



2020 Digital Transformation Trends Report

Table of Contents

Executive Summary	4
1. A wave that won't break: riding CX to growth	6
2. The transformational power of data and AI	10
3. The battle for talent	14
Conclusion	18
Methodology	19



Foreword

Across the world, and in all aspects of our lives, consumers increasingly expect brands to intuitively deliver a personal, emotive digital experience. This trend has been turbo-charged by the digital revolution and evolving consumer behaviours. The rise of data, artificial intelligence, voice technology and augmented reality – the new frontiers of innovation – are enabling the design of ever-more responsive, precise and seamless digital marketing. A striking finding this year is that consumer behaviour is changing at break-neck speed and every business must adapt.

In response, as this special 10th edition of *Adobe's Digital Trends* tells us, CEOs, CIOs and CTOs must remain one step ahead of the curve, anticipating—and responding to—the demands of future customers. However, the process of digital transformation can present very real cultural or organisational challenges. I've had many conversations with C-level executives who tell me they are mastering and continuing to evolve the art of crafting top-quality experiences and content.



Paul Robson
President, International, Adobe

In the wake of rapid technological change and an evolving regulatory environment, brands are entering a new age of customer connection, where digital experience can either be the downfall of a brand or its competitive advantage. If leading brands can take that all-important step toward delivering exceptional creative experiences with expert precision, they'll find themselves ahead of the competition, and winning what I call the new customer experience battleground.

Executive Summary

Leading Companies are now in the Customer Experience Business

Customer experience (CX) investment is set to rise in 2020 as C-suite executives become more convinced of the commercial benefits and prioritise accordingly.

- The C-suite ranks CX optimisation as their top choice for their organisation's "greatest opportunity" in 2020.
- About half (51%) are planning to increase their CX-related technology spending.

But do they have the infrastructure, approach and talent in place to be able to achieve their CX objectives?

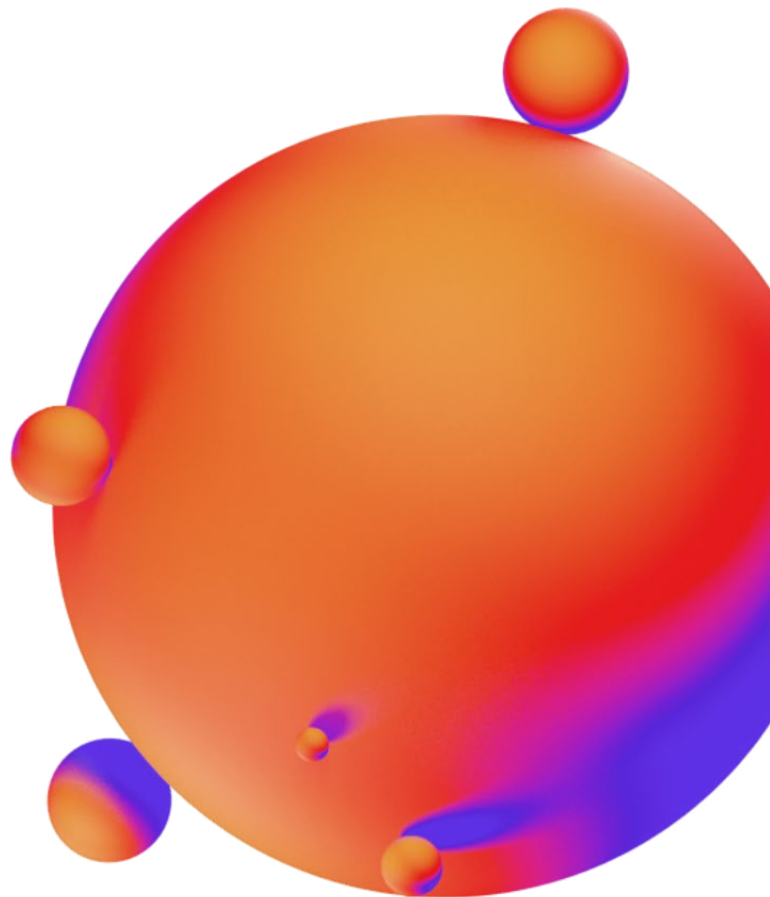
The findings from the most senior respondents to the 2020 Digital Trends report suggest that to be a successful CX leader, top executives need to answer three key questions:

Is my technology infrastructure CX-ready?

- The 2020 Digital Trends report continues to show the importance of technology in underpinning experience management, with CX leaders six times more likely than their peers to have a highly integrated, cloud-based marketing technology stack. CX leaders, whose strategy and technology are well aligned to successful effect, make up roughly 10% of all responding brands.
- Correspondingly, only 13% of C-suite respondents say that their marketing and CX technology is highly integrated, highlighting the need for further investment.
- Business leaders are urged to keep a laser focus on understanding and measuring the commercial benefits of CX investment, with technology being a case in point.

Am I taking full advantage of technologies like artificial intelligence (AI)?

- Two-thirds of C-suite executives (66%) note that their organisations are either already using AI and machine learning technology or are planning to invest in them.
- AI is increasingly powering customer journey management and is helping to provide the most relevant real-time experiences to customers at scale.
- While senior executives are typically tuned into a wide range of AI use cases within their organisations, many companies have been slow to recognise the opportunities in areas such as data analysis, automation, optimisation and personalisation.



Am I winning the battle to attract the talent and skills my organisation needs?

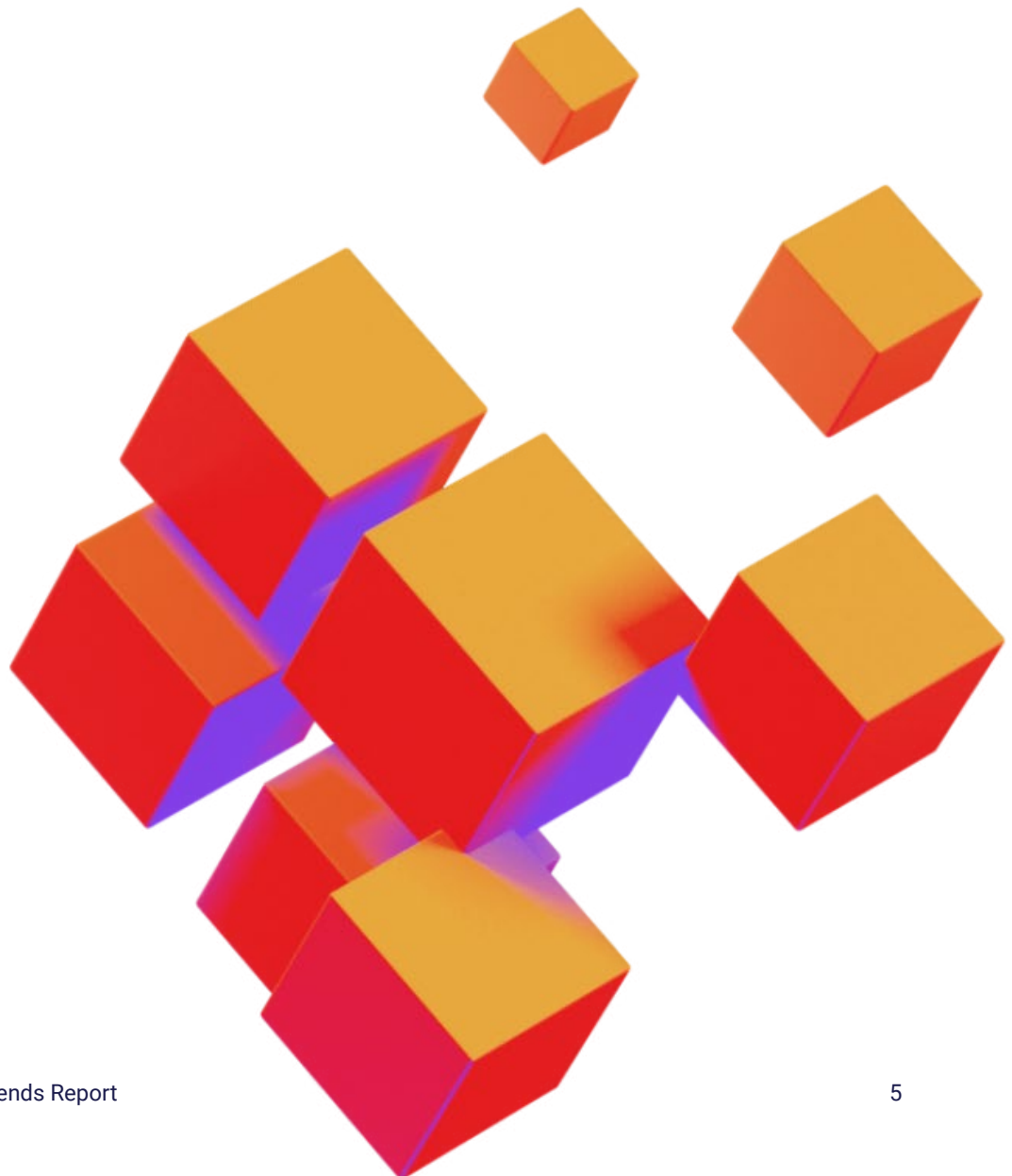
- C-suite executives are 33% more likely than other respondents to view attracting and retaining talent as a chief concern for 2020. That's because the growing demand for new skills and competencies has led to aggressive competition for the best people to affect change.
- Focus is also turning to learning as a strategic function that can add capabilities and fuel transformation programmes. CX leaders are significantly more likely to invest in training and skills development to accomplish their goals.
- Successful leaders create a culture of commitment, refining talent strategies and investing in continuous learning.

