2020 Digital Trends

in Europe

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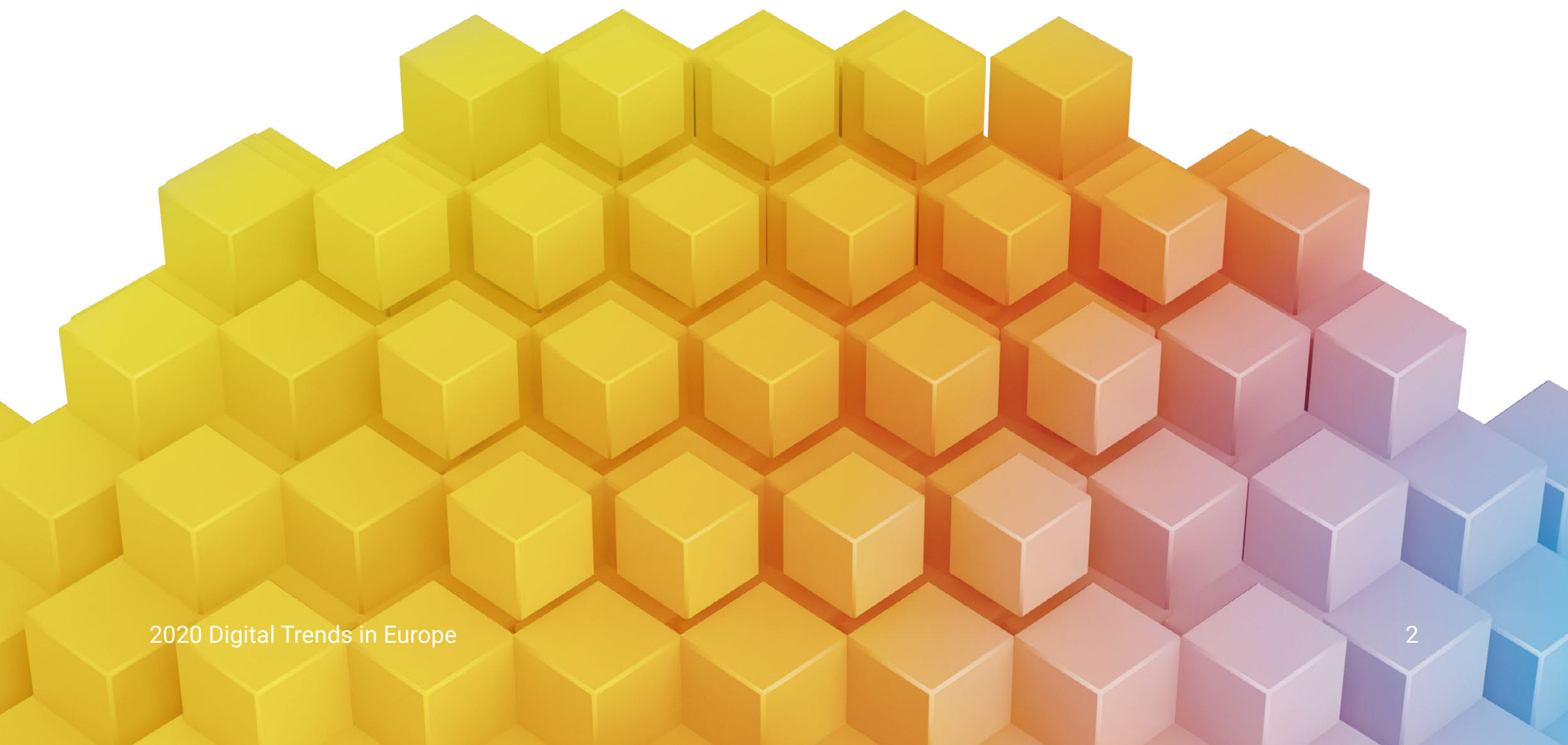


Foreword

Alvaro Del Pozo
VP, Marketing, Adobe international

Welcome to Adobe's Digital Trends report, our annual survey of marketing, advertising, ecommerce, creative and technology professionals around the world. Now in its 10th year, Digital Trends continues to reveal the most significant shifts in the industry that are driving marketing strategies, company investment and consumer behaviour.

