2021 Digital Trends

Public Sector in Focus

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With over 13,000 participants in the 2020 study, more than 85,000 businesspeople from every continent (including Antarctica) have contributed their time and insights to this research since its inception in 2010. Their contributions make this the largest and most durable study of how digital trends are changing the marketing discipline.

Adobe and Econsultancy would like to thank everyone for their effort and insight.

Foreword

Welcome to Adobe's 2021 *Digital Trends Report*, our annual survey that charts the evolution of marketing, advertising, ecommerce, creative and technology professionals around the world.

Last year, we published a landmark report to celebrate a decade of *Digital Trends*. As we celebrated its launch, nobody could have predicted what the next 12 months would bring. Well, it certainly hasn't been 'more of the same'. The global pandemic and the sustained level of uncertainty that followed have led to the most innovative period in the history of marketing, essentially rewriting the rulebook for many businesses.

Instead of deviating from predicted trends, the dramatic events of 2020 have acted as an accelerant for digital transformation. Topics that were years away from consideration are now at the top of today's agenda. Whether demand for their products and services has increased or decreased, businesses are all grappling with the same challenges: remote working, new digital customers, the need for greater convenience, changes in buying behaviour and, on top of all that, their employees' and their customers' well-being. More than two-thirds of the companies with top-tier customer experience (CX) functions outpaced their sectors in the second half of 2020 and they were three times more likely to have 'significantly outpaced' their sectors than the rest of the sample.

The results of our survey show that past investments in customer experience have paid off, which further underlines the importance of speed and personalisation as we enter the new era in experience. As business leaders look towards the new year and scan the horizon for a return to normal, it's apparent that the new era in experience will be born digital. The economic impact of this acceleration and the opportunities it presents will only become clearer as the dust settles. The 2021 *Digital Trends Report*, produced in collaboration with Econsultancy, brings key trends to life with startling clarity.

Alvaro Del Pozo
Vice President, International Marketing, Adobe

The 2021 *Digital Trends Report* looks to both the past and the future, presenting two equally valuable perspectives: What has changed in the last year as a result of the pandemic, and the trends that are waiting around the corner.

Thousands of seasoned professionals have shared their hard-won lessons of the pandemic – offering advice on everything from hybrid working and attracting talent, to catching up with the exponential rise of the digital-first consumer.

From these insights, we present three guiding principles for 2021: *empathy* is the future of experience, the new era is *disruptive*, and *brand purpose* becomes even more relevant.

With the world on the brink of change, this year's report provides timely insights to help marketers and business leaders realign their vision and bounce back stronger in 2021.

Executive Summary

The state of digital readiness within public sector organisations has been a hot topic for years and, over the past year, it has been further thrust into the spotlight. At a surface level, the use of digital technology by governments, hospitals and other public bodies as part of their response to the pandemic – an era of government communication through video conferencing and data-driven decision making – has been obvious.

But, at the same time, this has also been a period when government initiatives have been hampered by outdated technology,[1] barriers to international data sharing, divergent pandemic modelling, and the challenges of on-the-fly application development.

With the life and death stakes significantly increasing during the pandemic, it's more essential than ever for public sector organisations to accelerate their digital transformation in order to maintain continuity of online services, and to ensure they are delivering high-quality customer experiences (CX) to meet the needs of their stakeholders.

This Econsultancy/Adobe report highlights the key technical and human components that public service organisations need to provide so that they may be able to provide effective digital services in a world that has abruptly gone virtual.

Key findings from the report include:

Public sector organisations unprepared for massive change in how people use digital services. Two-thirds (66%) of survey respondents report *'unusual growth in digital/mobile visitors'* during the last six months of 2020, and more than half (52%) say there was an *'unusual change in customer journeys or new customer journeys'*.

Digital investment brings greater efficiencies while also helping to meet consumer expectations for convenience and safety. Public sector respondents are most likely to highlight *increasing organisational efficiency* (36%), *managing the increased need to serve customers digitally* (35%), and *making services easier to use* (33%) as the main drivers of their digital investment in 2021.

Digital projects often fail to deliver tangible CX improvement for public services users. Only four in 10 public sector executives (43%) report that their digital initiatives *'often'* or *'always'* end up improving the digital experience for users. And only around a quarter say users would describe the digital experience they offer as 'positive' (27%). More than a third remain at a *'not very advanced'* or *'immature'* stage when it comes to describing their organisation's CX maturity (37%).

Better management and leadership required for effective digital transformation. More than half of respondents indicate their digital initiatives do not have clear ownership or leadership (53%), and that they lack key skills such as design thinking, journey mapping, and data science (59%). And, unhelpfully during a global crisis, most of the respondents do not feel empowered to be innovative (58%).

Successful government agencies are pushing ahead when it comes to understanding user behaviours. Organisations classified as 'leaders' are more likely than those classified as 'mainstream' to have insight into customer journeys, behaviours and mindsets.

[1] https://www.bbc.co.uk/news/technology-54423988

Section 1: Pandemic reveals public sector CX gap

The Covid-19 pandemic has accelerated the need for a deep digital transformation across all levels of governmment, to enable institutions to 'reach out' and encourage strong, two-way relationships with stakeholders.

This has been especially important as many Covid-19 response programmes, such as vaccinations, procurement of personal protective equipment (PPE), and test-and-trace, have relied on governments being able to create a new range of partner relationships quickly, and to attract mass participation from users.

With the need to build connections with groups that have very unique online requirements, such as the elderly and vulnerable, the pandemic has made it clear that 'one size fits all' digital communications are no longer adequate. Behavioural economics has gained traction in many organisations over the past few years, with 'nudge units' set to become a more integrated, mainstream part of how the public sector approaches digital communications.

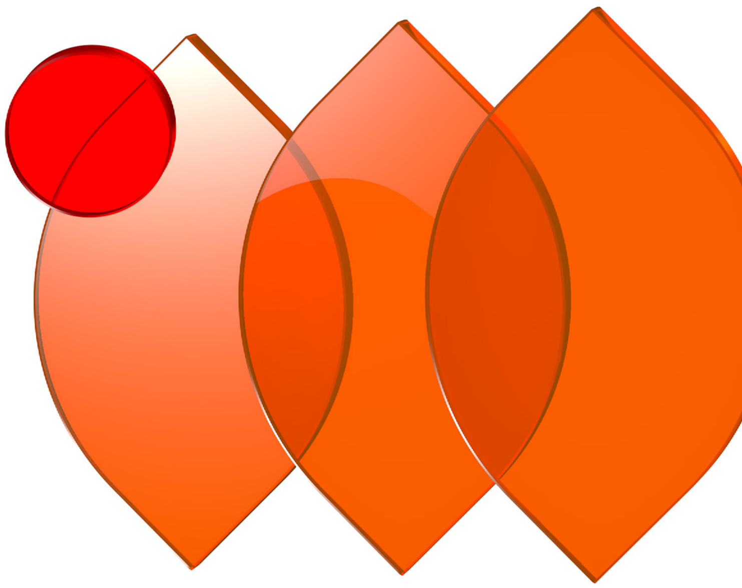
Understandably, the pandemic has caught most organisations off-guard, highlighting the need for a more proactive approach to digital service delivery, and the need to use predictive analytics to spot opportunities and threats well in advance.