A decade of insights – now focusing on the C-suite

Based on insights from 75,000 business respondents over the last decade, the Digital Trends Experience Index is a barometer of the most significant trends driving marketing and business strategies in the short-to-medium term.

As in previous years, the 2020 research focuses on where companies are investing. It also explores what they see as their greatest opportunities and challenges in the context of digital transformation and CX.

This report, dedicated to the C-suite, is focused on the data from the most senior research respondents (working at companies with at least £10m in annual revenues), ensuring it is an accurate reflection of business leader perspectives globally.



1

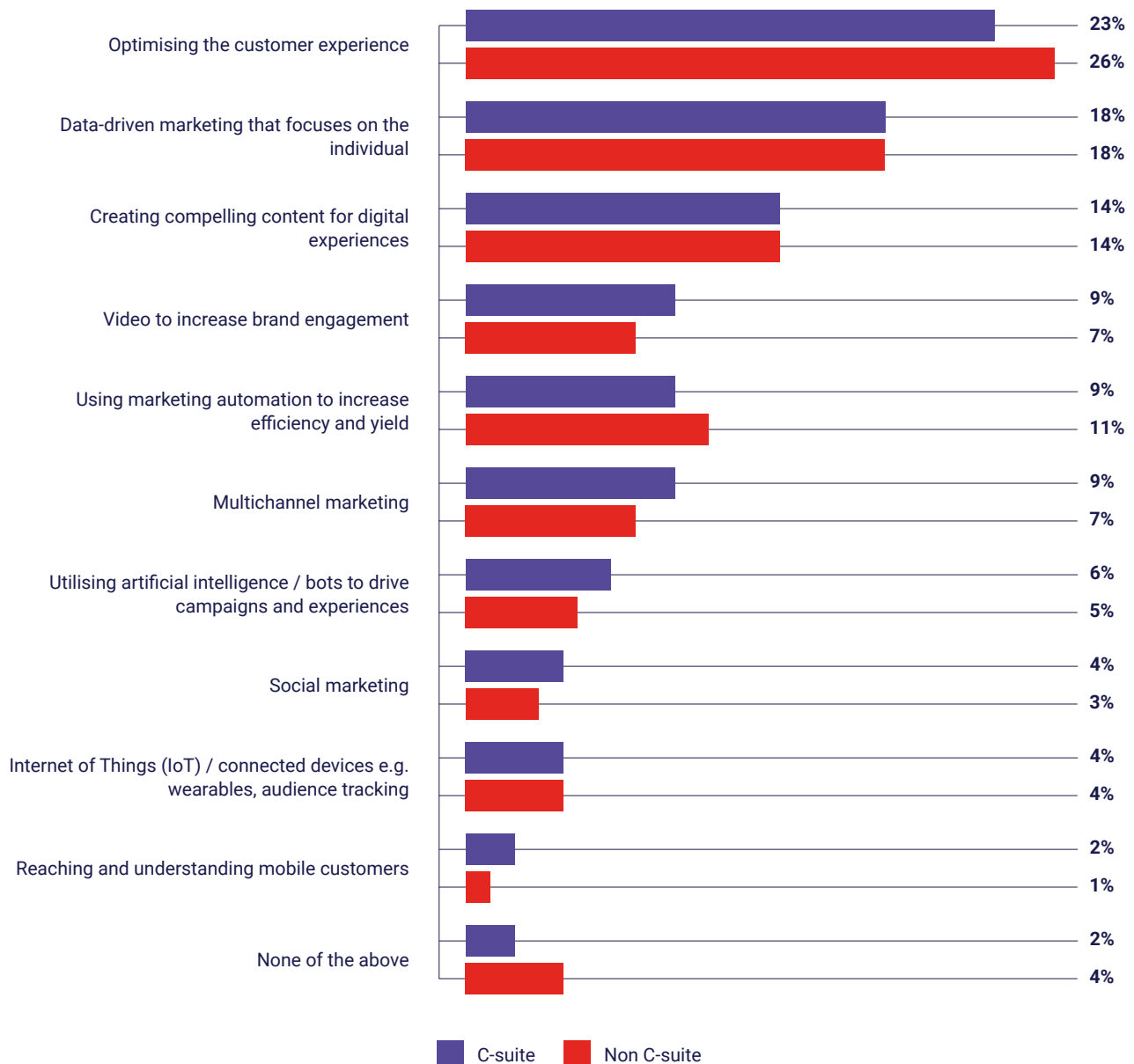
A wave that won't break: riding CX to growth

Those organisations winning the CX battle are the most likely to be successful. The evidence is becoming overwhelming. According to the 2020 Digital Trends report, CX leaders are three times more likely to have significantly exceeded their top 2019 business goal.

Business leaders are aligned with the rest of their organisations when it comes to the importance of CX as an ongoing opportunity (Figure 1). Almost one in four (23%) C-suite respondents rank CX optimisation as the foremost opportunity for 2020, ahead of *data-driven marketing that focuses on the individual* (18%) and *creating compelling content for digital experiences* (14%). For those outside the C-suite, the perceived pecking order for opportunities is very much the same, with CX optimisation (26%) again coming out on top.

While many of the opportunities shown in Figure 1 ultimately feed back into overall CX, executives throughout the business hierarchy are very much bought into CX as an overarching theme.

Figure 1: Which one area is the single most exciting opportunity for your organisation in 2020?



Respondents: 152

Elevating CX from exciting opportunity to tangible reality

The CX challenge for business leaders is to translate what can be a nebulous concept into something tangible, with clearly defined parameters and measurable outcomes that make a difference to the P&L.

Successful transformation to a more customer-centric and commercially-viable business requires commitment and buy-in from the leadership team. A great example of a company achieving a commitment to CX throughout the organisation is the networking, security and communications business Masergy, a brand that in 2018 achieved a Net Promoter Score of 71 against a technology industry average of 21.

