2025 State of Customer Engagement REPORT

twilio

THE CUSTOMER ENGAGEMENT PARADOX:

Why AI hasn't closed the expectation gap (yet)

Meet Alex. Alex loves running, and every few months he invests in new gear: socks, shoes, moisture-wicking shirts – the works. One brand always comes to mind when Alex is ready to shop because they offer up his preferred shoe model, remind him when it's time to replace his worn-out pair, and even recommend new running routes based on his location. Every interaction feels like it was built just for Alex, because it was.

This is the promise of AI-powered personalization: anticipating customer needs, creating consistent experiences, and making customers feel truly understood. But for many consumers, this level of relevance is still the exception – not the rule.

Despite dramatic AI advancements, most global consumers don't feel any more understood by brands than they did last year. While **82%** of business leaders say they deeply understand their customers, just **45%** of consumers agree. That gap is growing slightly; last year, it was **81%** vs. **46%**.

If AI is meant to bring brands closer to their customers, why isn't this gap closing?

60%

of consumers rate brands as "good" or "excellent" in providing positive customer engagement

(down from 62% in 2024)

CUSTOMER EXPECTATIONS ARE A MOVING TARGET

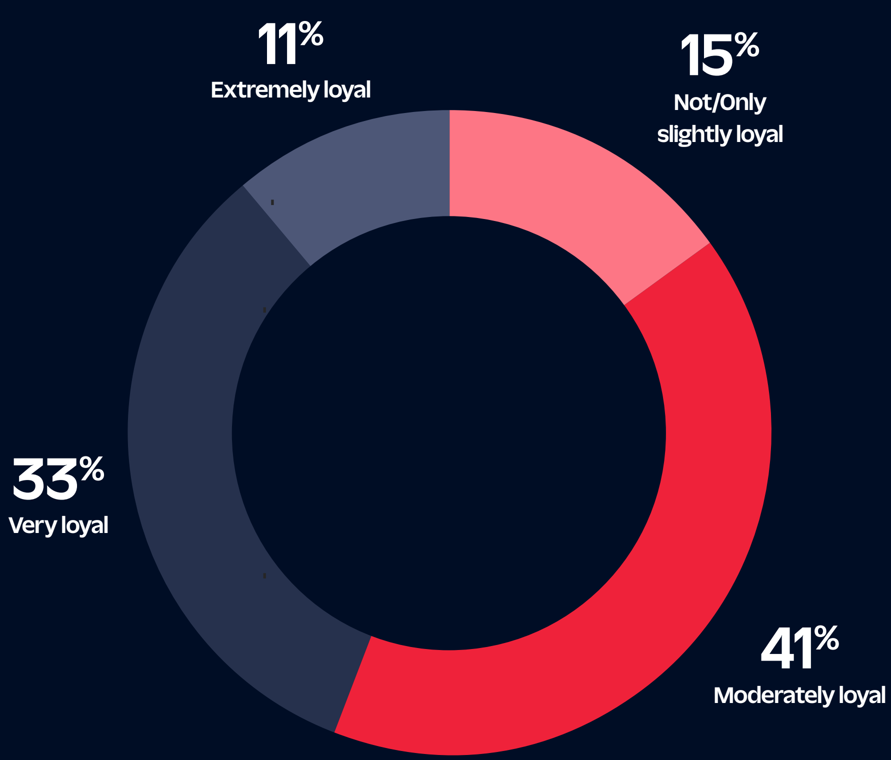
Consumer preferences are evolving and businesses are struggling to keep up. In fact, **53%** of businesses now cite keeping pace with rapidly changing customer preferences as their biggest challenge – up from **44%** last year.

Other obstacles holding them back from understanding customers? Compliance and data privacy concerns **(45%)** and the ongoing struggle to connect customer data across channels and platforms **(44%)**. Businesses must balance personalization with privacy, navigating complex regulations and consumer concerns while gathering just enough data to enhance customer experiences.

At the same time, customer loyalty is fading. Just **44%** of global consumers consider themselves “very” or “extremely” loyal to brands, down from **48%** last year.

To stay competitive, businesses must move fast and build smart while bridging data gaps and balancing innovation with compliance. With one in three **(37%)** customers anticipating purchasing more in 2025 than last year, brands that can meet these evolving customer needs will be the ones to capture their business in an increasingly unpredictable market.

Consumers on **how loyal they are to brands**



KEEPING UP WITH CUSTOMERS IN 2025

Last year, our report focused on the idea of individualization, or how brands move beyond one-to-many personalization to deliver AI-powered experiences uniquely tailored to each customer.

This year, the challenge has deepened. Simply understanding your customers isn't enough – brands must demonstrate that understanding in ways that inspire action, earn trust, and keep pace with constant change. Personalization remains important, but it's now just one piece of a much larger puzzle.

AI's role in all this? Businesses need to use it wisely to help strengthen, not weaken, customer relationships.

In 2025, it's not enough to "know" your customers. You have to keep up with them. What's more important than knowing Alex's shoe size? Learning that he's returning his last pair because they weren't supportive enough for his high arches – something he told your AI chatbot. Contextual data will separate mediocre experiences from outstanding engagement this year.

In short, don't just respond to change.

BUILD FOR IT.

REPORT METHODOLOGY

Twilio surveyed **7,640** consumers and **637** business leaders across the globe from January 3 to February 17, 2025. Respondents were from **18** countries: Australia, Brazil, Chile, Colombia, France, Germany, Hong Kong, India, Indonesia, Italy, Japan, Mexico, Philippines, Singapore, Spain, Thailand, the United Kingdom, and the United States.

Global consumers

We surveyed 7,640 global consumers who all own a smartphone and have shopped online in the past six months. In each country, the sample was balanced by gender and age, as well as racial diversity in the U.S. and U.K. **Age groups were defined as follows: Gen Z (18–28), millennials (29–44), Gen X (45–60), and baby boomers (61–79).**

Business leaders

The 637 business leaders surveyed hold senior leadership positions at the Director level or above, work full-time at companies with 500 or more employees, and are familiar with their company's customer experience, marketing technology, or customer data strategies. The sample included minimum requirements for C-suite executives and a spread of company sizes above and below 5,000 employees.

TREND 1

AI must benefit businesses and consumers

AI is driving business growth, **but is it serving consumers?**

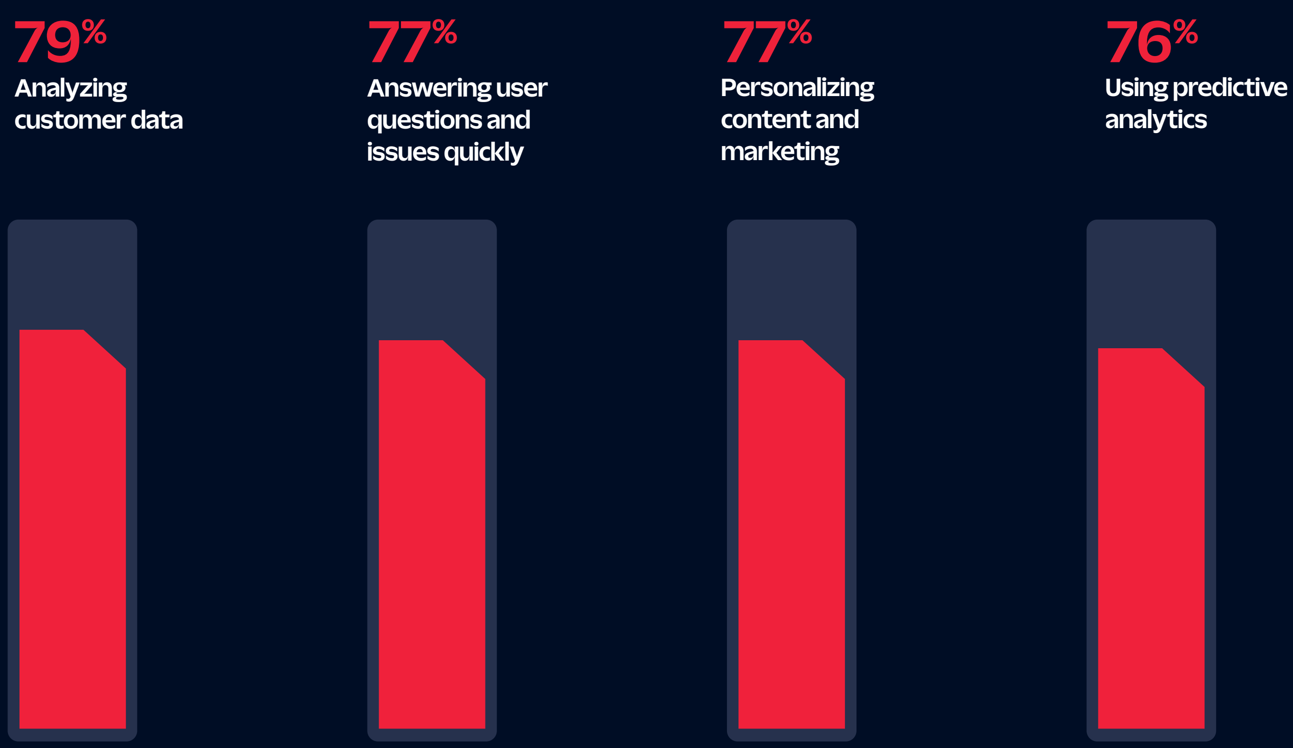
AI is the breakout technology of the moment, and businesses are going all in – integrating it across operations, customer service, and marketing. And it's paying off: **96%** of organizations using AI for personalization report seeing measurable business benefits.