This tenth edition of the report gives us the opportunity to reflect on the last decade. Adobe, in partnership with Econsultancy, has gathered more than 75,000 senior leaders' experiences and insights across this period. Our commitment to measuring the industry viewpoint from business leaders and influencers delivers a fascinating window into how much change the technology sector has experienced.

When we produced the first report in 2011 marketers were obsessed with digital channels. How would social media impact ecommerce? Would people buy anything on a mobile device? How would television advertising be affected by digital channels?

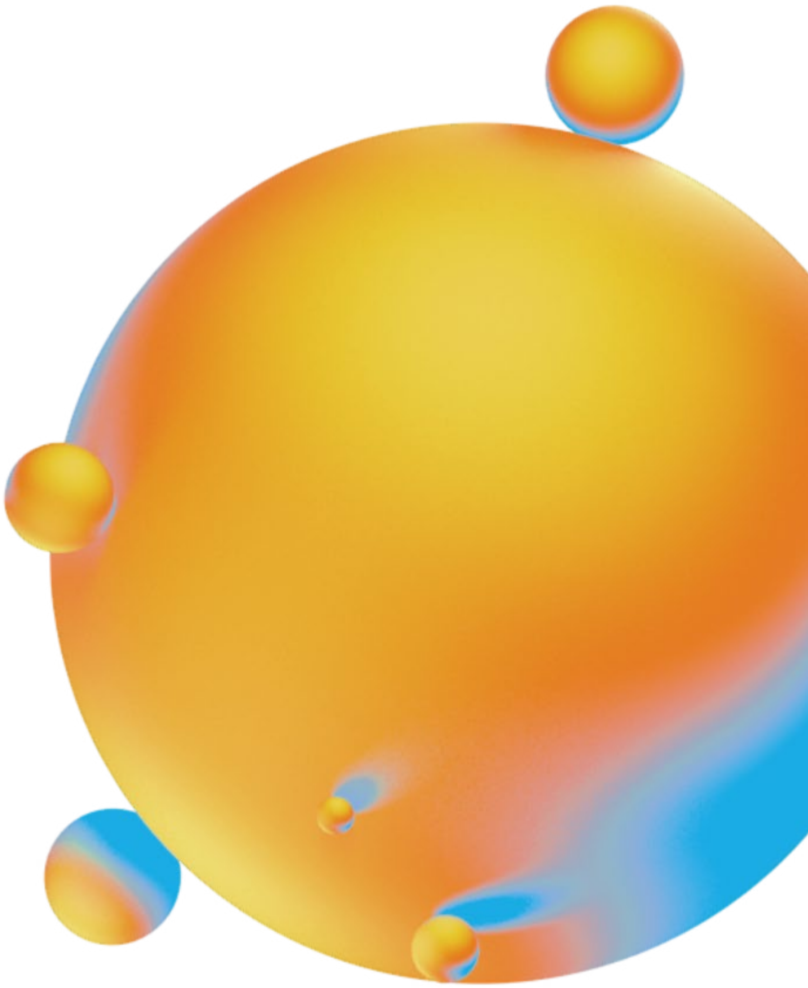
Of course, the landscape we operate in today is very different from that of 2011. Today's consumer expectations are far greater, but so is the opportunity. Technology and data are empowering brands to build direct, emotional relationships with consumers that are changing the way businesses operate forever. This is a new era for marketers. We can understand and interact with our audience in more meaningful ways than ever before.

This also poses challenges for brands. Customer-centricity is magnifying organisations' structural, cultural and technological barriers that shape data management, customer experience delivery, and ultimately define business success. The regulatory environment, AI and emerging tech are all providing challenges and opportunities whose impact is explored in detail in the report.

Fundamentally, the 2020 Digital Trends report shows that today the value of customer experience is unquestionable. Brands leading the way in customer experience are three times more likely to have significantly exceeded their 2019 business goals.

Digital Trends continues to be a valuable tool for our teams at Adobe and marketers across the globe to track industry developments. This year's report is a fantastic opportunity to reflect on how these changes have evolved over the last decade and drive success for our customers in 2020 and beyond.