Given this need to deliver 'anticipatory' government services, many would say that now is the time to expand the use of AI in the public sector, and for organisations to use AI to expand and enhance their digital strategies. At the same time, the pandemic has also shown that strong government engagement is now needed when it comes down to answering the complex (and urgent) questions surrounding data ethics and privacy.

A need for 'experiences', not just 'interactions'

Many of the customer experience (CX) themes spotlighted by Covid-19 have been around for a while. The pandemic has come at a time when users of public services, more broadly, have had their expectations elevated by the experiences they now routinely receive in the context of retail, media, travel and other private sectors.

Gathering information or transacting with government agencies online often remains a frustrating experience, and a far cry from the seamless, personalised engagements that are now the norm when ordering a takeaway meal or selecting a new TV series to watch.



This is reflected in our survey which shows a mixed picture when it comes to organisations' CX maturity (*Figure 1*). While the majority of public sector organisations have reached at least a *'somewhat'* advanced stage in CX, more than a third remain either *'not very advanced'* or *'immature'* (36%).

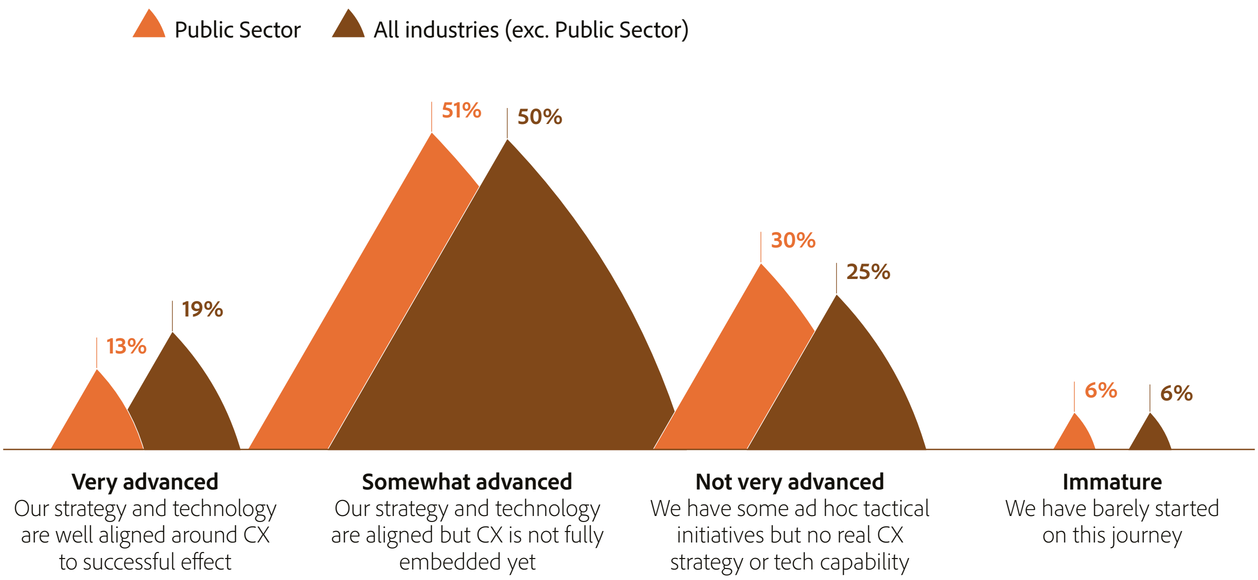
A dramatic change in digital demand

The results from our survey also emphasise the shift of user behaviour that has accompanied the societal and economic disruption of the past year, and the added demands organisations have been facing, for instance:

- **Digital traffic volume has increased** – and that usage is coming from a range of devices – so merely delivering a good experience via desktop is no longer adequate. Two-thirds of public sector respondents report *'unusual growth in digital/mobile visitors'* during the last six months of 2020 (66%), higher than the average for all other sectors (60%).
- There has been a **change to the volume and mix** of users. Nearly half of public sector organisations experienced *'unusual growth in new customers'* (46%).
- **How the public interacts** with government services has also changed significantly, with a much stronger demand for digital services for reasons of safety and convenience. For example, when engagement through online channels replaced suddenly impossible physical interactions, more than half of public sector respondents report an *'unusual change in customer journeys or new customer journeys'* (52%).

Even during 'normal' times, customer needs are always changing, and present a constantly moving target to organisations that are seeking to align and engage with their users more closely. But it is clear that the pandemic has accelerated this change and emphasised the gains organisations can make in terms of both efficiencies and CX improvements by becoming more responsive to evolving usage patterns.