Beyond personalization, AI is driving tangible operational gains. Fifty-one percent of businesses say it's speeding up their response times, **47%** cite better data organization, and **45%** see higher customer satisfaction scores as a result.

But here's the big question:

Are those gains translating into better experiences for consumers – or just better metrics for businesses?

Top ways **businesses are using AI**



AI should work for customers, not just for businesses

Meet Sarah. She just wants to update her shipping address – a simple request, or so she thought.

Instead, she finds herself stuck in an endless loop with an AI voice agent that doesn't quite understand her. She repeats herself. It misinterprets. She tries again. Same result. Frustration builds until she's practically yelling 'Representative!' into her phone.

Sound familiar? For many, AI feels less like an assistant and more like an obstacle.

And Sarah's not alone. While artificial intelligence dominates headlines, fuels endless debates, and reshapes industries, many consumers are growing weary of the hype. More than half **(55%)** are exhausted from hearing about it in the news, and **45%** simply couldn't care less about it.

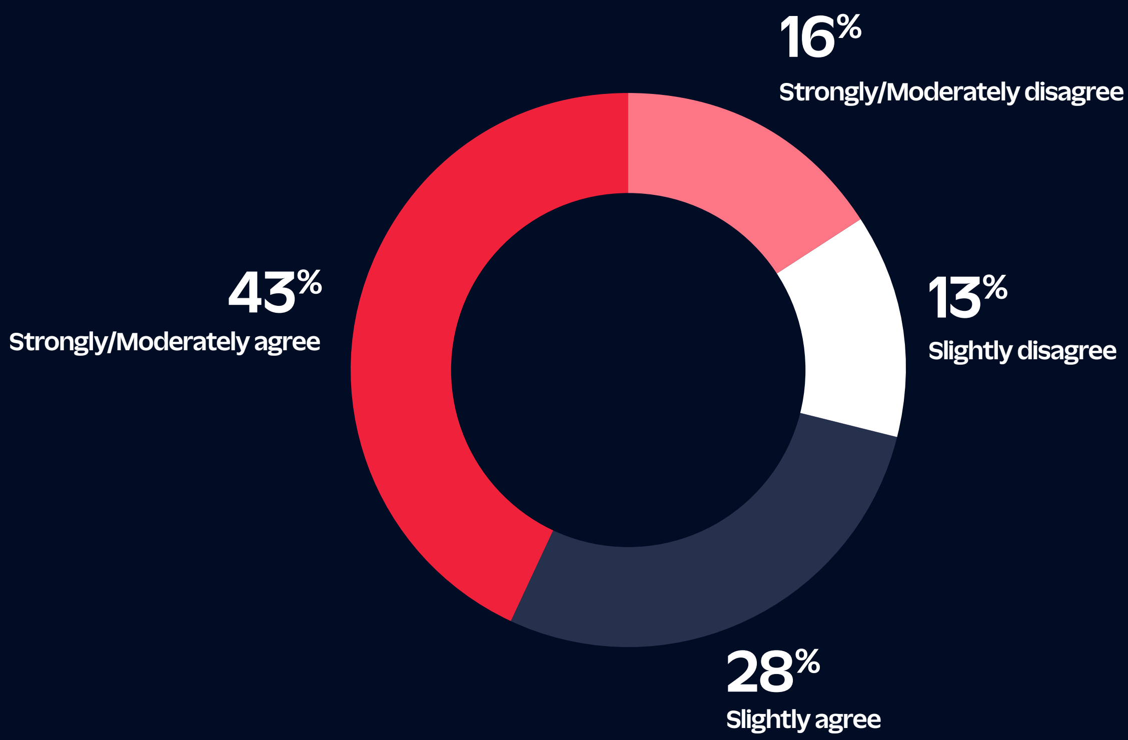
Even though consumers are tired of the AI hype, they are open to it improving their experiences – when businesses leverage it correctly, that is. In fact, **71%** of global consumers believe AI will positively impact their experience, with moderate/strong confidence rising from **32%** in 2024 to **43%** in 2025.

Younger generations are even more optimistic: 73% of Gen Z and **76%** of millennials say AI will improve their experiences, compared to **69%** of Gen X and **61%** of boomers. Sentiment is also stronger in certain regions, with **80%** of APAC and **73%** of LATAM* consumers expecting AI to elevate their interactions.

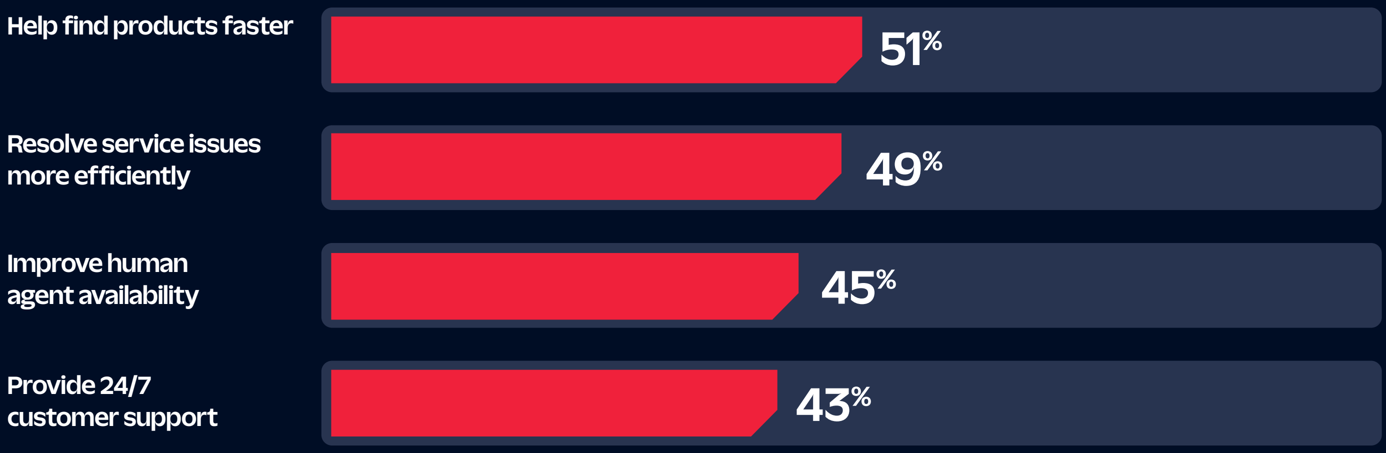
In short, customers are tired of the AI hype. They see its potential, but want real use cases that show how it can actually improve their experience.

**APAC (Asia-Pacific) includes respondents from Australia, Hong Kong, India, Indonesia, Japan, Philippines, Singapore, and Thailand, while LATAM (Latin America) includes respondents from Brazil, Chile, Colombia, and Mexico.*

Do customers believe AI will improve their experience?



Consumers on how they want **AI to improve their experience**



AI isn't just about efficiency, it's about enhancing experiences

Consumers don't want AI just for the sake of it. They want it to solve real problems, speed up service, and make interactions feel easy, not robotic. Here are their thoughts on AI-powered experiences:

They know when AI takes over.
Eighty-one percent of consumers notice when they're handed off to AI during support calls, and 69% say it's crucial that AI-powered interactions feel human-like – a significant jump from 48% last year.

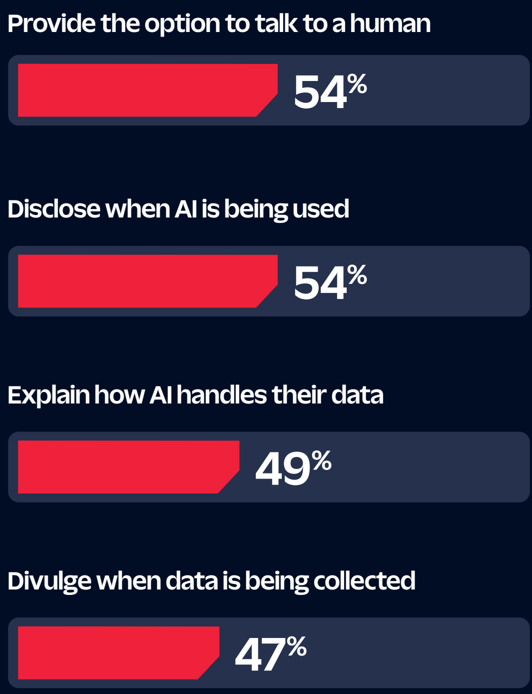
They want control over personalization.
Eighty-four percent of consumers would prefer to adjust their personalization settings themselves. Instead of brands making assumptions about their preferences, consumers want the ability to choose what data businesses collect and how they can use and share it.