Executive Summary



Companies across EMEA poised to seize the CX initiative

The 10th annual Digital Trends report from Econsultancy and Adobe shows that organisations across Europe, Middle East and Africa (EMEA) have embraced the idea that their growth is linked to their ability to manage and improve the customer experience (CX).

CX experience optimisation is seen as the number one opportunity for EMEA companies in 2020, as business leaders see their ability to deliver rich, effortless experiences as a commercial necessity.

This research looks at how EMEA, as a whole, compares to North America and Asia Pacific (APAC) in the context of digital trends and opportunities, while also comparing the survey results for some key European markets, including the UK, France, Germany, Italy and the Nordics.

And it explores some of the fundamental issues facing business leaders across EMEA today, from CX confidence to digital priorities such as data-driven marketing personalisation and AI.

Companies in France and Italy are more confident in their CX capabilites than those in the UK and Germany

- For many, the journey to CX mastery is in its early stages. Across EMEA, roughly half of all responding companies describe themselves as “immature” or “not very advanced” in their CX maturity.
- Respondents in France are most likely to regard themselves as ‘very advanced’ for CX, with 16% claiming they have aligned their strategy and technology for CX.
- More than half of Italian companies (55%) regard themselves as ‘very’ or ‘quite’ advanced, which is a higher level than their European peers.
- In comparison, only one in 20 responding companies from the UK and Germany classify themselves as ‘very advanced’ (5% and 6%, respectively) and a further two in five (37% and 38%, respectively) say they are ‘quite advanced’.

EMEA organisations are focused on better customer journeys

- From a long list of disciplines, customer journey optimisation is the top digital-related priority for 2020, reflecting an understanding that better customer journey management is part of the strategic bedrock required to deliver better CX.
- Customer journey management is the top digital-related priority in the UK (38%) and Germany (27%), and joint top in France (28%). In the Nordics, it is the fourth top priority.

Marketers embrace data-driven marketing with a focus on first-party data

- EMEA organisations are more likely than their peers in other regions to regard data-driven marketing that focuses on the individual as an exciting opportunity for the year ahead.