Figure 1 **How do you rate your company's customer experience (CX) maturity?**



Respondents – Public Sector: 471, All industries (exc. Public Sector): 6,013

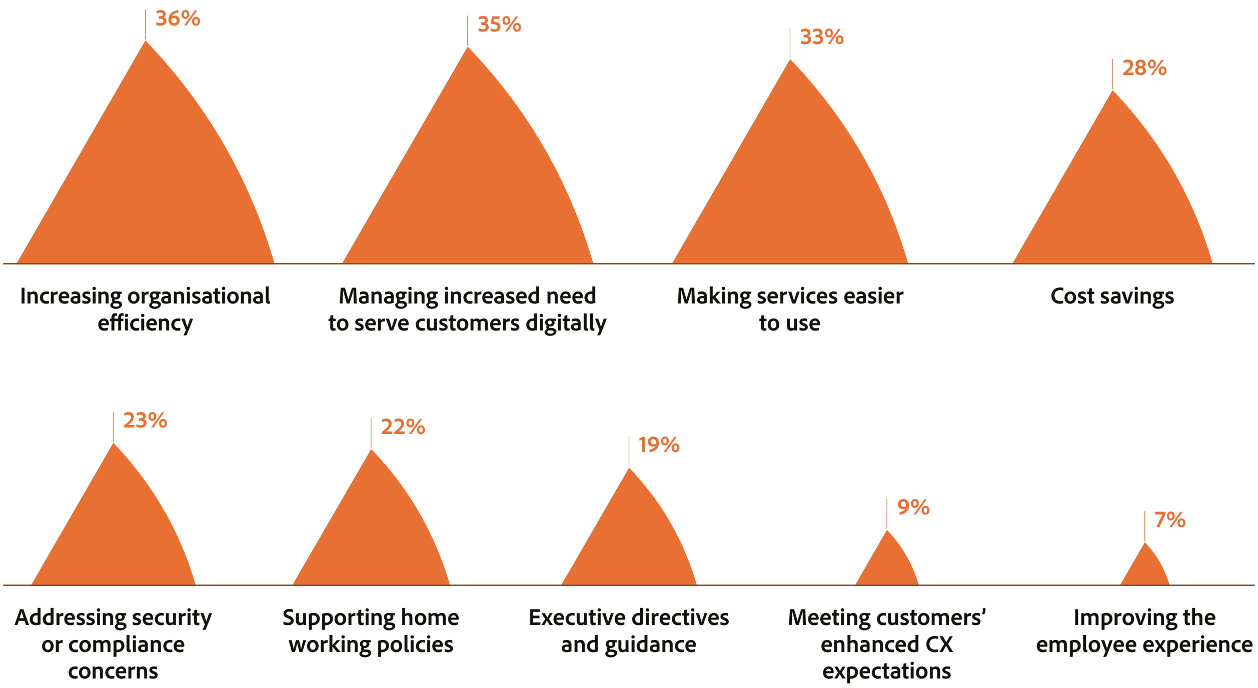
Digital brings bottom-line gains

Alongside the speed and agility gains brought on by successful digital transformation initiatives come a host of other potential benefits, including savings through reduced reliance on higher-cost physical channels, improved perception of public services and higher employee satisfaction.

Our survey shows that many public sector institutions recognise the efficiency gains that are on offer through digitisation, and plan to tailor their investments in 2021 accordingly.

As is the case for other sectors, the potential for savings is at the heart of public sector digital planning, while also coinciding with the opportunity to meet growing customer expectations for digital services. During 2021, respondents are most likely to highlight *increasing organisational efficiency* (36%) as the most important driver of digital investments, closely followed by *managing the increased need to serve customers digitally* (35%) and *making services easier to use* (33%) (*Figure* 2).

Figure 2 **Most important driver of digital investments in 2021**



Respondents – 214

Very much to this point, public sector executives are placing particular emphasis on replacing *paper-based workflows* with digital equivalents, with 57% of respondents regarding this as one of their top-two internal initiative (*Figure 3*). Enabling more digital *self-service platforms* will be another key feature in the quest for greater efficiencies (42%).

The end user must remain front and centre

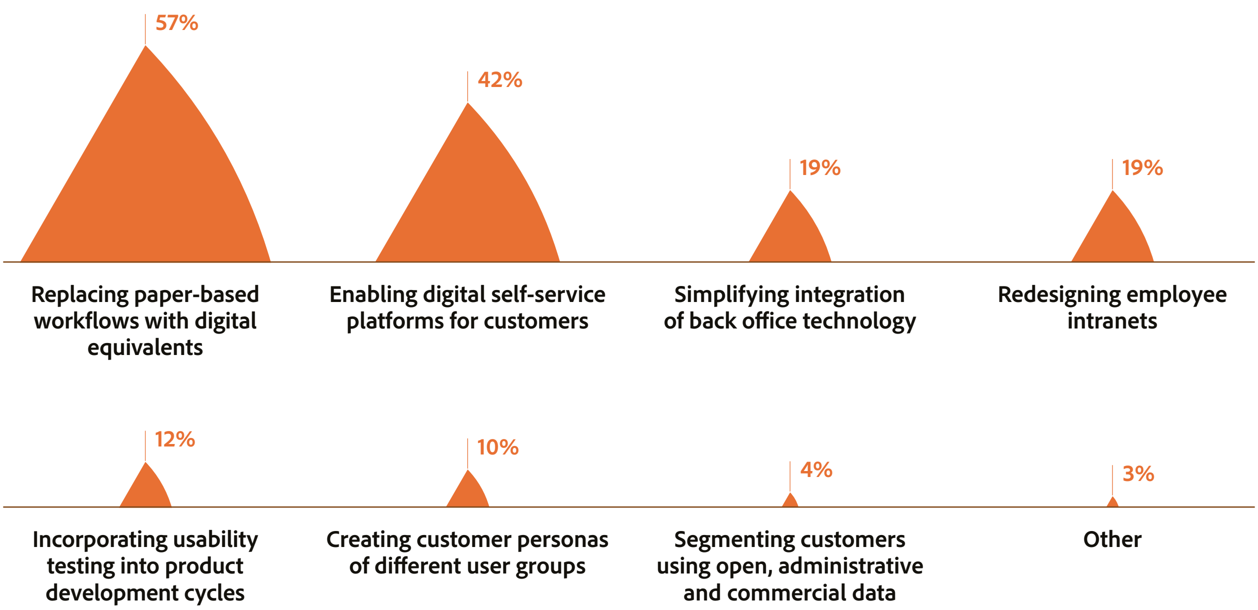
There is always a danger that these efficiency-led changes could end up benefiting the bottom line at the expense of the user. Indeed, *managing the increased need to serve customers digitally is the* second-highest driver of digital investment in 2021 (cited by 35% of respondents) for 2021, but *meeting customers' enhanced CX expectations* ranks well down in eighth place (9%). The value of digital interactions should always be assessed in the context of the overall customer experience.

With organisations racing to meet increased digital demand, and seeing their budgets come under increasing pressure, it is important that core CX objectives are not forgotten.

A self-service app, chatbot, or automated hotline might take pressure off the call centre, for instance. But will this generate the right engagement with users? Given the gravity of the issues affecting the public today – from worries about obtaining the vaccine to coping with lost jobs and school closures – public sector organisations need to weigh these questions carefully.

Similarly, while *making services easier to use* is an elevated priority, simply creating a well-functioning website that meets the need of the customer does not necessarily equate to CX excellence. That comes with the collection and interpretation of data to build a better overall experience for distinct individuals and user subsets. Notably, it's particularly important in current times to identify the digital journeys that the elderly, those with disabilities, and other vulnerable people make, and engage them with personalised support and information.

Figure 3 **What are the top two internal initiatives your organisation is taking to improve the digital experience?**



Respondents – 499

From reactive to proactive

Unfortunately, while identifying user needs and building true engagement on a one-to-one level are critical to a positive customer experience, the tasks that would have to be undertaken to achieve these goals are low on the radar for many public sector organisations. As illustrated in *Figure* 3, few organisations in the public sector are placing a major focus on *segmenting their user bases* (4%), *creating customer personas* (10%), or *incorporating usability testing* (12%) into their digital plans.

Yet, now is the time for organisations to look more closely at the concept of digital citizens and mirroring approaches taken by private sector businesses. For example, assigning unique digital identifiers to individuals offers the opportunity to create a more seamless experience across digital services, improving efficiency and service quality, whilst giving people the means to engage with government agencies more closely.