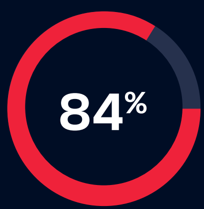
They expect a human fallback.
Fifty-four percent want an easy opt-out option, ensuring they can connect with a human when AI isn't cutting it.

The good news? Businesses can meet these expectations while still leveraging AI. For example, an AI chatbot could proactively ask customers about their product preferences while they browse or check out, giving users control while still enhancing their experience.

Too often, AI is framed around efficiency. But consumers aren't just looking for speed – they want value. That means thoughtful, relevant content and meaningful interactions, not just faster resolutions to their problems. The key to success is using AI to enhance, not replace, the human connection.

Top 4 things consumers want from brands using AI





of consumers would prefer to adjust their personalization settings themselves.

61% of consumers are concerned about privacy in an AI world

While consumers understand that AI can help build better experiences, they're skeptical about how brands use it. In fact, **61%** of consumers don't believe brands have their best interests in mind when using their personal data.

And yet, brands think they're nailing AI transparency. While **88%** of businesses say they're upfront about using AI, only **46%** of consumers agree. Even fewer **(34%)** say they're informed when their data is fed into AI systems.

And customers have good reasons for concern. When we asked businesses about their biggest challenges using AI, they didn't hold back:

- **44%** struggle with regulatory compliance and privacy concerns
- **41%** face security risks
- **38%** wrestle with data quality and accuracy issues

And these challenges hit B2B brands even harder than B2C. Issues like data quality and accuracy **(43% vs. 26%)** and scalability **(32% vs. 20%)** are significantly more pronounced.

AI holds enormous promise, but many brands still face challenges in deploying it both responsibly and effectively. So, how can businesses bridge the gap between innovation and consumer trust? It starts with transparency. Giving consumers the power to actively opt in to data sharing – not just the option to opt out – builds confidence and turns AI from a black box into a transparent, value-driven experience.

54%

of consumers want brands to inform them when they are communicating with AI.

49%

of consumers want clear information about how their data is being used within AI.

Make AI work for your **business** ***and your customers***

AI isn't just on the horizon – it's already here. With **97%** of businesses planning to increase their AI investments over the next five years (and **77%** within the next year), adoption is no longer optional – it's inevitable.

When used strategically, AI can elevate engagement, boost efficiency, and redefine how brands connect with their customers. But without proper attention, it can just as easily erode trust and drive people away.

If your business wants to use AI to improve engagement, you must:

Get serious about transparency.
Customers know you're using AI, but they want clarification around when and how you're using it. Be upfront, clear, and consistent about AI's role in their experience.

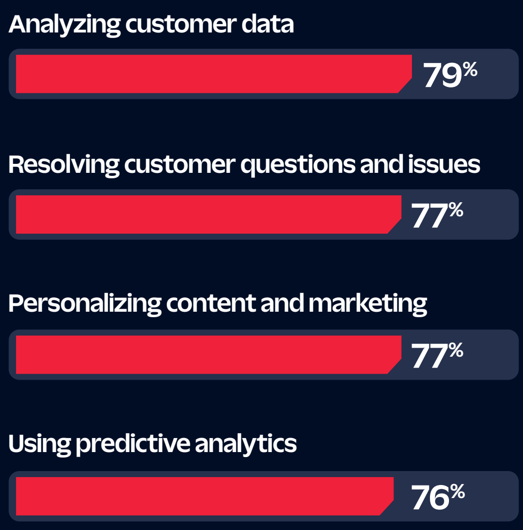
Make AI feel human.
A robotic experience isn't going to cut it. AI interactions should feel as natural and intuitive as talking to a real person.

Give customers control.
Let them shape their AI-driven experiences. Whether it's adjusting personalization settings or choosing how their data is used, consumers want a say.

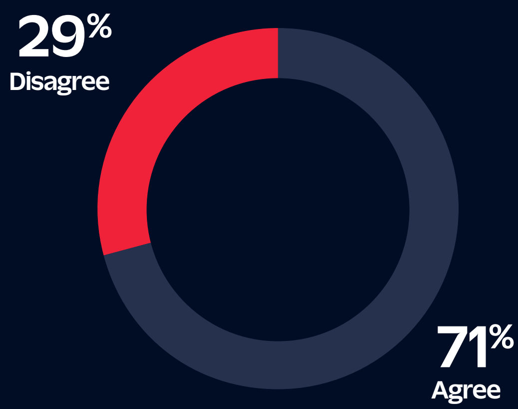
Use AI to enhance, not replace.
Let AI manage routine tasks, but ensure a seamless transition to a human when it matters most. The key is context: recognizing when human connection is essential and using AI to support, not substitute for it.

EXPLORE THE DATA

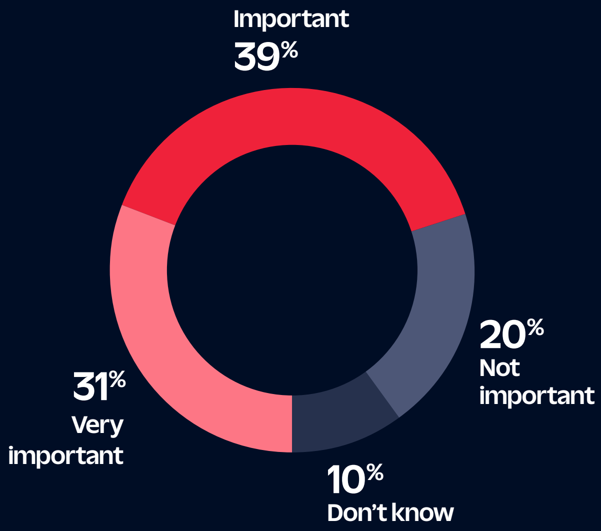
The top four ways businesses are currently using AI



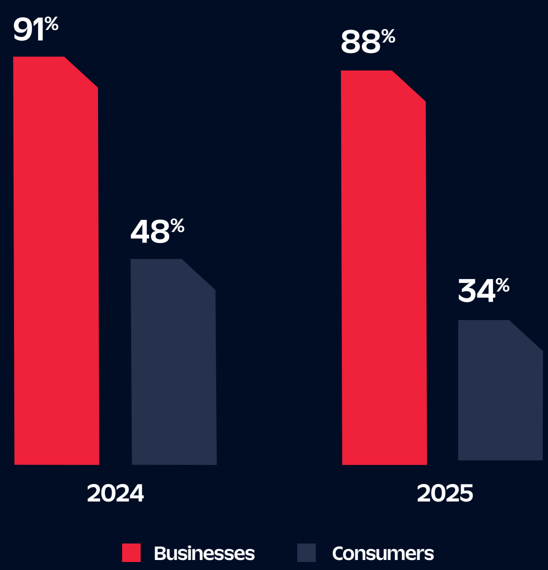
Consumers on whether or not they believe AI will enhance customer experience



Consumers on how important it is that AI-powered interactions feel human



Businesses vs. consumers who say brands are upfront when using customer data with AI



Uk
Universidad

Universidad Uk optimizes **student and employee experiences with AI**

By leveraging Twilio Flex and Twilio Segment, Universidad Uk improved their overall contact center operations for employees by analyzing real-time analytics and reports. For students, **Unified Profiles and Agent Copilot** enables more personalized and efficient service powered by real-time data and AI.

70%
deflection rate via virtual agents (up from 30% in 3 months)

25%
increase in new customer conversion rates

45%
savings in operational costs

Read the full story

TREND 2

Loyal customers
expect personalization

Personalization is the industry standard – **so why do customers feel brands still don't get them?**

Personalization isn't a nice-to-have. It's the blueprint. Leading brands are doubling down, using contextual data and AI to craft tailored experiences that boost engagement, drive conversions, and build lasting loyalty.

And yet, a clear disconnect persists. While businesses rate their personalization efforts at 4.1 out of 5, believing they're delivering exceptional experiences, consumers aren't as convinced. Only **16%** describe these experiences as excellent, with **44%** calling them good, and **31%** labeling them average. This discrepancy between perception and reality reveals a crucial misalignment – and a big opportunity for brands to better align with customer expectations.