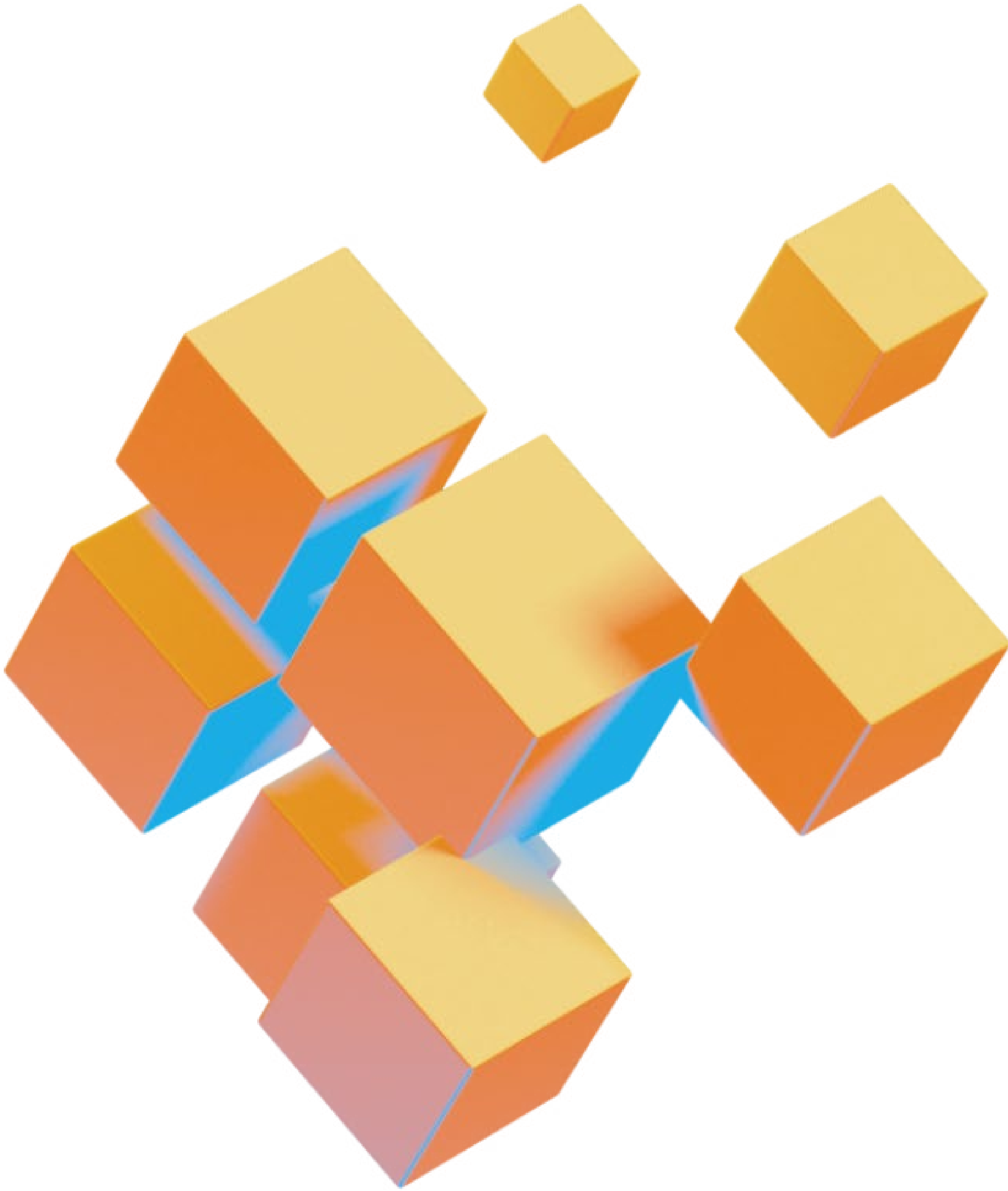
- More than half (52%) of companies in Germany are planning to increase their investment in first-party data, compared to 32% in the UK and 22% in France.

Companies across the region harness personalisation and AI to drive better experiences

- EMEA organisations are less likely than their peers in North America and APAC to deliver personalised experiences in real time (23% in EMEA vs. 30% in other regions). Companies in Asia Pacific are leading the charge here with a third (33%) claiming to do this.

- Real-time personalisation has highest penetration in the UK (26%), double the figure for Germany (13%).

- Nearly half of EMEA companies (49%) are already using artificial intelligence (AI) and machine learning (ML) or planning to invest. This is well ahead of their peers in other regions (41%).