The State of Hawaii, for instance, said that it was able to provide citizens with 'faster, more effective services' after adopting Adobe Sign. The solution, which digitises signing processes, allowed the organisation to save $5m on paper, printing, and labour costs over two years, as well as enabling a reduction in service approval time from two weeks to two days.[2]

[2] https://www.adobe.com/content/dam/dx-dc/pdf/ue/adobe-sign-government-sb-ue.pdf

Section 2: The scale and complexity of the challenge

Maintaining an unwavering focus on the customer during digital transformation is easier said than done. It is by no means rare for digital initiatives to fall short of meeting customer expectations – or even to fail completely – especially given the high degree of complexity and scale accompanying service delivery across the public sector.

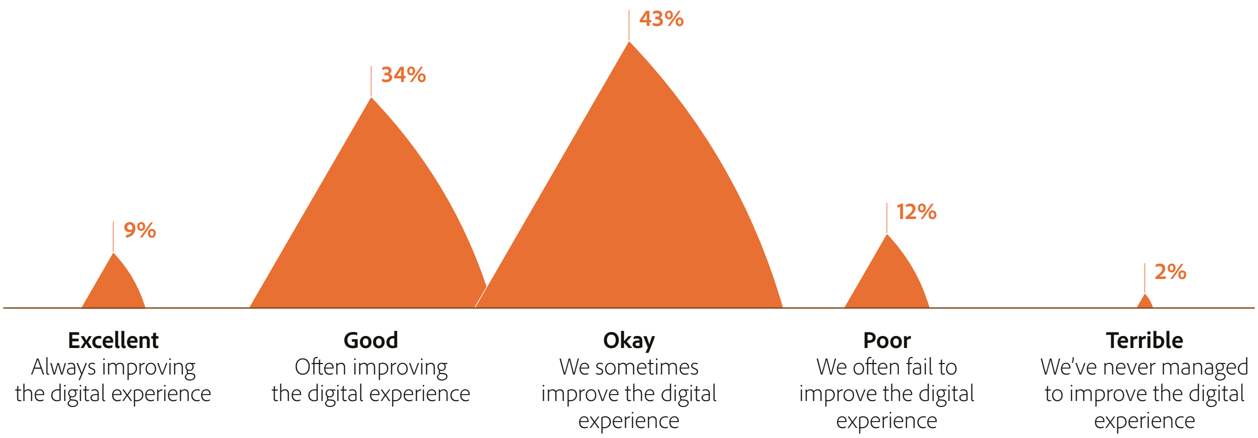
Original objectives can often end up blurred by contradictory or shifting goals, and progress can be hampered by poor leadership or fragmented organisational and technical assets. These challenges inevitably shift the direction of development away from the user-centric vision that had inspired the original plan.

These challenges are as relevant in the public sector as in the private sector. The UK National Health Service's long-term digital transformation strategy,[3] last updated before the pandemic, is alone expected to require at least £8.1bn in spend and, in the words of the National Audit Office, faces a range of major difficulties to overcome if it is to deliver on the NHS aim of making *'digitally-enabled care mainstream'*.

These obstacles include, but are not limited to: legacy IT systems, the nature of healthcare information, the large number of organisations and stakeholders, complex governance arrangements, and existing commercial arrangements with technology suppliers.

The exceptional level of complexity inherent in executing CX improvement in the public sector is evident in *Figure 4*. Fewer than half of public sector respondents (43%) say their digital initiatives *'often'* or *'always'* end up improving the digital experience for users.

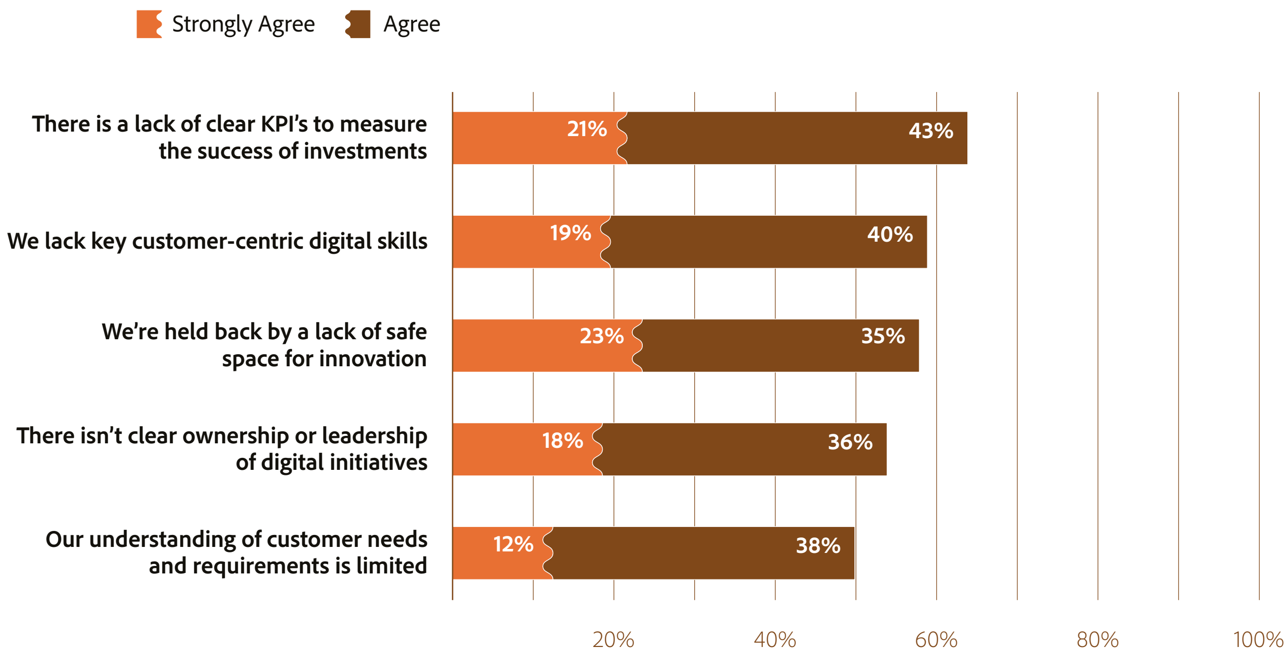
Figure 4 **For digital experience projects how do you rate your organisation's track record?**



Respondents – 507

[3] https://www.nao.org.uk/report/the-use-of-digital-technology-in-the-nhs/

Figure 5 **Thinking about the challenges your organisation faces improving the digital experience, to what extent do you agree or disagree with the following statements?**



Respondents – 461

Without CX foundations, organisations are swimming against the tide

No organisation can claim to be truly customer-centric without having a clear, strategic focus on CX improvement, and the ability to keep projects on track to deliver on that vision. Key to achieving this is having the proper framework for measuring success.