One major gap? Reaching customers on their preferred channels. Even the most tailored message falls flat if delivered through the wrong medium. Some customers want the immediacy of chat, others prefer the personal touch of a call, and many value the convenience of SMS. Without engaging on the right channel at the right moment, personalization can feel generic instead of meaningful.

Channel choice matters – while most consumers prefer email **(50%)** or messaging apps **(40%)** when in-person interaction isn't an option, chatbots **(15%)** and video **(10%)** are the least favored. To truly connect, brands must be just as strategic about how they communicate as what they say.

87%

of businesses consider personalization a top priority (up from 76% compared to last year).

26%

of customers would walk away from a brand that fails to personalize their experience.

Personalization boosts ROI – but are businesses keeping up?

Consumers reward brands that get personalization right, but there's a disparity in just how much. Seventy-five percent of businesses say personalization boosts customer spending, with a **32%** average increase per purchase. Meanwhile, **54%** of consumers say they spend more when engagement is tailored, with a **37%** average increase – unchanged since 2024.

While businesses see a direct link between personalization and higher spending, customer behavior varies across generations and regions. Younger shoppers are leading the charge:

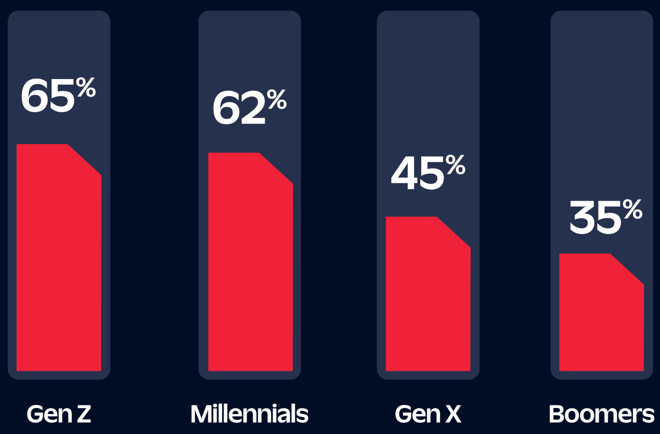
- **65%** of Gen Z and 62% of millennials are more likely to increase spending when brands personalize, compared to **45%** of Gen X and just **35%** of boomers.

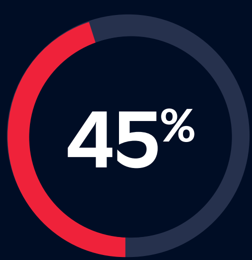
Regional differences matter too – while **42%** of U.S. and **44%** of EMEA* consumers say personalization influences their spending, its impact is even greater elsewhere. In APAC, **60%** are willing to spend more when brands tailor engagement, and in LATAM, that number jumps to **65%.** The message is clear: ignoring personalization isn't just a missed opportunity – it's lost revenue.

But the impact of personalization goes beyond immediate sales, it builds long-term relationships. When engagement aligns with their preferences, **45%** of customers make repeat purchases and **43%** recommend brands to family and friends. Personalization turns one-time buyers into loyal advocates, driving revenue and lasting brand affinity.

Personalization isn't a luxury – it's a must-have. With **64%** of customers saying personalized engagement is critical to their buying decisions, the message is clear. Investing in personalization doesn't just enhance the customer experience, it drives conversions, increases customer lifetime value, and strengthens brand loyalty.

Percentage of consumers who spend more with businesses that personalize, by generation





of customers make repeat purchases when engagement aligns with their preferences.

EMEA (Europe, Middle East, Africa) includes respondents from France, Germany, Italy, Spain, and the United Kingdom.

Real-time personalization **is the key to converting more customers**

Imagine this: A customer in Chicago is browsing winter coats on her phone during a lunch break – just after buying a pair of gloves – as the season's first snow begins to fall. This rich, real-time context offers a prime opportunity for timely, personalized engagement.

But missing that moment doesn't just mean a lost opportunity – it means lost revenue. To capitalize on moments like these, brands are turning to real-time personalization to meet customers with the right message at exactly the right time.

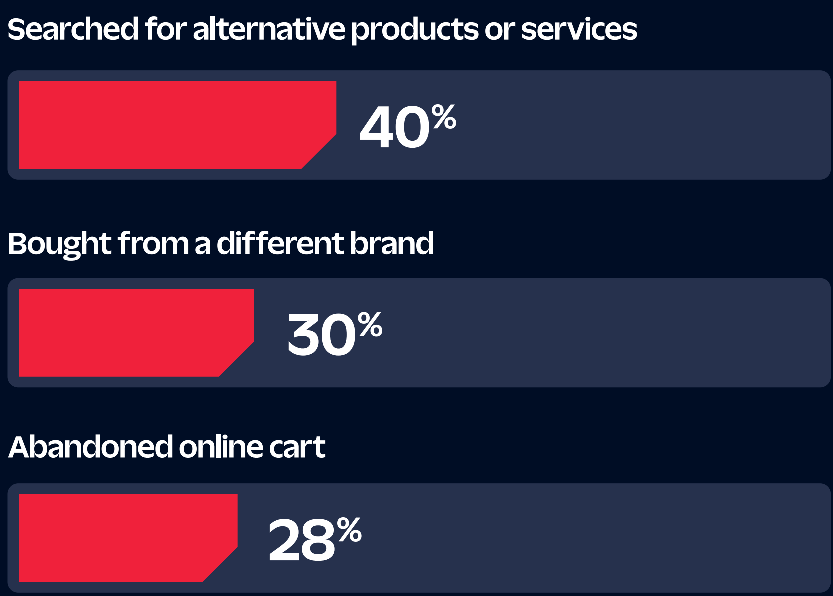
Instantly tailoring interactions based on customer behavior, preferences, or context leads to more relevant and engaging experiences. Today, **90%** of companies offer real-time personalization, which now drives, on average, **44%** of all customer engagement.

The impact is clear: organizations that engage customers in real time find their personalization efforts more than twice as effective as those that don't. Consumers agree – **88%** say they're more likely to make a purchase when brands personalize in real time, with **35%** being significantly more likely to buy. Delivering the right experience at the right moment directly boosts conversions.

The real competitive edge, however, lies in combining real-time data with context. This powerful pairing reveals not just what a customer is doing, but why – unlocking hyper-relevant experiences that feel truly personal.

Precisely timed offers don't just drive immediate sales – they build lasting relationships. Today's consumers expect brands to engage them in the moment, not hours or days later. Companies that fall short aren't just missing revenue – they're losing customers to the competition.

Actions taken **when brands didn't personalize in real time**



4 ways to win **with personalization**

Personalization isn't a one-time effort; it's a real-time, ever-evolving strategy that requires constant attention and refinement.

When done well, it doesn't just improve the customer experience, it drives higher conversions, deeper engagement, and stronger loyalty. Nail it, and you won't just meet expectations – you'll exceed them, setting your brand apart in a crowded market and keeping customers coming back for more.

Here's how to make it happen:

Make personalization the foundation.
Treat personalization as a core strategy, not an afterthought. Tailored experiences drive engagement, boost conversions, and build long-term loyalty.

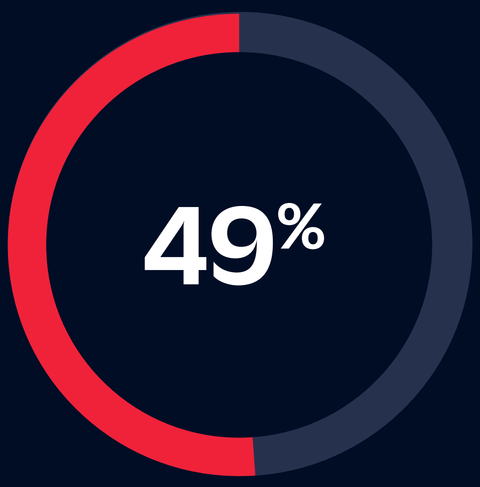
Engage customers in real time.
Meet customers at the moment of intent. Timely, relevant interactions increase conversion rates and prevent lost sales.

Adapt to evolving preferences.
Different generations and demographics have unique expectations. Understand these nuances and adjust your approach to deepen engagement.

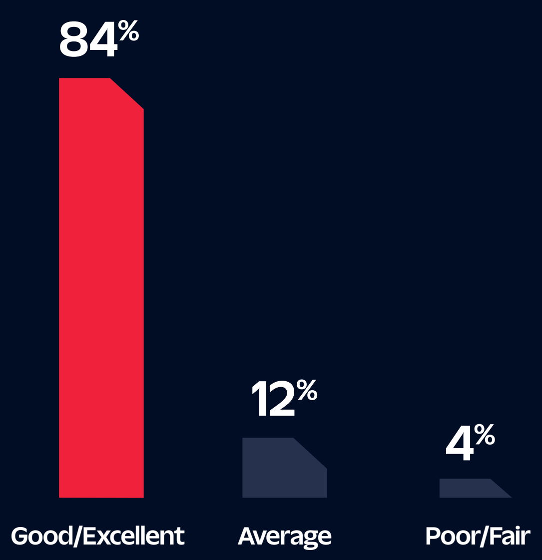
Continuously refine your strategy.
Personalization isn't static. Regularly analyze customer behavior, test new tactics, and optimize to stay ahead of shifting expectations.