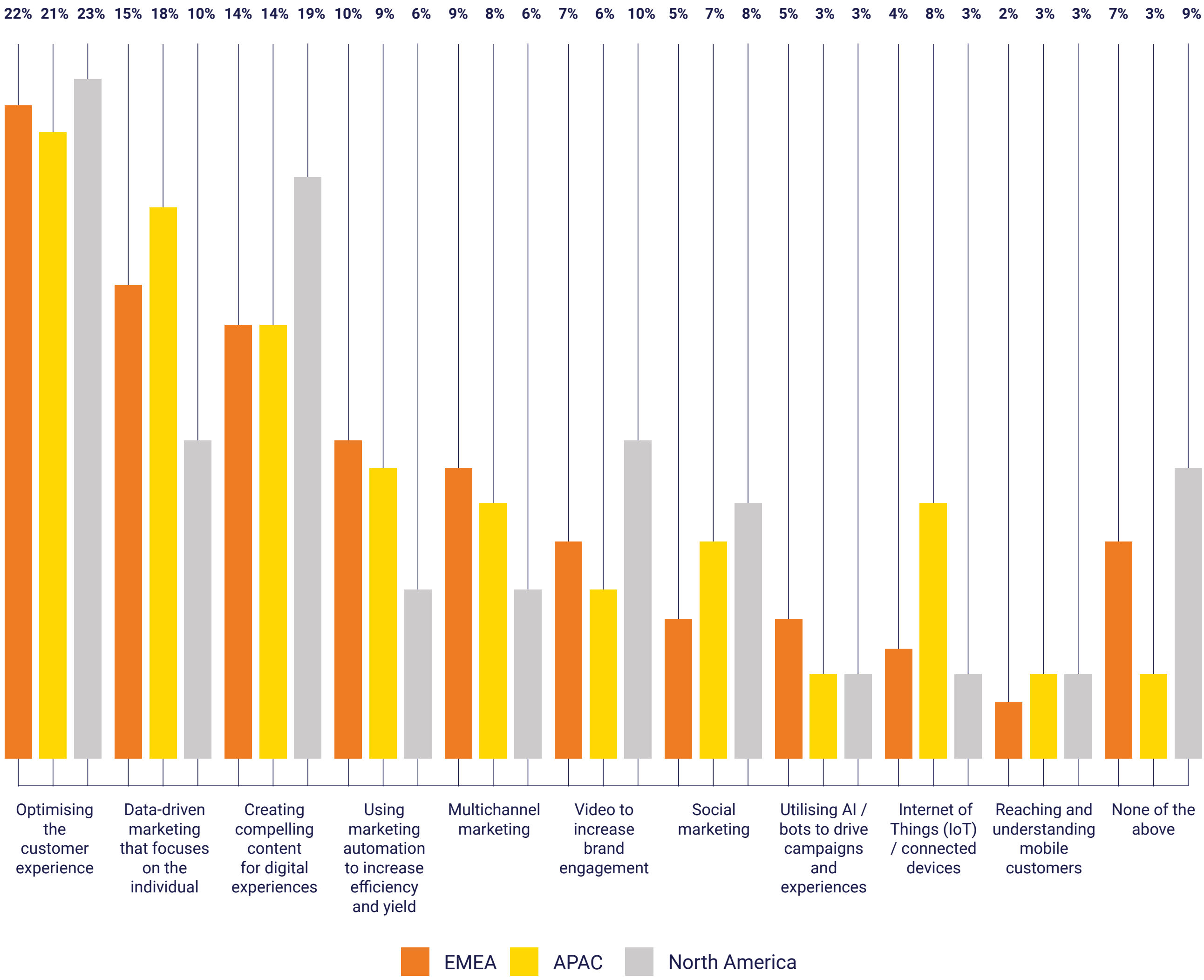
1 Customer journeys hold key to CX opportunity

EMEA companies focus on optimising the customer experience

The Digital Trends 2020 report makes an overwhelming case for the value of customer experience investment. Brands classified as CX leaders are three times more likely than their peers to have significantly exceeded their 2019 business goals. And this is the case across EMEA as well.

Our research shows that businesses in EMEA have generally been persuaded of its value, but there are, of course, nuances by sub-region and country. In broad terms, the picture for EMEA in terms of recognition of the CX opportunity reflects the worldwide picture. As can be seen in *Figure 1*, *optimising the customer experience* (22%) is regarded as the number-one opportunity for 2020, ahead of *data-driven marketing that focuses on the individual* (15%) and *creating compelling content for digital experiences* (14%).

