with a brand.

Companies that can go beyond traditional personalisation by understanding and adapting to customers' evolving preferences, behaviours, and life stages in real time will lead the charge. Utilising conversational AI, which enables business users to seamlessly interact with customer data, including transactions, behaviours, and interactions, using natural language, is paramount, as are customisable AI models addressing specific business challenges to promote growth.

Strengthening customer relationships by creating behavioural segments based on spending habits and lifestyles will enable businesses to launch targeted marketing campaigns that maximise customer lifetime value and enhance overall engagement.

Pre-built AI models that deliver faster insights and quicker deployment will enhance cross-sell opportunities and improve overall market responsiveness, helping businesses stay ahead of the competition.

In conclusion, the era of hyper-personalisation, fueled by AI and related technologies, has redefined customer expectations. Businesses that fail to adapt to this shift risk falling behind, as customers gravitate towards brands that understand and cater to their individual needs. Embracing these technological advancements is no longer optional but essential for delivering the high-quality, personalised services that today's customers demand.