EXPLORE THE DATA

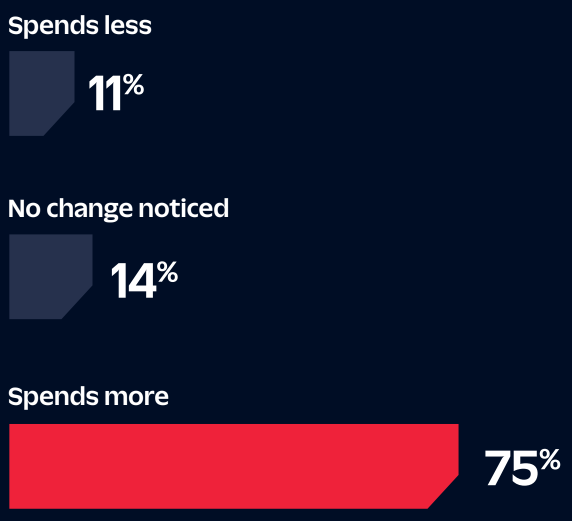
Percent of businesses offering personalized engagement



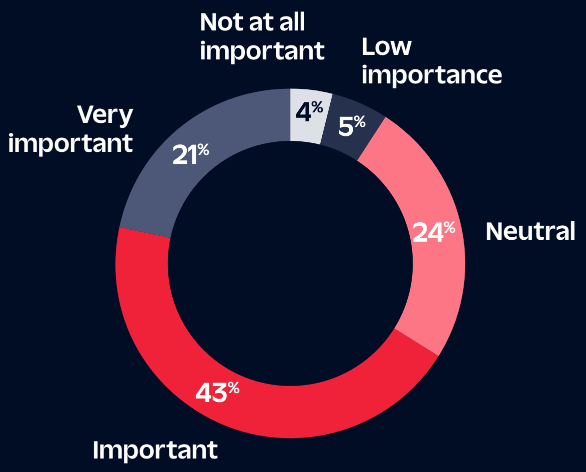
How businesses rate their personalized engagement



Customer spending when a business personalizes an experience



How consumers gauge the importance of brand personalization



commure

Improving patient engagement outcomes with Commure's omnichannel communications

Commure's patient engagement solutions, in partnership with Twilio, help providers deliver more personalized care while lowering costs. By improving follow-through, reducing readmissions, and streamlining virtual care, organizations can close costly gaps, optimize resources,and drive better outcomes.

54%
reduction in no-show rates for preventive care screenings

56%
reduction in readmission rates for patients on cardiology monitoring program

94%
patient satisfaction of telehealth prep instructions and comms

Read the full story

TREND 3

AI is reshaping how businesses personalize

Building the future of **personalization with AI**

While AI adoption is rising, there's a disconnect in how businesses are using it. Although **97%** of brands are planning to increase their budget for AI tools within the next five years, many aren't using these tools strategically today. In fact, **81%** of companies report using AI simply because it's embedded in their existing tools, rather than actively optimizing it for personalization. This raises an important question: *Are businesses genuinely harnessing the power of AI for deeper customer engagement, or are they simply adopting it without fully realizing its potential?*

To truly stand out, businesses must go beyond simply adopting AI – they need to use it strategically to deliver smarter, more meaningful customer engagement. As personalized interactions become the norm, AI is no longer optional; it's essential for scaling tailored experiences with speed and precision.

Currently, **56%** of brands use AI-driven personalization to create unique customer experiences – leveraging data to ensure every interaction aligns with individual preferences and past behaviors. When done right, this can lead to stronger relationships, deeper engagement, and improved retention.

Real-time personalization is the future of innovation. More than half of brands **(51%)** already tailor messaging based on real-time customer behavior and communication preferences.

For brands, this means: Delivering the right messages, offers, and recommendations at the perfect moment.

For customers, this means: Receiving content on their terms, whether via email, push notifications, or social media – maximizing relevance and conversion potential.

As the demand for tailored experiences grows, brands that use AI effectively will strengthen customer relationships and achieve better results. Those that fall behind risk losing customers faster than AI can predict.

AI in personalization: Delivering impact or missing the mark?

AI adoption is accelerating, yet a disconnect remains – **96%** of businesses using AI for personalization report positive results through increased CSAT scores, but only **45%** of consumers feel truly understood by these experiences. A key reason may lie in execution: while **90%** of businesses claim to offer real-time personalization, just **44%** of their average engagement actually happens in real time. The real challenge isn't just deploying AI – it's ensuring it delivers meaningful, human-centered interactions that resonate with customers.

To unlock AI's full potential, companies are prioritizing three key areas:

Customer service.
57% of businesses have implemented AI-powered virtual assistants to accelerate response times and personalize support.

Personalization.
56% are prioritizing AI-driven recommendations and offers to make every customer interaction more relevant and impactful.

Reliability and transparency.
54% are using AI to build more consistent, transparent experiences that make customers feel seen and secure in their transactions.

AI is more than just automation – it's a tool for creating meaningful, personalized connections. It's not just about deploying AI, it's about building trust at every step. Companies that use it to strengthen relationships will gain a competitive edge, while those that fail to align AI with customer expectations risk losing engagement and loyalty.

45%

of consumers feel **AI truly understands their needs**

The business case for AI personalization: Why it's taking off

AI is shaking up the way businesses engage with customers by driving efficiency, hyper-personalized experiences, and cost savings.

Here's how businesses are using AI to scale tailored interactions and streamline operations:

- **57%** use AI automation to boost employee efficiency and optimize workflows.
- **57%** implement AI-powered captioning for audio, video, and visuals for more accessible experiences.
- **51%** use AI for hyper-personalized marketing, adapting content and engagement in real time.

But the benefits don't stop at personalization. AI is also making a major business impact:

- **45%** of leaders say AI's biggest strength is its ability to adapt to customer needs.
- **41%** report significant time savings, freeing up teams for more strategic work.
- **39%** highlight cost savings as a key benefit of AI-driven personalization.

AI isn't just about better customer experiences – it's about making businesses faster, more efficient, and more cost-effective.

How brands measure **AI's success**

As AI becomes a bigger player in personalization, brands are tracking its success through these key metrics:

- **57%** of businesses measure AI's impact by the time saved in customer engagement, showing that efficiency is a major win, reducing manual effort and speeding up interactions.
- **56%** track AI's ability to adapt to evolving customer needs and preferences, using this as a key performance indicator to ensure their personalization stays relevant and responsive.
- **52%** evaluate AI's success by assessing data accuracy and reliability, making sure the insights fueling personalization are solid and actionable, and improving the quality of customer interactions.

By focusing on metrics like time saved, adaptability, and data accuracy, brands can gauge how well AI is driving personalized experiences, ensuring constant optimization and growth in customer interactions.

57% of businesses measure AI's impact by **time saved in customer engagement** to boost efficiency.

Maximizing AI's impact: Strategic personalization **for deeper customer connections**

Adopting AI just because it's available – or because there's a mandate – isn't a strategy. Real value starts with knowing what you want to achieve, then working backward to apply AI where it actually matters. The strategy isn't in the tools. It's in how you apply them. When aligned to clear goals, AI can do more than streamline operations – it can deepen customer relationships and power meaningful results. Below are key objectives to aim for, along with strategies to enhance those relationships with AI:

Deliver real-time personalization.
Leverage live customer behavior and preferences to tailor messages and offers – increasing relevance, engagement, and conversions.

Boost efficiency through smart automation.
Free up your team by automating repetitive tasks, so they can focus on high-impact, strategic work.

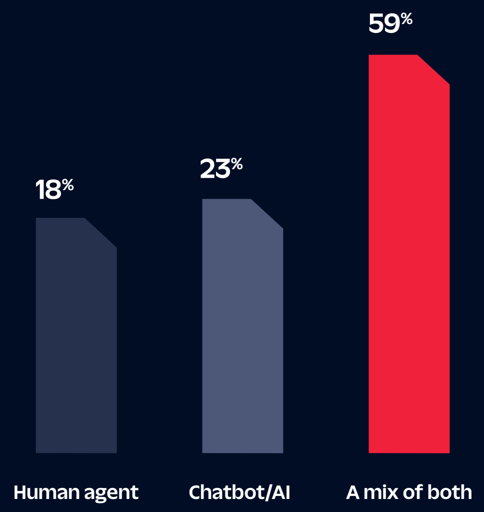
Foster trust with transparent AI.
Customers value clarity and control. When they understand how AI shapes their experience, it builds trust and boosts satisfaction.