According to the US-based company's CEO James Parker¹: "We have a customer-first approach in everything that we do. It's how Masergy empowers businesses to achieve their digital ambition – by delivering innovative solutions with an unparalleled customer experience."

A three-step process to creating a better CX

1. **Define what better CX means for your customers.** Before you can improve your interactions with customers, you must understand what these interactions are. Only then can the bar be raised in a way that truly adds value for both the customer and the business. If the definition of CX is too broad and ethereal, it will be impossible to benchmark performance and then improve. Companies need to think about CX in terms of the universe of customer touchpoints, journeys and communications for different types of persona, and how these can be improved or simplified.
2. **Understand the benefits of CX in terms of the commercial upside.** According to globally renowned customer experience authority Matt Watkinson, CX should be treated as 'a means not an end'². The focus should be on how better experiences can help companies deliver against specific commercial objectives, for example, improved customer acquisition, more up-selling and cross-selling, better retention, improved pricing power and greater brand awareness. Ensure there is a performance measurement framework in place to incorporate these objectives, including goal-specific metrics and KPIs that ladder up to these commercial goals.
3. **Allocate roles and responsibilities to help ensure internal alignment.** Successful CX programmes rely on a uniform understanding within the business about who is responsible for what. The right kind of collaborative and proactive employee behaviour needs to be rewarded so that staff are motivated to put the customer at the heart of their decision-making processes. Heads of department need to take responsibility for understanding the extent to which CX investment delivers a commercial return.

¹ <https://www.forbes.com/sites/robertreiss/2019/02/11/top-ceos-share-how-customer-experience-starts-with-culture>

² <https://www.methodical.io/the-leaders-guide-to-customer-experience/>

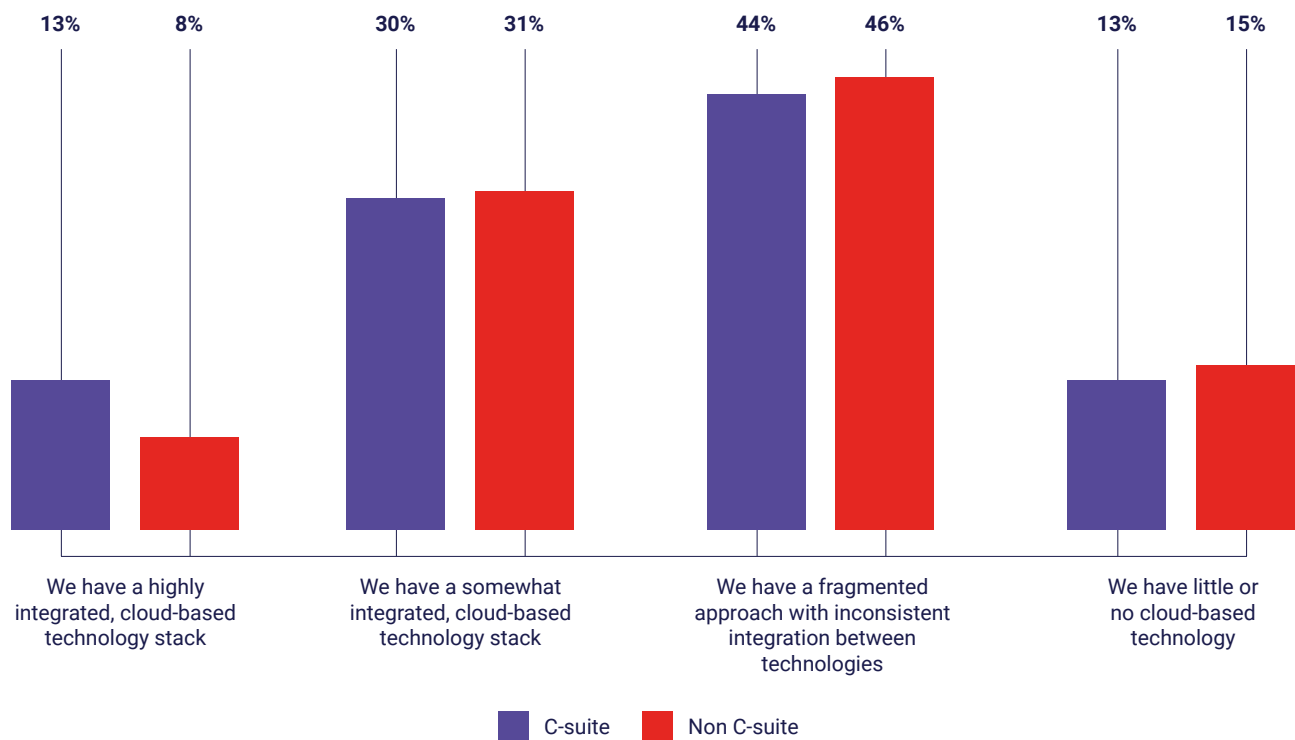
Understanding how technology impacts CX

Technology is a great example of an area where the impact of CX investment needs to be quantified in terms of tangible benefits.

However, currently, there's still work to be done when it comes to CX technology infrastructure: as *Figure 2* shows, only 13% of C-suite respondents say their marketing and CX technology is highly integrated.

The 2020 Digital Trends report highlights the importance of technology for underpinning the customer experience, with CX leaders six times more likely than other companies to have a highly integrated, cloud-based marketing technology stack.

Figure 2: What best describes your organisation's approach to marketing and customer experience technology?



Respondents: 923

Making the business case for investment

Business leaders want to understand the effect of their tech investment on their commercial objectives such as customer acquisition, up-selling and cost reduction. This can be done by focusing on associated metrics, for example, new sign-ups, upgrades, channel usage and reduced returns.

Customer experience is inherently an investment in long-term customer relationships. Results in customer lifetime value and other CX-related measures can take time to surface and clarify. This creates a challenge for leaders at companies with a traditionally short-term view of investment and its returns, requiring them to build a business case that addresses both needs.

C-suite executives who can balance immediate results with long-term gains will win the internal battle for higher budgets

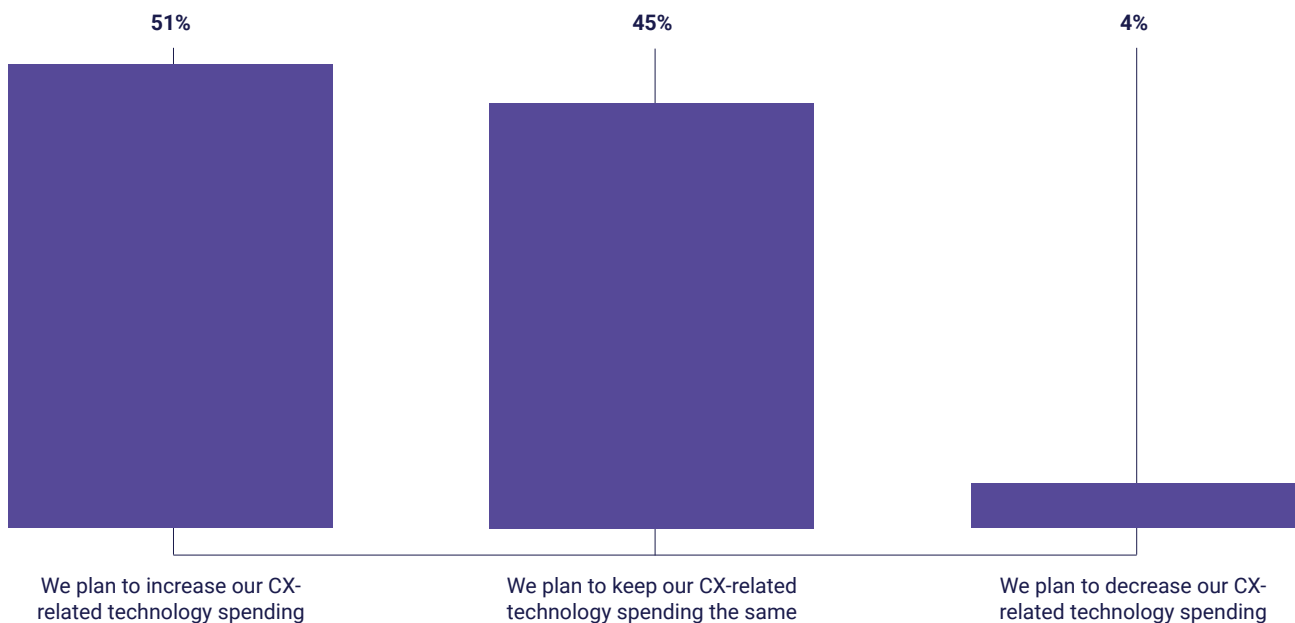
As can be seen in *Figure 3*, 51% of C-suite respondents say their companies are planning to increase their CX-related technology spending in 2020.