However, as illustrated in *Figure 5*, lack of clear KPIs is regarded as the single most important challenge facing respondents (64% 'agree' or 'strongly agree').

Creating KPIs can be tricky when there's no standard set to choose from – each organisation is unique, and what works for one may not work for another. This requires leadership to have a clear vision of culture and organisational goals, a challenge given that more than half of respondents (54%) agree there is no clear ownership of digital initiatives.

Other challenges relate to a shortfall of key customer-centric digital skills (59%), such as design thinking, journey mapping, and data science. The need for up-skilling is a particularly problematic issue for the public sector, exacerbated by the lure private sector companies can provide for workers with advanced skills.

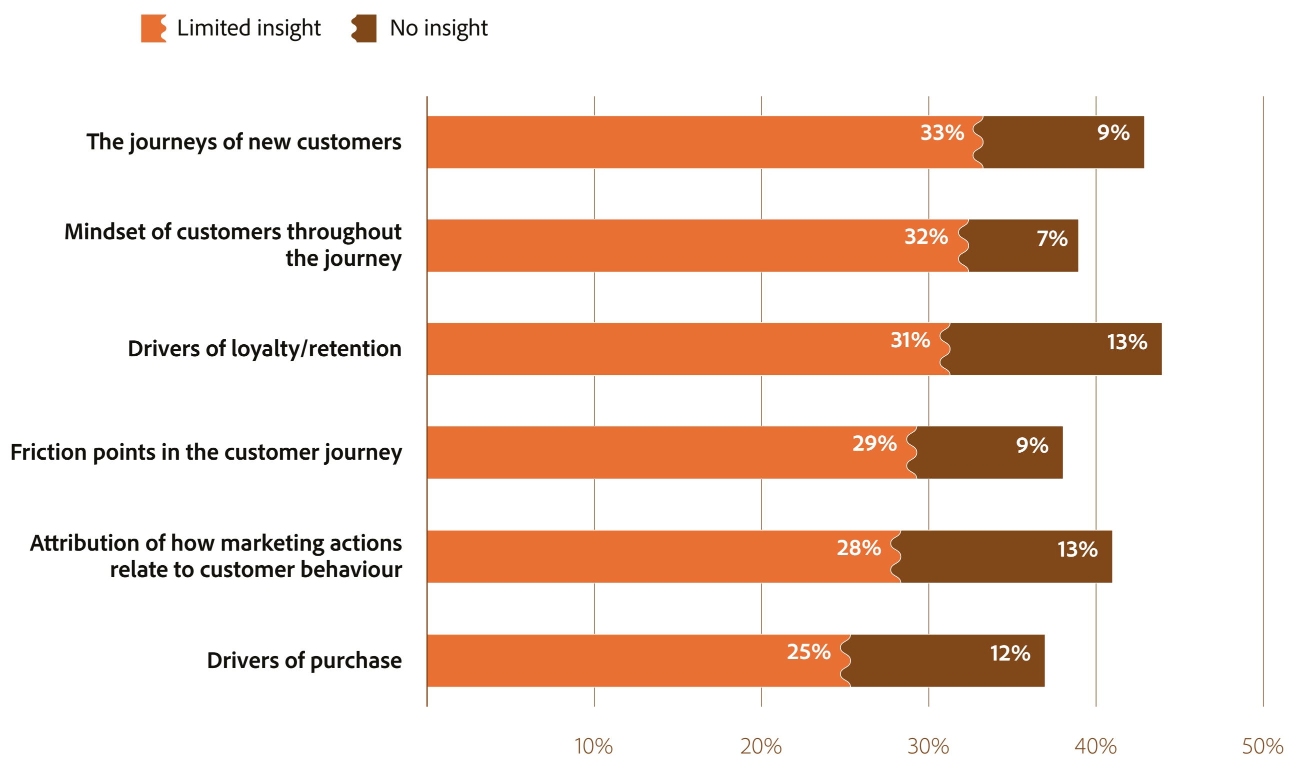
Given the organisational inertia that's likely to result from lack of leadership and a shortfall of relevant skills, it's unsurprising that increasing numbers of public sector bodies have looked to create formal units to focus on digital innovation without fear of failure. This is still a work in progress, with 58% citing a lack of safe space for innovation as a barrier.

Blurred vision

Considering the challenges faced by public sector organisations, it's to be expected that this has a knock-on effect on their ability to achieve a rounded view of the end user. Our research indicates, for example, that half of the respondents have a *'limited understanding of customer needs'* (50%).

This is also reflected in *Figure 6*, which shows that significant proportions of respondents claim to have 'limited' or 'no insight' into the *drivers of loyalty and retention* (44%), the *journeys of new customers* (42%) and the *mindset of customers throughout the journey* (39%). This, naturally, restricts their ability to deliver consistent CX across all touchpoints.

Figure 6 **To what degree does your organisation have insight into the following?**



Respondents – 288

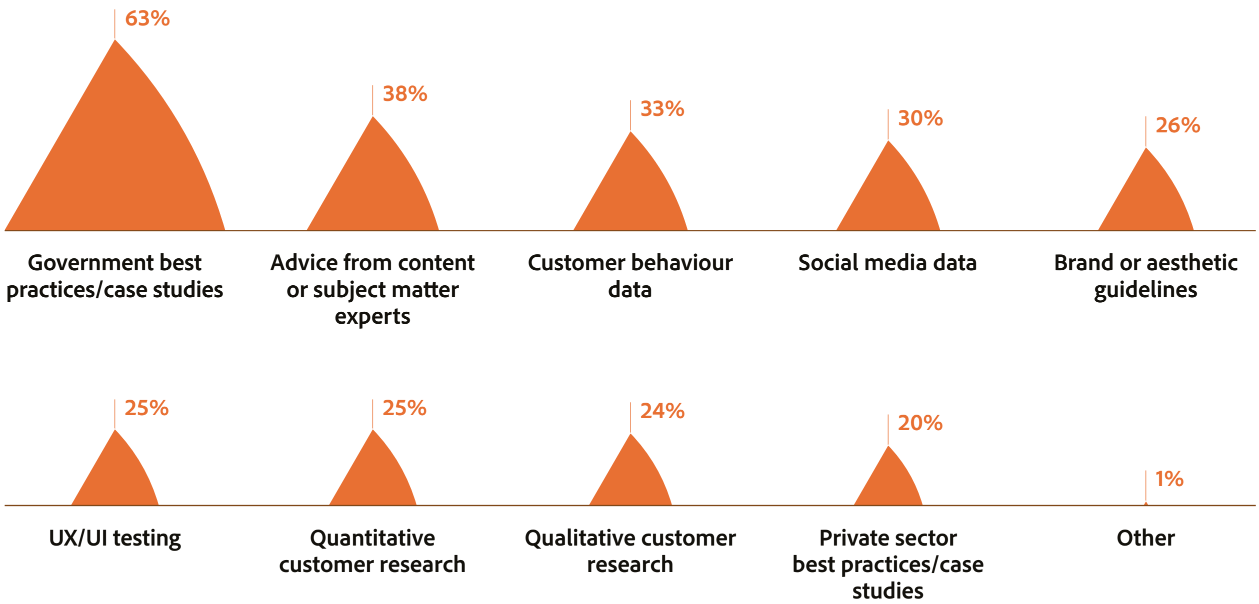
Organisations missing an opportunity by limiting learning

Given the general lack of digital maturity as indicated by our survey respondents, public sector decision makers could be forgiven for looking outside their own sector for inspiration. However, the majority are still reliant on government best practices or case studies (63%, *Figure 7*) compared to just one-in-five who draw upon equivalent practices from the private sector.