Track what matters and optimize.
Monitor key metrics like conversion rates, retention, and time-to-value to ensure your AI efforts are aligned with business goals.

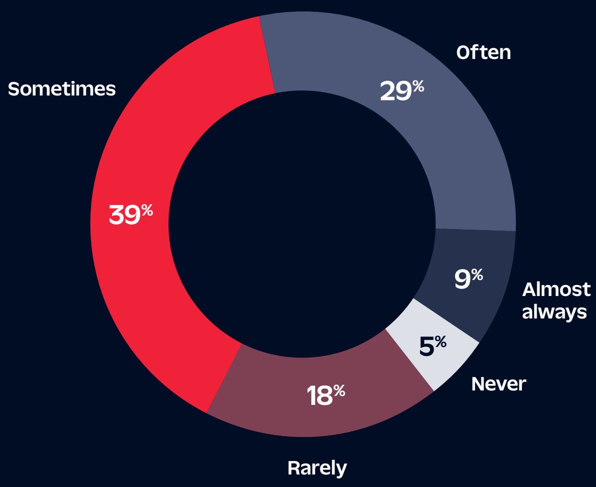
AI is a powerful enabler, but only when it's deployed with purpose. By grounding your approach in business goals, you ensure that AI doesn't just work – it works for you.

EXPLORE THE DATA

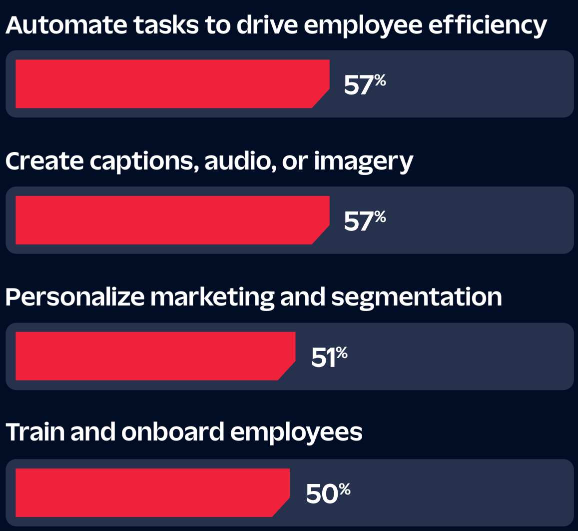
How businesses think consumers prefer to receive support



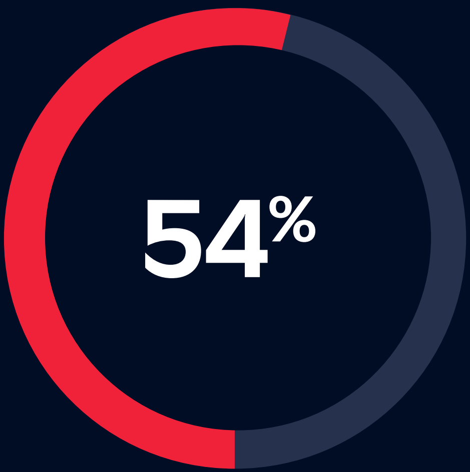
How often do brands personalize their engagement with you?



Top ways businesses use AI to deliver better personalization



Percent of consumers who would spend more for personalization



CAMPING WORLD

Camping World builds deeper customer relationships

Camping World partnered with Twilio Segment and Twilio Voice to gain customer insights, personalize communications, and unify phone systems across their dealerships.

35%
increase in conversion rates on paid channels

16%
decrease in cost-per-lead on paid channels

12%
increase in conversion rates from marketing campaigns

Read the full story

TREND 4

Reliability and transparency are key to consumer trust

Trust is up, but can **brands keep it?**

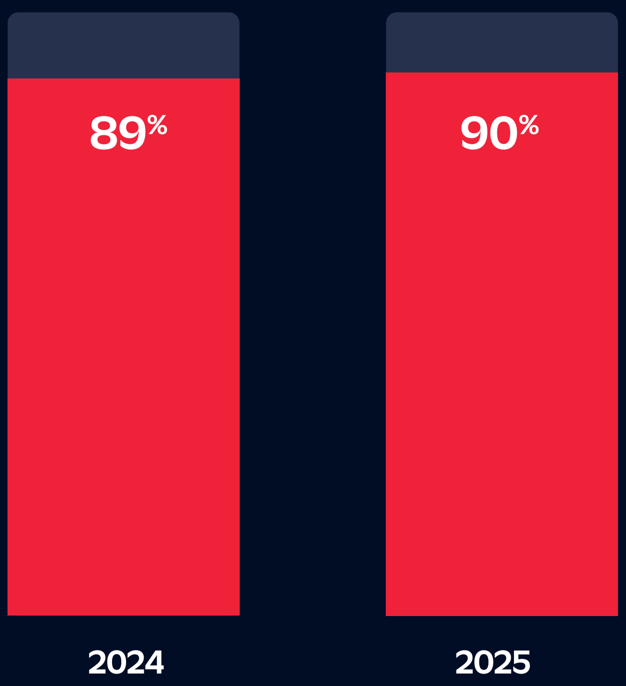
One of the biggest threats to trust today is also one of the more challenging for businesses: data privacy. Only **15%** of consumers "absolutely" trust brands with their data, leaving **85%** with lingering doubts about whether their personal information is truly secure and handled responsibly.

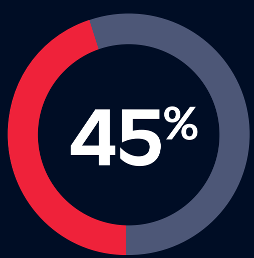
Even more concerning is that **61%** of consumers feel brands don't have their best interest at heart when it comes to personal data. Turns out, consumer skepticism might be warranted: **90%** of organizations admit they've faced compliance challenges.

Businesses' most common challenges? Fifty-three percent have experienced data protection and privacy issues and **51%** have struggled with cybersecurity and threat mitigation. That doesn't exactly inspire confidence.

While trust is on the rise, it's anything but guaranteed. To maintain it, brands must go beyond the basics of security. They need to be transparent, accountable, and consistently prove that customer interests come first. After all, trust takes time to build, but only a moment to lose.

Percentage of consumers who highly trust the brands they support





of businesses list protecting customer data as a top challenge in 2025 – up from 39% last year.

Balancing convenience **and consumer caution**

While consumers have concerns, they do see the value in sharing their data – especially when it enhances personalization. But they don't view all data the same. While sharing certain details with brands feels low-risk to customers, others spark hesitation and caution.

So, what falls into each category? Global consumers are generally comfortable sharing basic information like gender **(92%)**, age **(87%)**, and communication preferences **(83%)**. But when it comes to more personal data, such as location, social media activity, and income level, they're more guarded.

Interestingly, Gen Z leads the charge in privacy concerns – only **46%** are comfortable sharing their location and just **53%** their relationship status, compared to **66%** and **62%** of boomers, respectively.

Geographical differences emerge too. While **69%** of U.S. and **67%** of EMEA consumers are willing to share their payment preferences with brands, this percentage grows to **77%** in APAC and **82%** in LATAM. LATAM customers are also more willing to share their relationship status and social media activity than their global counterparts.

It seems sharing sensitive information raises consumer concerns about misuse, such as identity theft or third-party sharing. That said, customers may make exceptions for and be more open with businesses that prove personalization and privacy can coexist.

The personal information consumers are least likely to share with businesses

- **Income level**
- **Social media activity**
- **Location**
- **Job title/occupation**
- **Relationship status**

Redefining trust:
What actually matters most to consumers today

The factors shaping consumer trust are shifting.

Last year, data protection was the top driver, with **62%** of consumers citing it as the best way brands can build their trust. This year, that number dropped to **54%**, pushing it to third place.

Now, responsive customer service **(55%)** and easy returns and refunds **(55%)** have taken the lead – signaling a major shift in what drives trust today.

The takeaway? Trust isn't just about security anymore – it's about reliability. While data privacy still matters, today's consumers equally value low friction and dependable experiences. Brands that focus solely on security may risk missing the bigger picture, that trust is built through consistency, responsiveness, and making life easier for customers.

The key strategies consumers say actually build their trust

1. Responsive customer service 55%
2. Easy returns and refunds 55%
3. Strong data protection 54%
4. Transparent communication 51%
5. Easy access to support channels 50%

5 ways to earn and **maintain customer trust in 2025**

There's no secret to earning consumer trust.

It's built deliberately over time through transparency, consistency, and accountability. Customers are more skeptical than ever, and trust isn't something you can buy – it's something you have to earn intentionally over time.

Start with these five principles to build real, lasting credibility:

Be upfront about how you use data.
Clearly communicate how you collect, store, and use customer data, especially when it comes to AI-driven personalization.