Whether it's the CIO, CTO or CMO making the case for further investment, the CFO and CEO need to be persuaded about the positive impact on the top and bottom line. In the case of the CEO, CX investment must be seen as aligning with their larger strategy for growth, and fitting with the goals for the entire business, not simply marketing.

Finance is often viewed as a particular challenge, but if brought in early and enrolled with a strong case, the CFO can be a powerful advocate of CX-related transformation. The keys include a rigorous evaluation plan that relies on hard metrics that resonate across the business and a strategy that reflects the implications and unknowns of a potentially transformational investment.

For a true understanding of ROI, the executive leadership team also needs an honest and thorough appreciation of external and internal costs.

Figure 3: What best describes your plans for CX-related technology spending in 2020?



Respondents: 137

In summary, whatever stage a business has reached on its CX journey, advocates for ongoing investment must be diplomats who understand the varied demands of the C-suite. Balancing short-term results with long-term necessity is especially important to create initial momentum.

2

The transformational power of data and AI

How can a business ensure it is relevant to every single one of its customers when people are so innately different?

Many business leaders recognise that success is increasingly dependent on whether their organisation can activate data to its advantage. According to Best Buy's former CEO, Hubert Joly, "data is the enabler of digital transformation" with companies aspiring to be more customer-centric³.

As was seen in *Figure 1*, data-driven marketing focused on individual consumers is regarded by C-suite executives as the second most exciting opportunity for the year ahead.

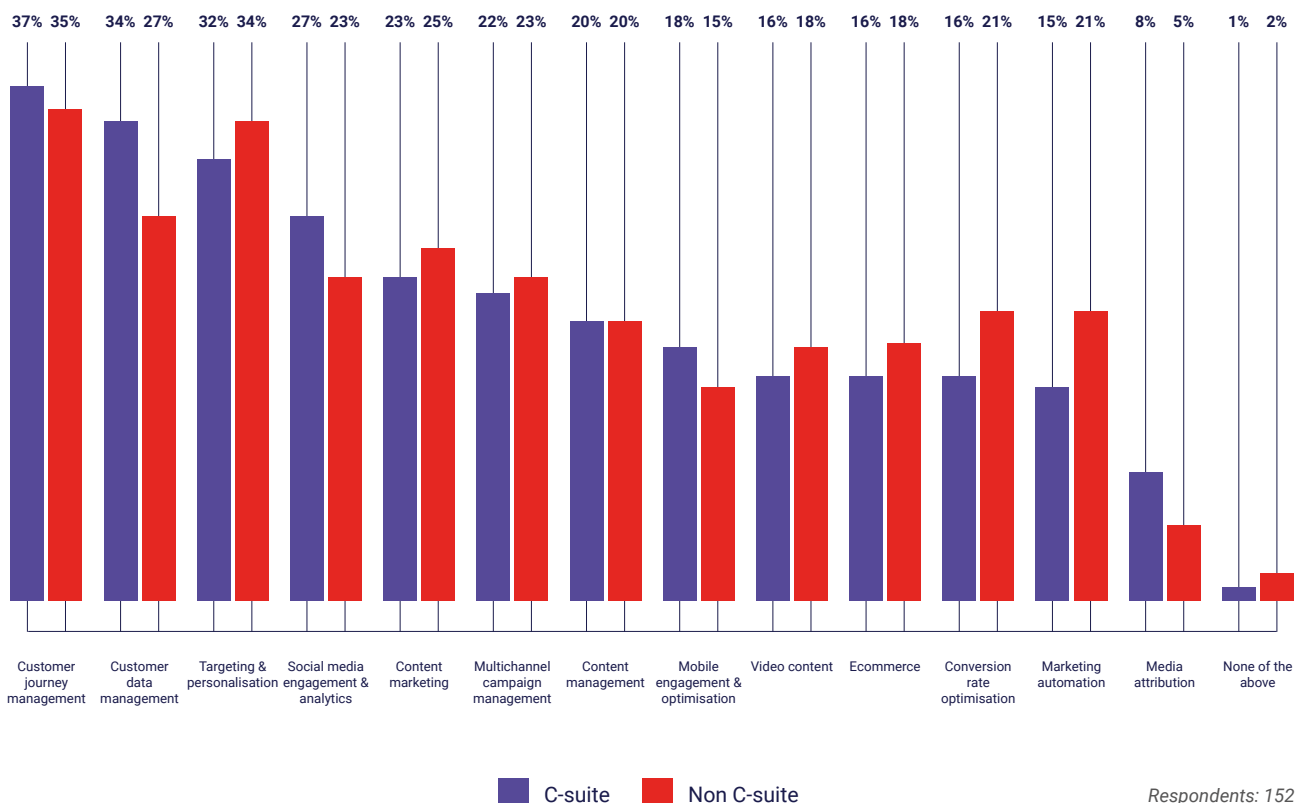
Customer journey management is seen as central to CX success

The challenge of putting customer data to work is now a preoccupation of business leaders at many organisations.

For C-suite respondents, *customer journey management* is top of their priority list for 2020 (*Figure 4*). More than a third (37%) place it among their top-three agenda items for the coming year.

To have a properly working sales and marketing funnel, brands must deliver a relevant experience at every touchpoint and be able to reach individual customers *in the moment*. Many senior executives understand the importance – and complexity – of this mission.

Figure 4: Which three digital-related areas are the top priorities for your organisation in 2020?



³ <https://cmo.adobe.com/articles/2019/3/day-1-adobe-summit-2019-keynote.html>

Customer data management should be a talking point within any company boardroom. It goes hand-in-hand with a brand's ability to reduce friction and improve customer journeys by bringing disparate data sources together to create unified customer profiles.

Robust data management is essential to a strategy built on serving customers as individuals. It also plays into the rising importance of data control, helping individuals and businesses maintain their privacy and sovereignty.

For organisations focused on customer experience, nothing is more important than understanding the flow of data, and pulling it out of silos into an integrated environment. As with customer journey management, about a third (34%) of senior executives cite *customer data management* as a top-three priority for 2020.