Of course, government objectives and procedures are different from those of profit-driven business. But such inflexibility of mindset and approach can be self-defeating. With the average citizen's digital expectations being set by private industries, the public sector needs to consider major strategic and tactical advances made by top digital performers – no matter where they work.

Contributing to this concern is that only a minority of public sector organisations are taking in information direct from the end user, to support digital optimisation – for instance, via customer behaviour data (33%), qualitative customer research (24%), or quantitative customer research (25%). Similarly, only a quarter of the respondents use UX/UI testing to this end (25%).

Figure 7 **What inputs does your organisation use to optimise digital experiences?**



Respondents – 496

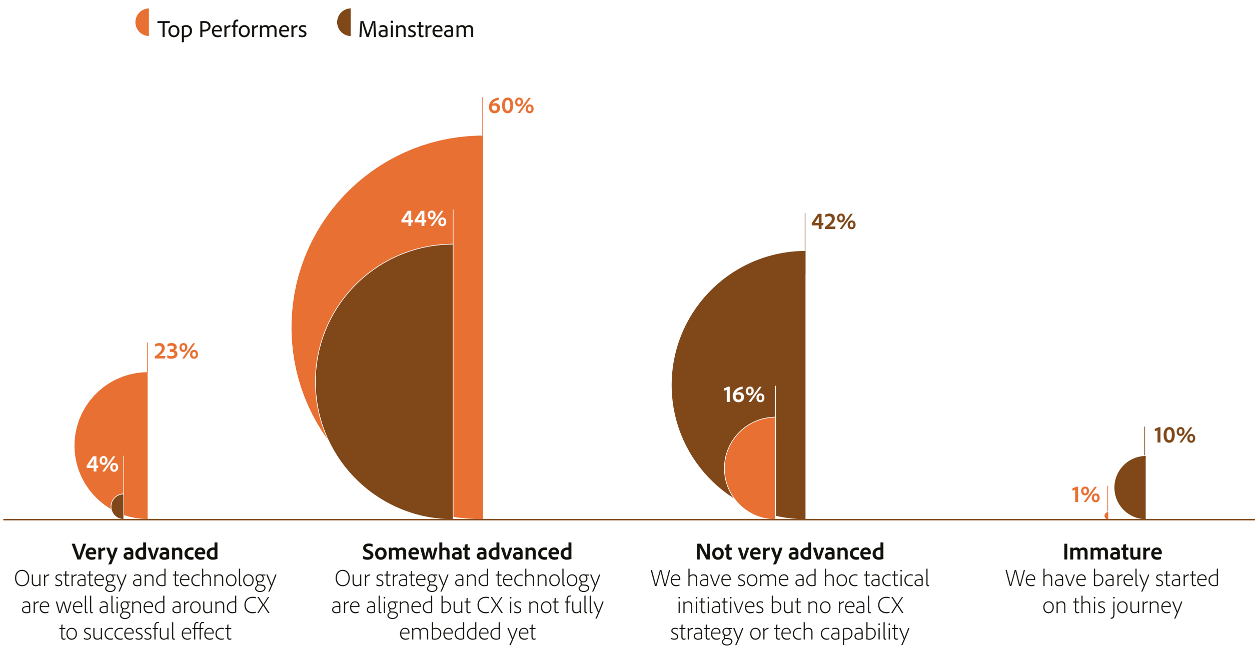
Section 3: The end-to-end path to success

While public services are facing a whole new level of pandemic-related digital service delivery challenges, there is a route through the maze. Key insights can be gained by highlighting how top-performing public sector organisations are responding to the Covid-19 pandemic and the broader digital and CX-related challenges.

In this section, we compare the responses from public sector organisations that either ‘significantly’ or ‘slightly’ outperformed their peers over the last six months of 2020 (‘leaders’) with those that either ‘kept pace’ or ‘underperformed’ (‘the mainstream’).

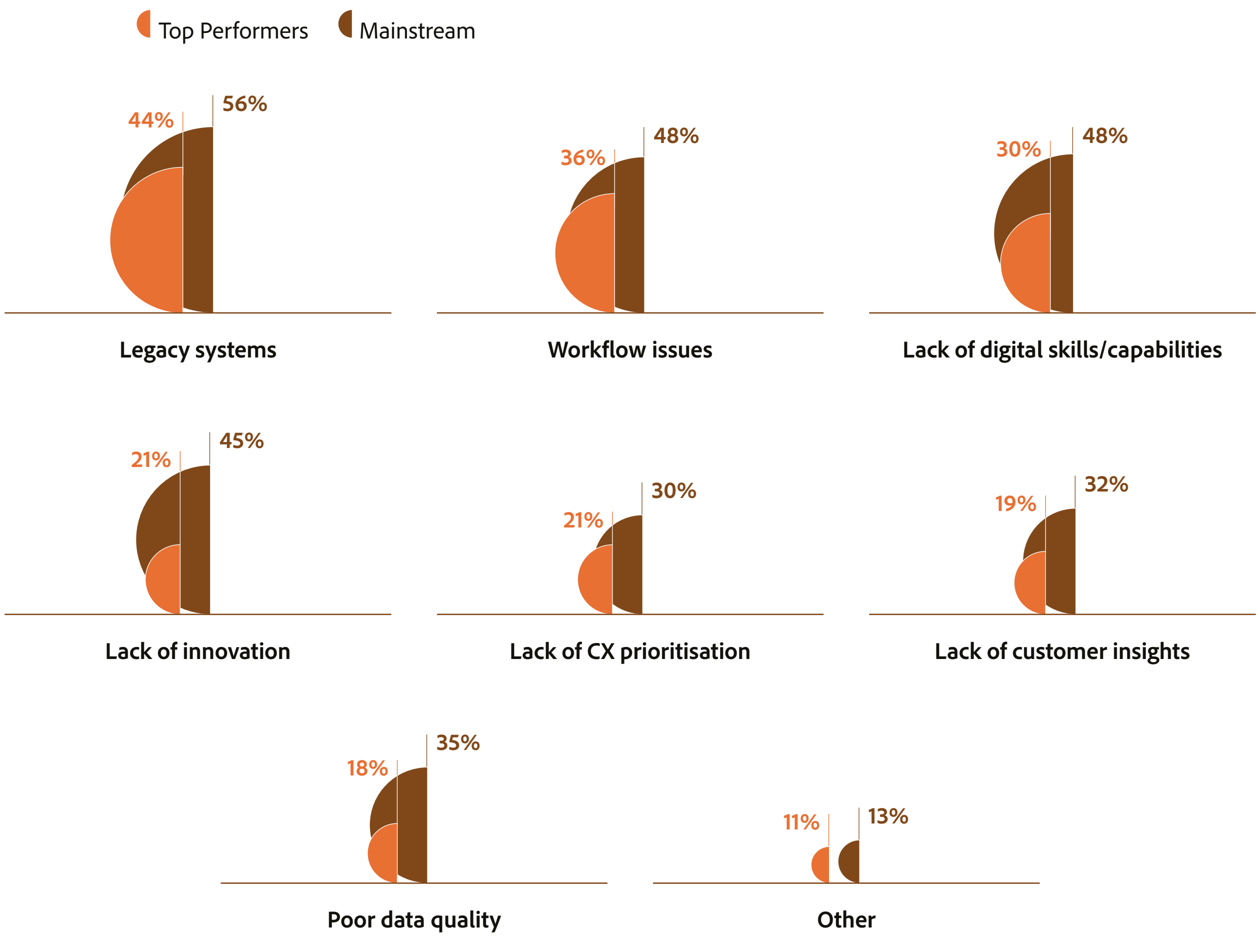
One characteristic that makes top-performers stand out is their confidence in how well set up they are to make CX improvements. Among leaders, 23% believe they are ‘well advanced’ in terms of CX maturity, compared to only 4% of mainstream respondents (*Figure 8*). At the other end of the CX-maturity spectrum, only 17% of leaders are either ‘not very advanced’ or ‘immature’, compared to a whopping 52% among mainstream organisations.