Prioritize service.
Fast, helpful customer service fosters trust and keeps customers coming back.

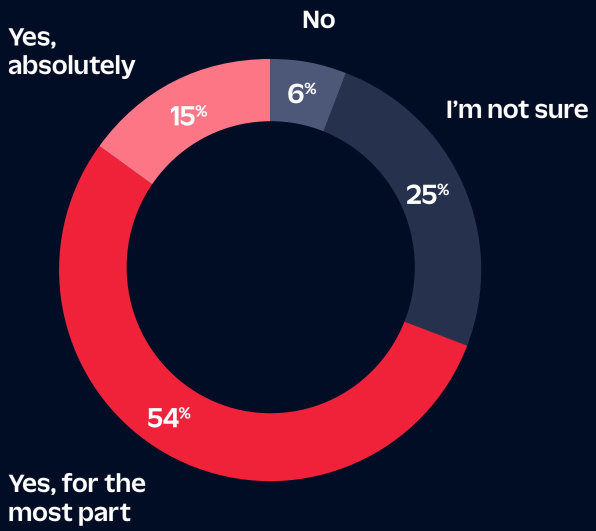
Stay consistent.
Ensure a consistent brand experience across all channels, so customers know what to expect when interacting with you.

Turn words into actions.
Trust isn't built through marketing, it's earned through reliability. Talk is cheap, but consistent, dependable service proves your brand keeps its promises.

Use branded communications.
Branded communications, like RCS, help customers recognize and trust that they're interacting with your business, not a scammer or spoofed account.

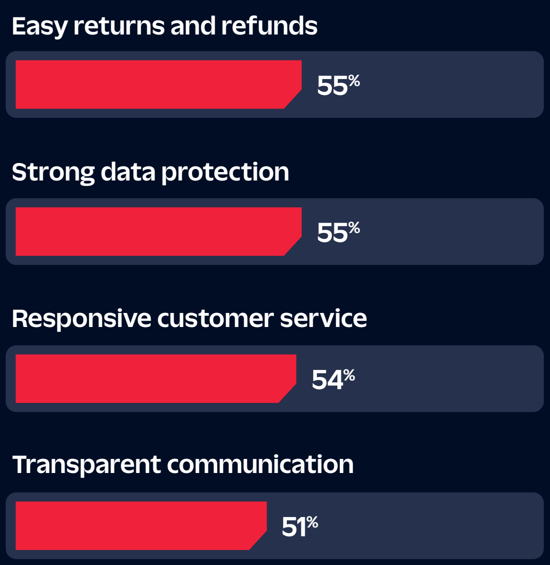
EXPLORE THE DATA

Consumers on whether or not they trust brands with their data

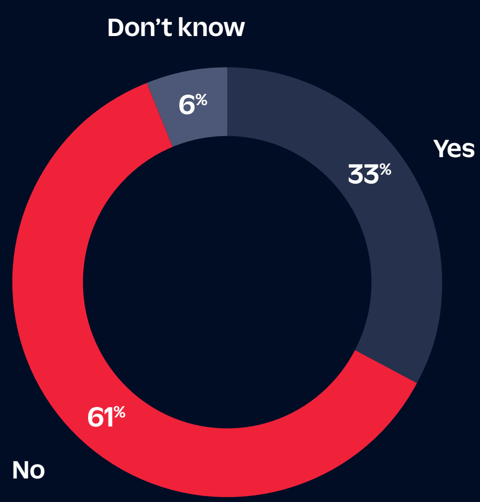


Businesses' most pressing customer engagement challenges in 2025

Key strategies consumers say actually build their trust



Consumers: Do brands prioritize your best interests when using your data?



Lime kicks fraud to **the curb with Twilio Verify**

As Lime expanded its global reach, fraudsters began targeting its SMS-based two-factor authentication (2FA) process to artificially inflate traffic, leading to SMS pumping fraud. To address this issue – and enhance the overall rider experience – Lime turned to **Twilio Verify's Fraud Guard** feature to combat fraud effectively, without compromising user experience or security.

$100K
annualized savings

4-WEEK
implementation time

Read the full story

TREND 5

Businesses aren't just buying tools, **they're building outcomes**

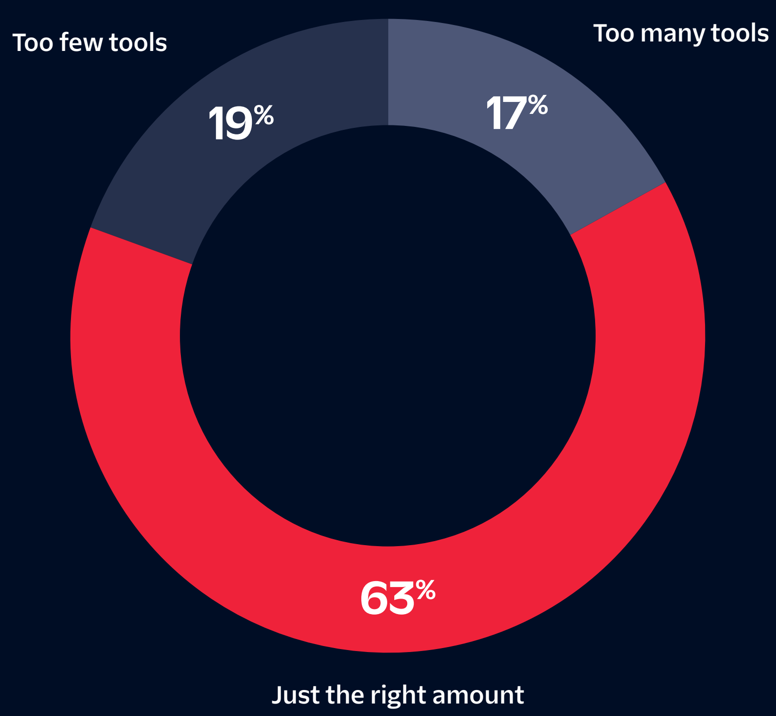
More than budget: How businesses are investing for the future

Businesses aren't just buying tools, they're building outcomes. Instead of spending more, they're spending smarter, prioritizing efficiency and customer experience to stay ahead.

While 96% of businesses claim to have the right tools and technologies to understand their customers, challenges remain. Nearly half **(44%)** say they still struggle to connect customer data across channels, sources, and platforms, while **30%** cite outdated or insufficient technology as a major roadblock to gaining deeper customer insights.

As businesses fine-tune their tech investments to address these gaps, the real challenge is not simply adopting new tools, but ensuring they drive innovation without adding complexity. Striking that balance will be the key to distinguishing the top leaders of 2025.

Businesses on the current size of their tech stack



What's in today's **tech stacks?**

So, what does the modern tech stack look like today?

Without a doubt, businesses are doubling down on tools that help them understand customers at every turn. Currently, the top five solutions that businesses already have are:

- **Customer relationship management (CRM) (63%)**
- **Customer analytics (58%)**
- **Customer surveys (53%)**
- **Customer data platform (CDP) (52%)**
- **Communication platform as a service (CPaaS) (50%)**

Four out of those five solutions have "customer" right in the name – proof that customer insights remain a top business priority.

We've also noticed some interesting trends emerge in tech investments over the last year. Solutions with notable year-over-year growth include:

- **Customer analytics.** Adoption surged from **37%** in 2024 to **58%** this year.
- **Customer surveys.** Usage jumped from **38%** to **53%** in the same period.
- **Contact center solutions.** Expanded from **33%** to **46%.**

More businesses are turning to solutions that offer deeper insights into evolving customer preferences and enable more impactful experiences. Increasingly, they're embracing holistic Customer Experience as a Service (CXaaS) models – unifying CPaaS, CCaaS, CDP, and AI into a single, flexible solution designed to meet the demands of today's customer journey.

This shift signals a broader transformation: CX is evolving from a patchwork of tools into a cohesive, strategic priority. As businesses streamline their tech stacks, the goal is clear – unlock better data, generate smarter insights, and foster deeper, more meaningful customer relationships.

Tech stacks in 2025: Where businesses are betting big

We asked businesses which technology solutions are at the top of their purchasing wishlists this year. Here's where they're focusing their investments:

- **26%** Data Management Platforms (DMPs)
- **25%** Customer Engagement Platforms (CEPs)
- **24%** CDPs
- **23%** Marketing Automation Platforms
- **22%** CPaaS

These tools are designed to strengthen customer relationships through improved data management, automation, and communication.

While some companies are shopping for new solutions, others are building their own. In fact, 96% of organizations plan to develop their next customer experience technology in-house rather than purchase a ready-made platform. This DIY approach offers greater flexibility, enabling brands to create customized solutions – like CXaaS – that align closely with their unique business goals and customer needs, rather than settling for a one-size-fits-all option.