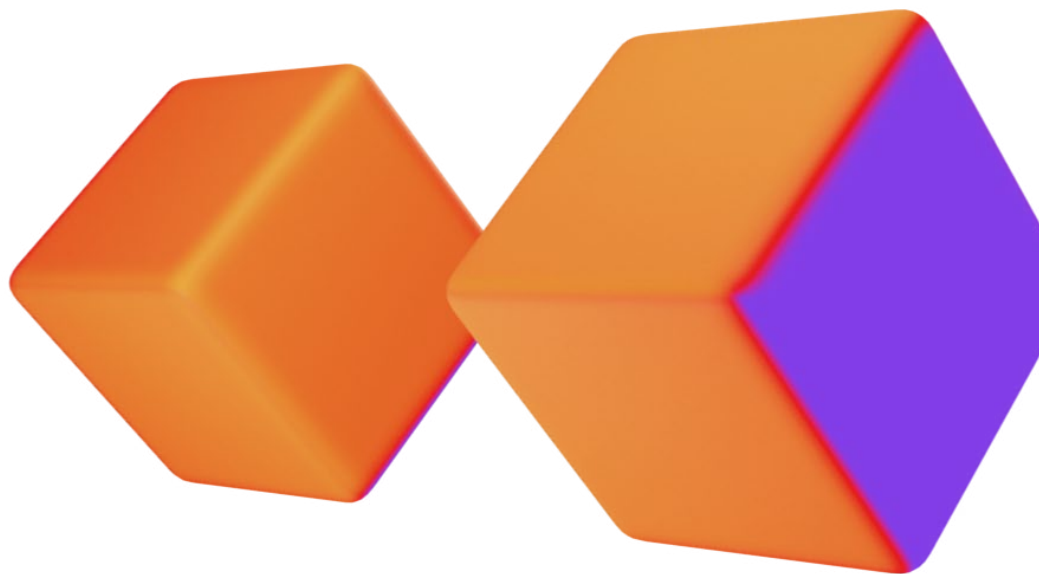
Why is AI key to helping make CX a reality?

CX is multifaceted and cross functional, comprising the entirety of the relationship, with implications across the enterprise that are driven by customer demands and real-time expectations. It's increasingly important for businesses to take advantage of artificial intelligence technologies which can help to manage and reduce complexity.

For customers in the digital (and post-digital) age, the moment they're in is the only moment that matters. Real-time data analysis and service delivery is evolving from emerging capability to standard requirement.

In this context, AI is now widely recognised by senior executives as a crucial enabler for CX. To continuously deliver personalised, real-time experiences to customers, decision-making needs to take place at a scale and speed beyond the abilities of traditional systems. Our research shows that:

- The majority (66%) of C-suite executives note that they are either already using AI and machine learning in their organisations (24%) or are planning to (42%) (*Figure 5*).
- The reason most commonly cited by C-suite executives when asked why their organisation is not yet using AI is simply that they have 'not yet assessed it' (44%). This outweighs other barriers to adoption, such as lack of knowledge or resource, or the cost of solutions.

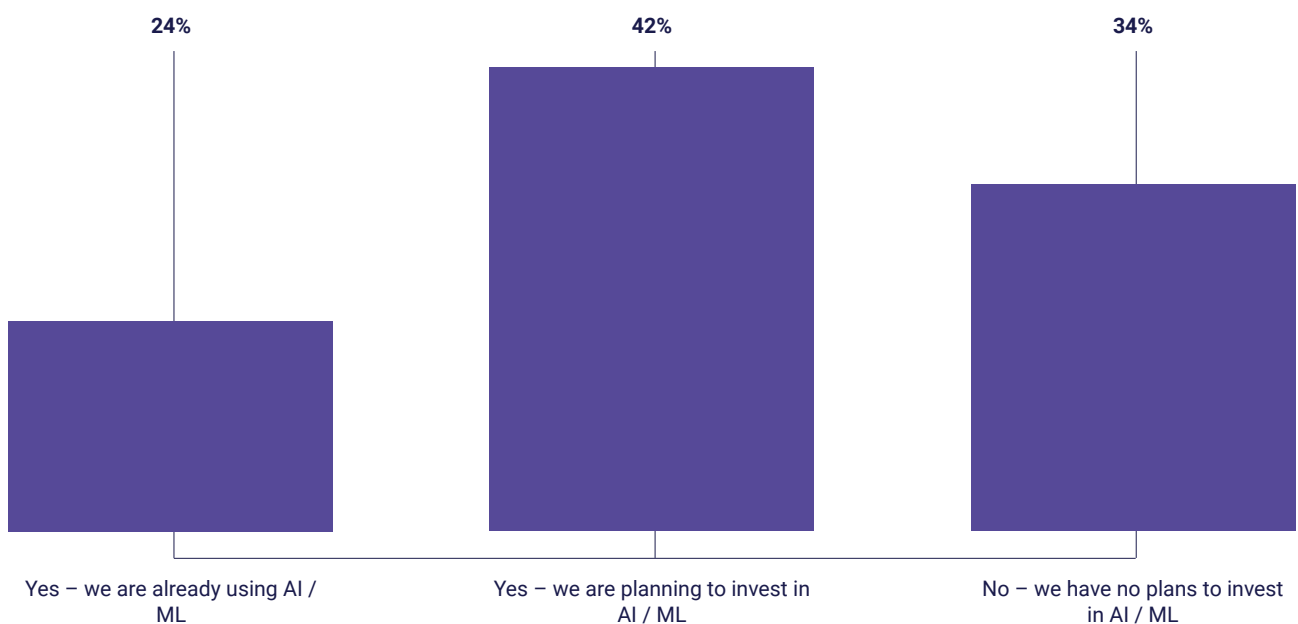


How Three UK made a closer connection with its customers

With large and rapidly growing numbers of customers, telecommunications service providers face the challenge of personalisation at scale. Fortunately, their broad reach offers up a wealth of insight they can act on. Three UK is a great example of a company that has made a proactive effort to use customer data to connect more closely with its users, by providing them with personalised journeys and experiences⁴.

Where visitors to Three UK's website had previously seen the same content irrespective of who they were, or their location, they are now met with personalised content to ensure the most relevant packages and pricing based on their usage habits and preferences. Traffic to its 5G page has now increased by 57%, a significant improvement at a time when 5G has become an important battleground for telco operators.

Figure 5: Is your organisation using or planning to invest in artificial intelligence (AI) / machine learning (ML) in 2020?



Respondents: 152

C-suite execs are tuned into an array of AI benefits

AI-driven technology has played an important role in the transformation journey of financial services giant SunTrust.

Speaking at the Adobe Summit last year⁵, the company's CMO Susan Johnson described how the organisation was committed to building a marketing organisation that could use the vast amount of data and intelligence at its disposal to reach people creatively.

She explained that the power of AI has helped the company target new segments of people who require the company's services. "We are committed to helping customers build control and confidence over their money," she said.

Our research shows that the SunTrust CMO is not alone in recognising the benefits of AI. Senior executives globally are well versed on the full range of AI use cases for marketing, and not just vaguely aware of its impact in broad terms.

The speed and scale offered by AI in data analysis has been by far the most common focus of deployments so far (Figure 6). However, this is by no means the extent of the use cases that have already been identified and targeted.