Figure 8 **How do you rate your company’s customer experience (CX) maturity?**



Respondents – Top Performers: 190, Mainstream: 244

Figure 9 **What is holding your marketing/customer experience organisation back, if anything?**



Respondents – Top Performers: 152, Mainstream: 206

Leaders are also ahead of the game when it comes to putting the foundations in place for a customer-centric approach throughout their organisations. Compared to the mainstream, for example, such executives are significantly less likely to feel that their marketing/CX is being held back by internal barriers, ranging from systems-related impediments to processes, skills and culture (*Figure 9*). Tellingly, poor data quality (the very nemesis towards developing a strong CX), is twice as likely to be rated as an internal barrier by mainstream organisations than by leaders.

While CX is complex and multi-faceted, customer-centricity is, in essence, about people. Success requires a level of openness on the part of management and the adoption of new methods of working that are generally not encouraged in organisations with traditional cultures and hierarchies.

Indeed, leaders are less likely to be held back by *'legacy systems'* (40% vs. 56%), *'workflow issues'* (36% vs. 48%) and *'lack of innovation'* (21% vs. 45%).

The way that high-performing organisations are empowering staff has actually been enhanced, and not just maintained, during the pandemic. For example, our survey found that leaders are much more likely than mainstream to say that over the latter half of 2020, they:

- Had *unusual freedom to experiment and innovate* in marketing (68% vs. 39%).
- Were *unusually agile and able to take actions quickly* (82% vs. 64%).
- Had an *unusually high level of communication between teams* (76% vs. 57%).

Ensuring sustainable approaches to data sharing

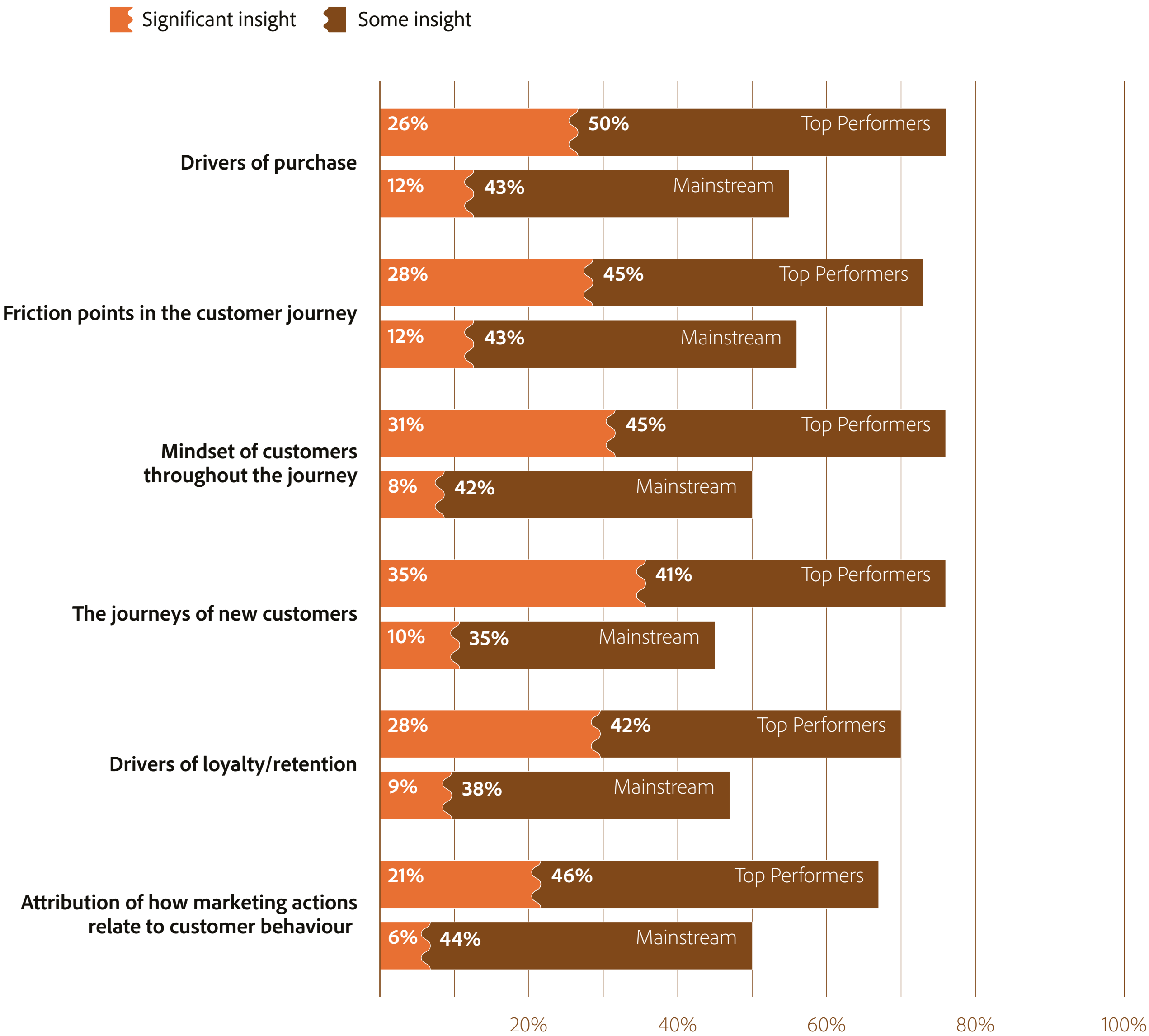
Over the last two decades, public sector organisations have looked at identifiable, yet anonymised, personal data to deliver and improve services.