Top solutions businesses are investing in for 2025

Build trust at scale with **branded communications and RCS**

New platforms aren't all that businesses are exploring in 2025.

RCS (Rich Communication Services) offers brands the opportunity to create more personalized, interactive, and trusted communication, with features like rich media content, custom branding, two-way interactivity, and enhanced security – all of which build trust and enhance the customer experience in ways SMS can't. While Android has supported RCS for years, Apple's adoption in iOS 18 last year pushed more businesses to recognize its potential as the future of messaging.

In fact, **75%** of business leaders plan to invest in RCS messaging this year. That figure rises to **85%** in LATAM.

This trend isn't happening in isolation. Among businesses that already provide real-time engagement, **79%** plan to invest in the technology – nearly double those who don't **(42%)**.

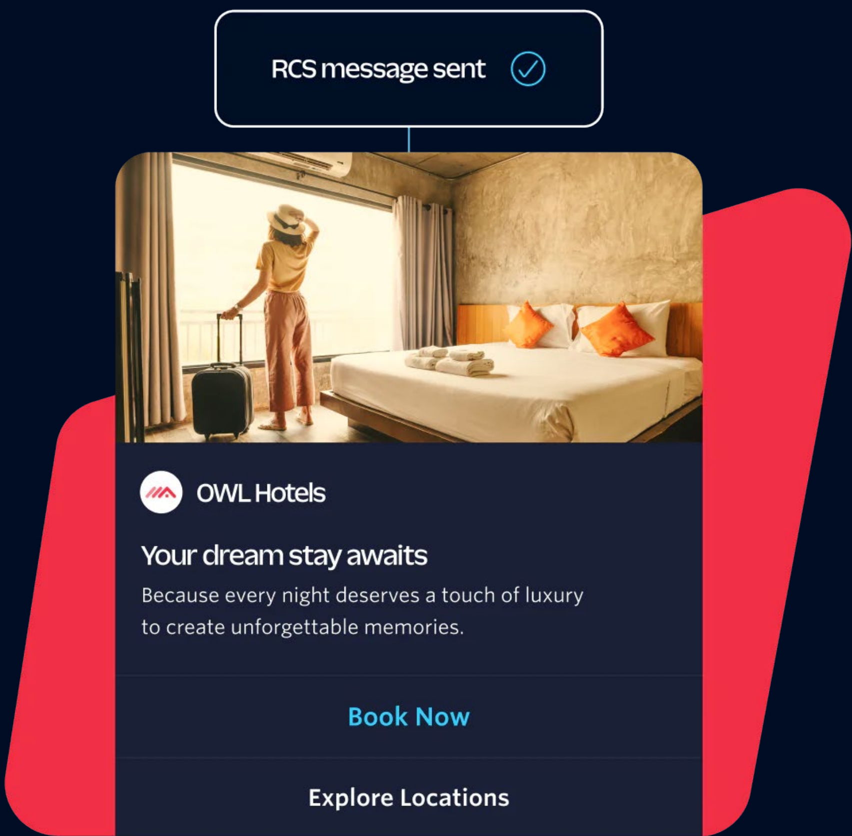
Customers are on board, too. When shown a side-by-side comparison of SMS and RCS messages, the results were clear: **81%** of consumers prefer RCS over traditional SMS. The preference is even stronger in LATAM and APAC, where **91%** and **83%** of consumers, respectively, favor the richer messaging experience. As RCS adoption grows, more businesses are expected to embrace its capabilities to deliver more secure, dynamic, and engaging customer communications.

3 in 4

businesses plan to invest in RCS messaging this year.

81%

of consumers prefer RCS over traditional SMS.



Maximizing your tech investments in 2025 and beyond

As businesses expand their tech stacks, success will stem from strategic investments that drive efficiency, engagement, and long-term growth – not simply adding more tools.

Here are our tips for building a successful tech stack in 2025:

Balance innovation with operational efficiency. Tech investments should simplify, not complicate. If you're among the many businesses considering new tools, ensure they enhance your operations without adding unnecessary complexity.

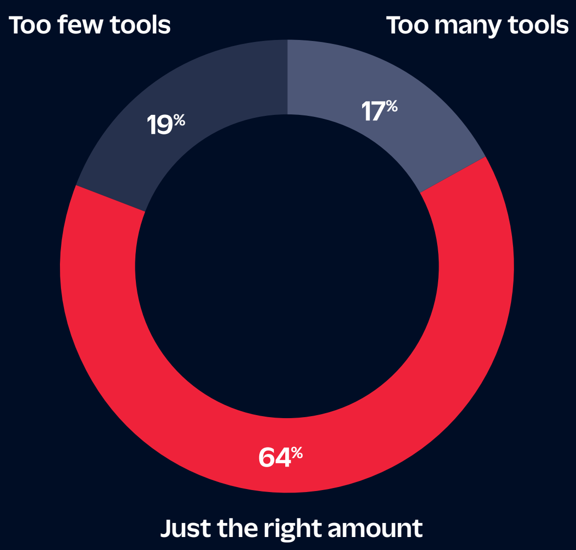
When in doubt, build your own.
Off-the-shelf tools don't always fit. Application Programming Interfaces (APIs) allow you to create flexible, scalable solutions tailored to your unique business needs – while also making it easier to integrate future technologies.

Adopt RCS for better conversations.
Elevate your messaging with RCS. Customers crave richer, more interactive conversations – and brands that embrace RCS will stand out with more engaging communication.

The brands that invest wisely – not just widely – will be the ones that win in 2025.

EXPLORE THE DATA

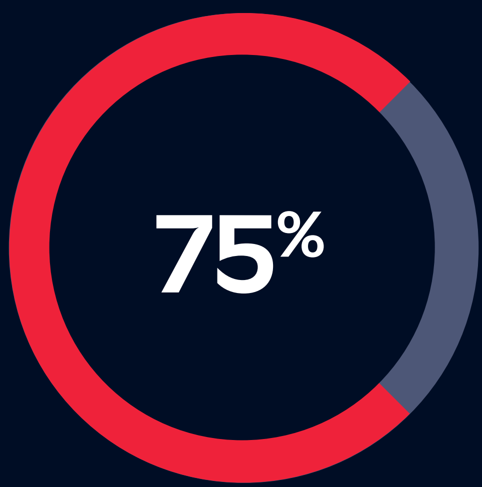
Businesses on the current size of their tech stack



The top tech solutions businesses currently use

Top investments businesses are prioritizing in for 2025

Percent of business leaders who plan to invest in RCS messaging this year



DATA + AI + THE RIGHT TOOLS = BETTER PERSONALIZATION

If you're looking to stretch your budget, boost conversions, and minimize wasted spend, here are tips from Twilio's Chief Marketing Officer, Chris Koehler:

Invest in a solid data foundation

A single, unified view of the customer unlocks better context and enables true personalization.

Streamline campaigns

Leverage AI to optimize marketing spend, focusing on what works and scaling back on what doesn't.

Eliminate bots and synthetic identities

Marketing to bots and fake profiles wastes both money and effort. Use identity verification tools to detect bots and flag abnormal behaviors, ensuring your budget reaches real customers.

By honing in on these areas, marketers can achieve impressive ROI, drastically improve customer experiences, and protect their budgets – especially in times of economic uncertainty.

Read the full article

THE FUTURE OF ENGAGEMENT: SMARTER, FASTER, MORE HUMAN

Customer engagement isn't just changing – it's being rebuilt in real time. It's no longer enough to collect data; brands need to use it with intelligence to craft experiences that feel personal, intuitive, and unmistakably human. Today's consumers don't just want brands to respond. They expect them to anticipate.

Remember Alex? He's the loyal runner whose favorite brand knows his go-to shoes, suggests local routes, and reminds him when it's time for new gear – all thanks to real-time personalization using first-party data. Every interaction feels smart, relevant, and built just for him.

Now contrast that with Sarah, who just wanted to update her address but got stuck in a loop with an unhelpful AI assistant. For her, AI felt like a barrier, not a bridge. But with thoughtful design, AI can earn trust by knowing when to help and when to step aside.

These experiences show the gap between empowering and frustrating systems. The key to successful engagement? Blending automation with authenticity to create moments that feel personal, not programmed.

Welcome to the future – where the businesses that will lead are the ones turning customer data into truly meaningful engagement, making it smarter, faster, and more human at every touchpoint by:

- Personalizing in real time – because delays cost conversions
- Using AI strategically – not just for the sake of it
- Building trust through transparency and customer control
- Simplifying tech stacks to focus on what really matters

If you're ready to take your customer engagement to the next level, contact our sales team or read why Twilio is positioned in the Leaders category in this 2025 IDC MarketScape for worldwide communications platform as a service.[1]

[1]*IDC MarketScape: Worldwide Communications Platform as a Service 2025 Vendor Assessment, February 2025, IDC #US52039625.*