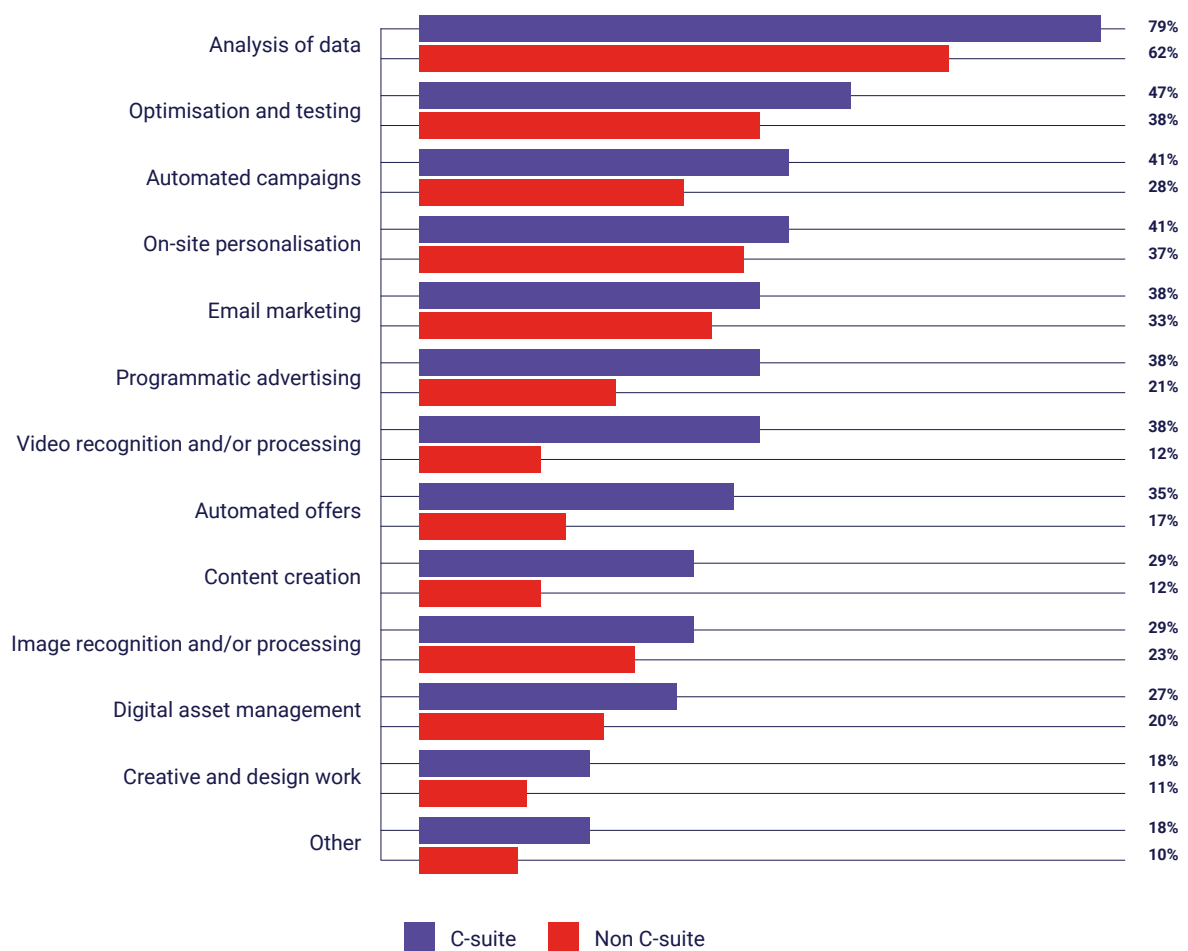
⁴ <https://blogs.adobe.com/digitaleurope/customer-success-de/data-segmentation-personalisation-the-power-of-three-in-customer-experience/>

⁵ <https://cmo.adobe.com/articles/2019/3/day-1-adobe-summit-2019-keynote.html#gs.n17m11>

AI and machine learning projects are viewed as strategic deployments. Across the board, senior executives are more conscious of how the technology is being used than other staff.

- Nearly half of C-suite AI adopters (47%) have directed the technology towards optimisation and testing, where the myriad of test inputs and outputs make AI a natural fit.
- About four in ten (41%) senior execs say they have deployed AI for online personalisation. They recognise the marketing opportunity to harness customer information and contextual data to power a new level of personalisation in product recommendations, dynamic pricing, and elsewhere.

Figure 6: With regards to automation of specific marketing-related activities, what is your organisation currently using AI for?



Respondents: 224

Whatever you are selling, success increasingly relies on understanding customer requirements and behaviours at a deeper level than ever before, and on the ability to make the right decisions instantaneously. Companies must harness data and unleash the power of AI to make that happen.

3

The Battle for Talent

Reinvention starts with culture

Customer-centric business transformation calls for leaders who can forge the right culture throughout every single part of their organisation. For businesses to make significant headway in this era of rapidly evolving consumer expectations, senior executives need to nurture a culture of agility, collaboration and innovation.

But do they have the right talent, and then the right training and nurturing within their organisation, to make that happen?

Talent acquisition doesn't just revolve around having a clearly articulated strategy and a vision focused on reinvention. It's about galvanising organisation-wide commitment to driving progress.

Sprint's Chief Digital Officer, Rob Roy, acknowledges that a cultural shift that focuses on sharing responsibility is a prerequisite for success: "Each function and partner needs to believe and understand how their role affects the CX journey and what they can do to improve it. Digital transformation is only as good as the cultural transformation of the total company."⁶

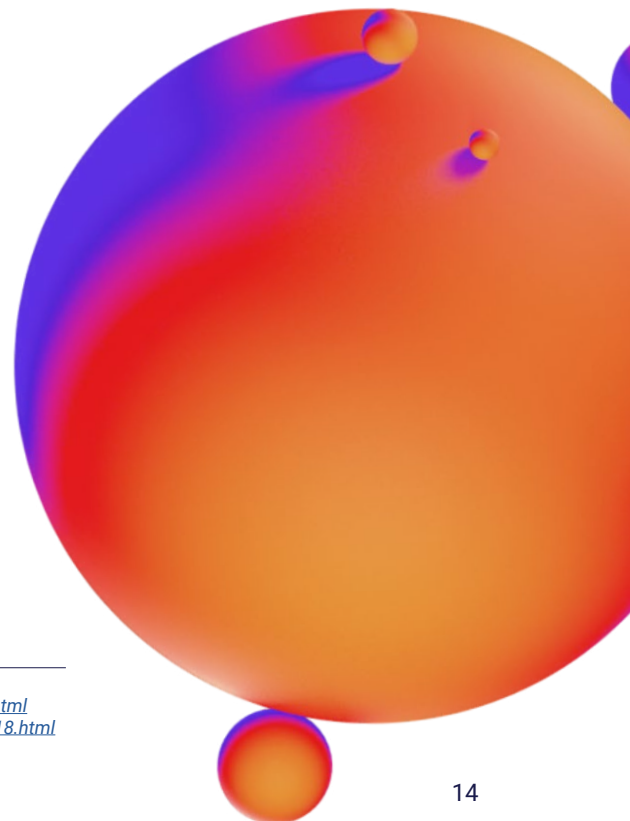
A good example is the 'ownership culture' developed by Siemens, which is supported by an extensive employee equity programme⁷. Its aim is to encourage all employees to take responsibility for their actions and to empower them to find innovative ways to use technology that support the company's long-term success.

Culture is also one of the key elements Coca-Cola is focusing on in its quest to become a digital-first organisation. Business transformation, according to David Godsmann, the company's Chief Digital Officer, is about "disrupting ourselves before someone else disrupts us".⁸

⁶ <https://cmo.adobe.com/articles/2019/4/early-lessons-brands-cxm.html>

⁷ <https://new.siemens.com/global/en/company/about/history/news/ownership-culture-in-practice.html>

⁸ <https://cmo.adobe.com/articles/2018/3/adobe-ceo-people-buy-experiences-not-products-summit18.html>