Positively, it's evident that leaders are more adept when it comes to gaining in-depth insight into user behaviours and preferences than are their mainstream counterparts. As illustrated in *Figure 10*, such executives are more likely to have 'some' or 'significant' insight across the spectrum of options including drivers of purchase, friction points and mindsets.

But data sharing continues to be resource-intensive and challenging. Citizens are increasingly alert to the value of their personal information, with new data legislation such as GDPR bringing concerns about data privacy to the fore. This is well illustrated by debate around UK government plans to share NHS patient data with Google in recent years.[4]

Yet it is only by mastering data at both an individual and aggregate level that public sector organisations can meet the expectations and needs of users at any given moment, and generate the analytics and insights required to improve their current experiences and anticipate their requirements in the future.

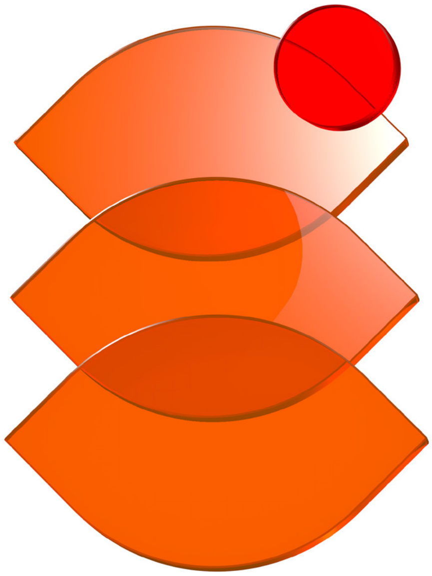
Figure 10 **To what degree does your organisation have insight into the following?**



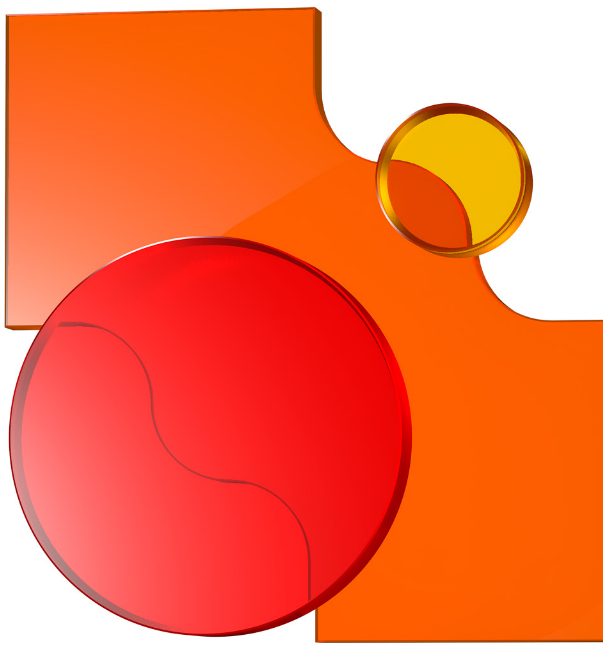
Respondents – Top Performers: 119, Mainstream: 165

For this to be effective and sustainable, public trust in the way data is used and shared is crucial. In this regard leaders are at an advantage, being more likely than the mainstream to say they are *'effective'* or *'highly effective'* at:

- Giving customers easy to use controls to manage permissions (84% vs. 58%).
- Communicating the value exchanged for consent (85% vs. 69%).
- Communicating how data is collected and used (85% vs. 73%).



Satisfying data privacy concerns by providing controls and a clearly communicated value exchange are critical to educating the public that data collection is in their own personal interest. This is also reflected by the fact that leaders are more likely to have overcome objections to data sharing. For example, they are more likely to be *'effective'* or *'highly effective'* at gathering first-party data to deliver strong experiences (77% vs. 56%).



[4] https://www.theguardian.com/society/2019/jun/10/nhs-data-google-alphabet-tech-drug-firms

Conclusions – Four key takeaways for the public sector

1. Democratise digital decision-making.

Digital initiatives are about taking risks – and then building on successes while extracting learnings from failures. Empowering staff to come up with and pursue fresh ideas is a difficult change of direction for some managers, but it is crucial if organisations are to push their digital agenda forward and create new forms of customer engagement. Going beyond 'business as usual' is especially key for understanding and meeting the distinct stakeholder needs of the public that have emerged from the pandemic.

2. Widen the search for digital learnings.

Public organisations might not be competing directly with the digital pioneers that are tearing down established norms in the private sector, but they are being judged against them when it comes to CX. Users' growing expectations mean it is vital that decision-makers explore all potential sources of information and ideas, even from organisations that sit outside the public sector and operate very differently. Keeping abreast of business best practices is a no-brainer.

3. Double down on skills development.

The digital skills gap is a huge issue that faces all organisations, wherever they operate. Public sector organisations are often at a disadvantage when it comes to acquiring and retaining talent, and this is all the more reason to get creative when it comes building key customer-centric digital skills.

4. Firm up data policies to win users' trust.

Data proficiency remains an elusive goal for many organisations in both the public and private sectors, but is a key differentiator in the digital era. Gathering of high-quality, first-party data is a key element to nail down, as this will fuel the user insights many organisations struggle to come up with. Cracking the code of how to ensure trust with users, while also predicting their future requirements, holds the key to success.

Methodology

Digital Trends 11th Edition is based on an online survey fielded to select Adobe and Econsultancy lists in the fourth quarter of 2020. The survey closed having collected 604 qualified responses from the public sector.

Demographics profiles

- Fifty four percent of all the responses were at manager level or above.
- In terms of business function, IT held the largest share of respondents (23%), followed by creative/design (22%), and operations (12%).
- As defined by target market, those addressing both markets equally accounted for 42%, followed by B2C with 36%, and B2B (22%).
- The sample is global, with North America providing the largest share of respondents (45%), followed by Europe (35%) and the Asia-Pacific region (16%). The survey was translated into French, German, and Chinese.

Econsultancy × Adobe