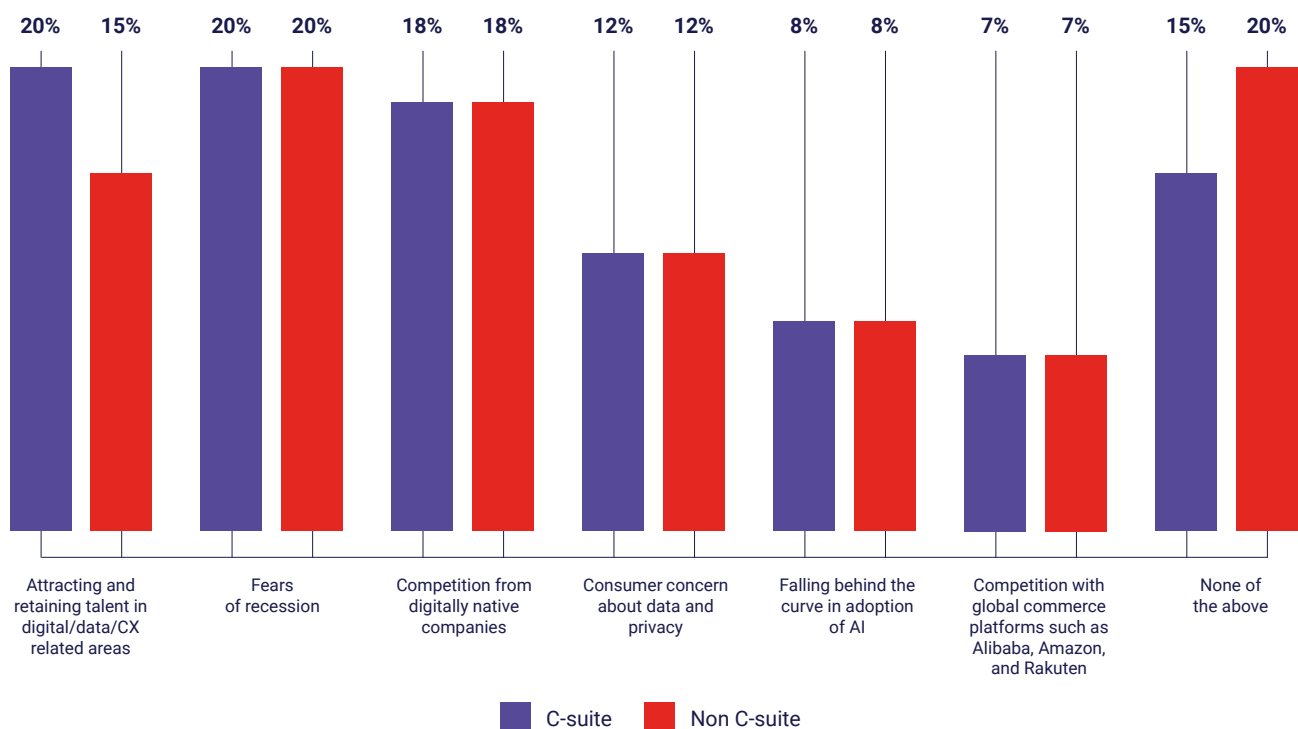
Talent challenges and concerns

Strategy can only remake an organisation with the right talent to execute it. Technology can only support a service revolution if people with the necessary skills are taking advantage of it.

Senior leadership sees that accessing and developing talent is key to reshaping existing business models and finding new ways to grow; C-suite executives are 33% more likely than the rest of the organisation to view this challenge as a chief concern for 2020 (Figure 7).

Effective business leaders constantly challenge and rethink conventional talent acquisition and management strategies to match current priorities and opportunities, acknowledging that transformation efforts require skills that go above and beyond digital expertise.

Figure 7: Thinking about your business more broadly, which of the following pose the most significant concern for 2020?



Respondents: 923

Continuous learning: a solution to talent challenges

The growing demand for new skills and competencies has led to aggressive competition for top talent. With almost half of employers worldwide struggling to fill open positions, the largest such percentage since 2006⁹, the focus has turned to learning as a strategic function that can add capabilities and fuel transformation programmes. As seen in the main 2020 Digital Trends report, organisations leading in CX are significantly more likely to invest in learning to accomplish their goals.

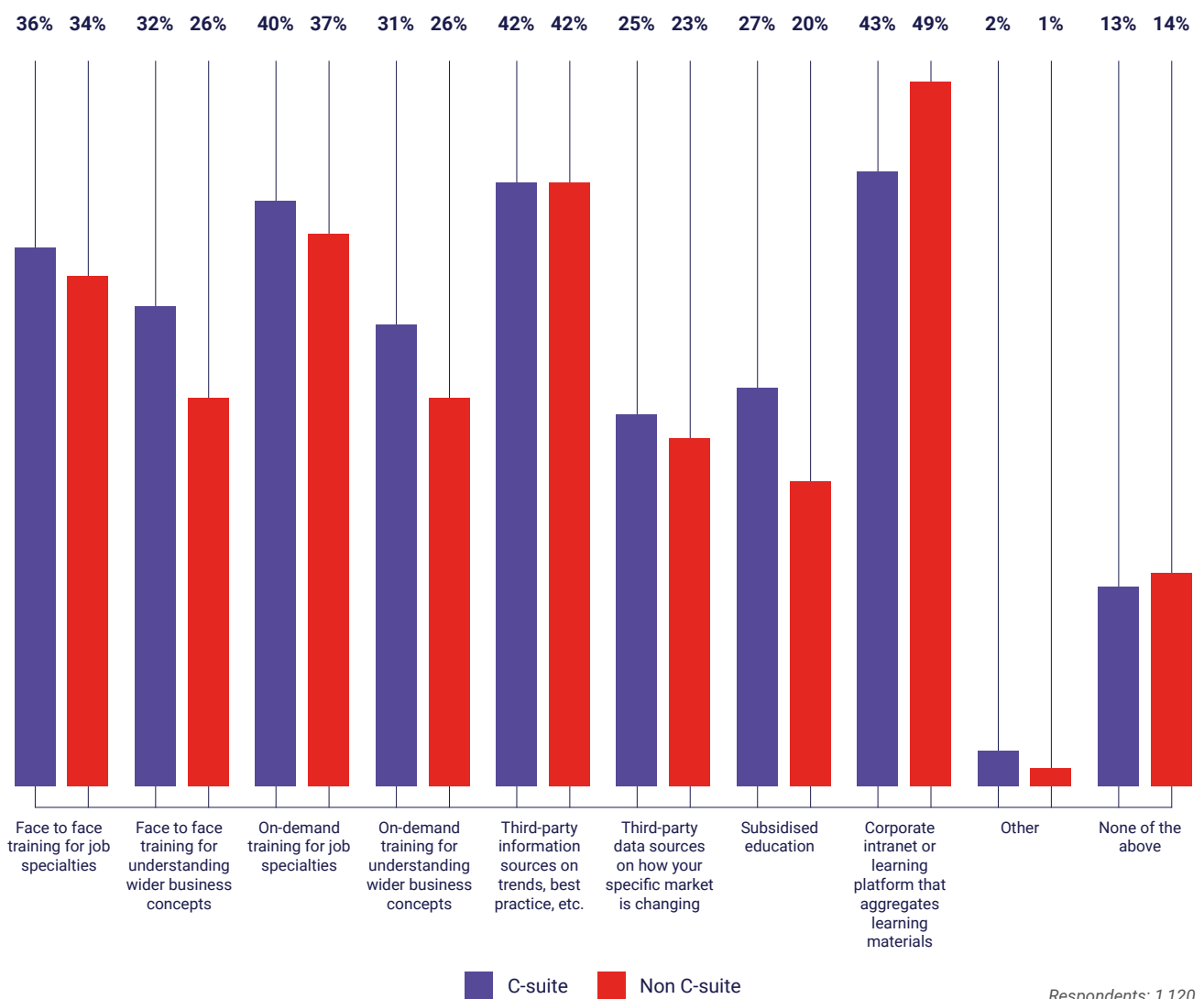
However, Deloitte's Global Human Capital Trends report revealed there's a significant gap between rhetoric and reality. The need for organisations to improve learning and development was identified as the number one trend for 2019, with 86% of respondents rating it as 'important' or 'very important'. Yet only 10% of those surveyed felt 'very ready' to address this issue and a similar proportion (9%) rated their organisation's learning culture as 'excellent'.

⁹ https://www2.deloitte.com/content/dam/insights/us/articles/5136_HC-Trends-2019/DI_HC-Trends-2019.pdf

When it comes to learning resources and training options, a comparison between C-suite executives and other business employees (Figure 8) reveals a few key differences. C-suite executives are:

- 25% more likely to say their organisations offer face-to-face and on-demand training for understanding wider business concepts, helping broaden skills beyond technical specialties. This emphasises the 'big picture' approach discussed above.
- 34% more likely to cite subsidised education, suggesting that they see learning as a balance between the proactive (the ongoing addition of skills) and reactive (on-demand information sources that can answer learning needs as needed.)
- 12% less likely to mention corporate learning environments as a key channel for disseminating learning materials. While they're still the most commonly cited resource, they're not far ahead of other options.

Figure 8: What learning resources does your organisation provide?



Three steps to attracting and nurturing talent, to achieve business goals

There is no doubt that developing a vision for the organisation contributes to better alignment across functions and drives high performance. Realising that vision isn't possible without three key elements:

1. **Creating a culture of commitment.** According to Stanford research, organisations that build a culture based on commitment, in which strong emotional bonds form the basis of employee attachment, are less likely to fail.¹⁰ A focus on behaviours and actions – how every single decision, anywhere in the business, can impact CX, and ultimately the performance of the company – is key.
2. **Refining talent strategies.** Accessing talent in this competitive job market needs to go beyond conventional recruitment strategies. With skills requirements changing so rapidly, looking for talent in the alternative workforce (outsourced teams, contractors etc.) can provide more flexible access to skilled candidates that might not otherwise be on the organisations' radar.
3. **Investing in continuous learning.** The World Economic Forum estimates that by 2022, 54% of all employees will require significant reskilling and upskilling.¹¹ Learning is a crucial element in achieving consistent progress, so it's important to invest in training that is more integrated with day-to-day work. Motivating people to take advantage of learning opportunities on a regular basis can help mitigate talent shortages and help with staff retention as well.

Organisational readiness

While a focus on learning and skills development is important, organisations need the right frameworks and structures in place if the talent that has been acquired and nurtured is to fulfil its potential.

As indicated in [Section 1](#) of this report, employees need to feel motivated to put the customer at the heart of their decision-making processes, while teams also need to be properly aligned with shared objectives. In order to unleash the capabilities within the organisation, there needs to be the right collaboration through cross-functional teams, and use of agile frameworks that facilitate speedy changes to technology to improve the customer experience where required.

Organisations understand the importance of talent to implement transformation strategy and growth. However, many view hiring as the first and best path to adding talent, relegating learning to a maintenance function. This misses the important advantages in efficiency and impact of training for adding skills, changing culture and speeding transformation.

¹⁰ <https://sloanreview.mit.edu/article/entrepreneurship-commitment-counts/>

¹¹ http://www3.weforum.org/docs/WEF_Future_of_Jobs_2018.pdf

Conclusion

Three key takeaways for the C-suite

For the most senior audience, this research highlights the relationship between investments in strategy, culture and technology with success in delivering the kinds of customer experiences required by the modern digital economy.

1. To obtain and optimise these investments, it is essential that C-suite executives effectively align their respective departments and disciplines.

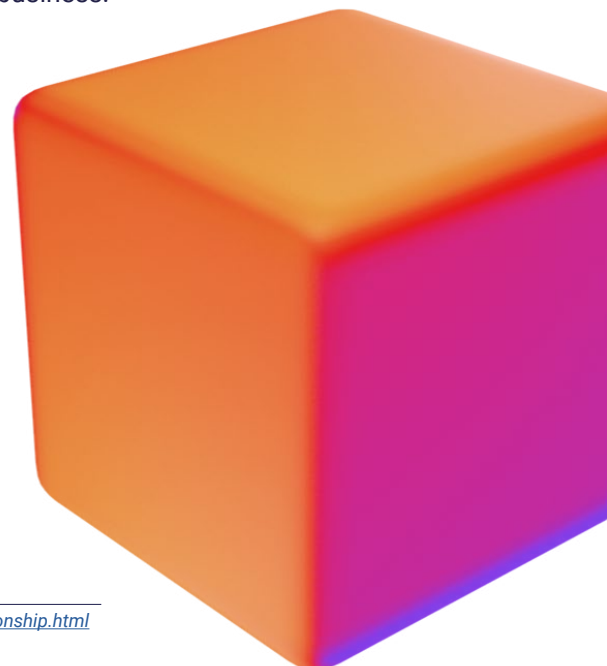
Heads of departments must present CFOs with strong business cases for the kinds of ongoing investments that support customer experience as a strategy, while CEOs must provide the top down guidance to ensure that leadership is working towards common goals.

2. It is particularly important for different business functions to be aligned around technology and data, with the relationships between the CMO and CIO or CTO pivotal. Encouragingly, separate research by Adobe shows that more than 70% of CIOs and CEOs are committed to the same or greater spending on customer experience¹².

For companies to get the necessary alignment between these and other departments, shared accountability and objectives for C-suite executives is crucial.

3. Cultural alignment is a critical aspect of successful transformation and should permeate all levels of the organisation. Learning is an underutilised engine of cultural change. Beyond the important work of adding skills to optimise the company of today, learning can win hearts and minds by engaging employees with the concepts and capabilities of the future-facing business.

¹² https://www.adobe.com/uk/modal-offers/microsoft_key_takeaways_from_evolving_CIO_CMO_relationship.html



Methodology

Digital Trends 10th Edition is based on an online survey fielded to select Adobe and Econsultancy lists in the fourth quarter of 2019.

For the purposes of this report, the C-suite sample (152 people in total) is restricted to respondents at companies with annual revenues of at least £10m, and includes those in a VP, SVP and EVP role.

Demographic profiles

- The sample is global, with Europe providing the largest share of respondents (45%), followed by United States (34%) and the Asia-Pacific region at 9%.
- As defined by target market, B2B accounted for 38% of the total sample, followed by those addressing both markets equally (36%) and B2C (26%).
- Multiple business sectors are represented, with concentrations in Financial Services (20%), Manufacturing (11%), Technology (9%) and Retail (9%).



About Econsultancy

Econsultancy's mission is to help its customers achieve excellence in digital business, marketing and ecommerce through research, training and events.

Founded in 1999, Econsultancy has offices in New York, London and Singapore.

Econsultancy is used by over 600,000 professionals every month. Subscribers get access to research, market data, best practice guides, case studies and elearning – all focused on helping individuals and enterprises get better at digital.

The subscription is supported by digital transformation services including digital capability programs, training courses, skills assessments and audits. We train and develop thousands of professionals each year as well as running events and networking that bring the Econsultancy community together around the world.

[Subscribe to Econsultancy](#) today to accelerate your journey to digital excellence.

Call us to find out more:

- London: +44 207 269 1450
- New York: +1 212 971 0630



About Adobe Experience Cloud

Adobe Experience Cloud is a comprehensive set of cloud services designed to give enterprises everything needed to deliver exceptional customer experiences.

Comprised of Adobe Marketing Cloud, Adobe Advertising Cloud and Adobe Analytics Cloud, Experience Cloud is built on the Adobe Cloud Platform and integrated with Adobe Creative Cloud and Document Cloud.

Leveraging Adobe Sensei's machine learning and artificial intelligence capabilities, Adobe Experience Cloud combines world-class solutions, a complete extensive platform, comprehensive data and content systems, and a robust partner ecosystem that offer an unmatched expertise in experience delivery.

To learn more about Adobe Experience Cloud, visit <https://www.adobe.com/uk/experience-cloud.html>.