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



Respondents: : 4,608

How countries compare for CX maturity and confidence

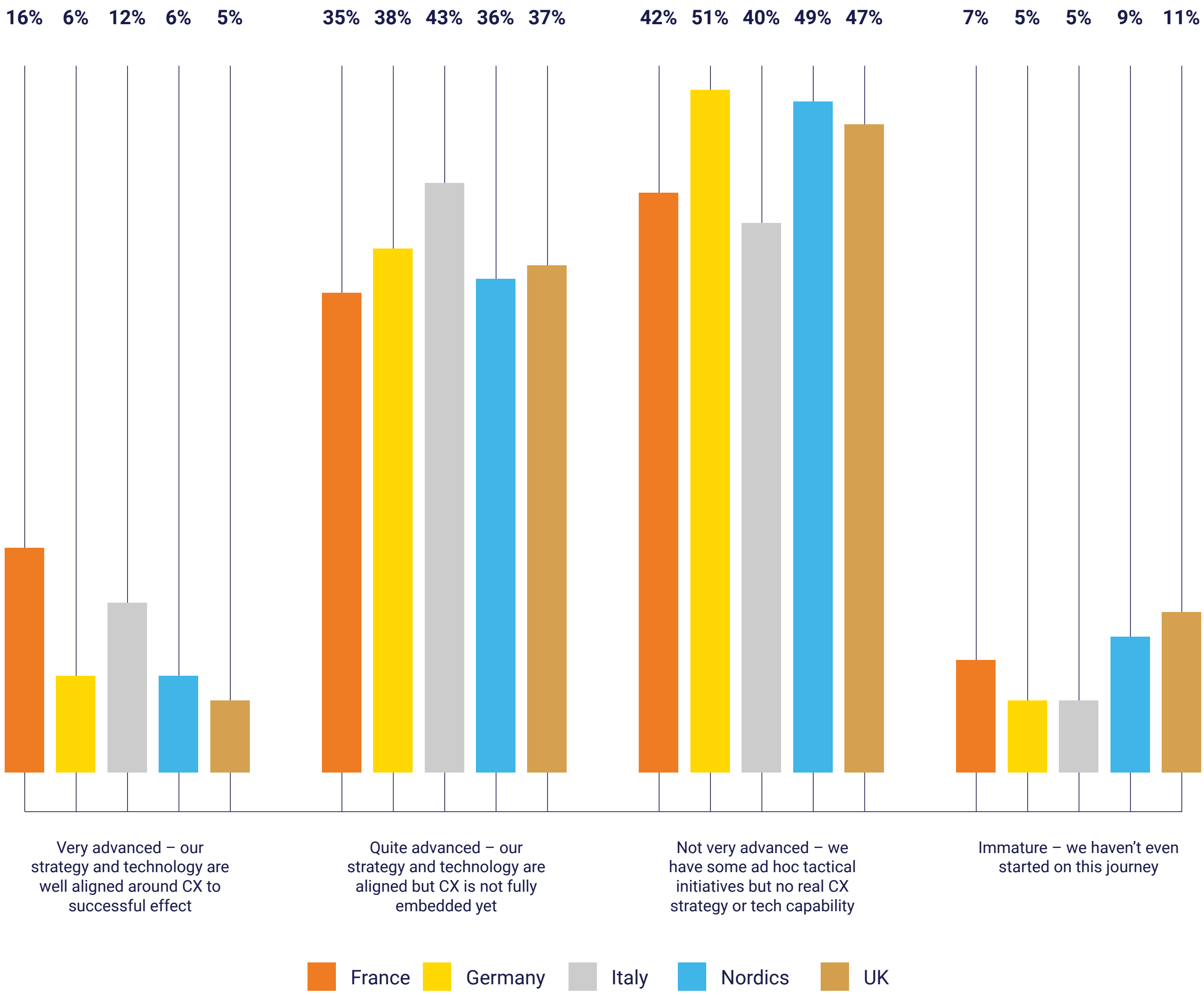
Figure 2 shows significant variation across European countries in how companies rate themselves for CX maturity (with the Nordics included as a region, including Denmark, Finland, Norway and Sweden):

- Organisations from France are most likely to regard themselves as 'very advanced', with 16% of respondents in this region putting themselves in this top bracket, defined as having *'strategy and technology [that] are well aligned around CX to successful effect'*.

- While fewer respondents in Italy describe themselves as 'very advanced', more than half of Italian companies (55%) regard themselves as 'very' or 'quite' advanced, higher than for any of the other countries shown.
- Companies in the UK and Germany have a similar perspective on their CX maturity, with only one in 20 classifying themselves as 'very advanced' (5% and 6%, respectively) and a further two in five (37% and 38%, respectively) saying they are 'quite advanced'.

Just as important are those at the face of the wave. Nearly half of all respondent companies in EMEA describe themselves as "not very advanced" or "immature" in their CX development. The variation between countries across the maturity curve should be viewed as an opportunity for all; the race is far from over and there's reason and time to compete.

Figure 2: How do you rate your company in terms of customer experience (CX) maturity?



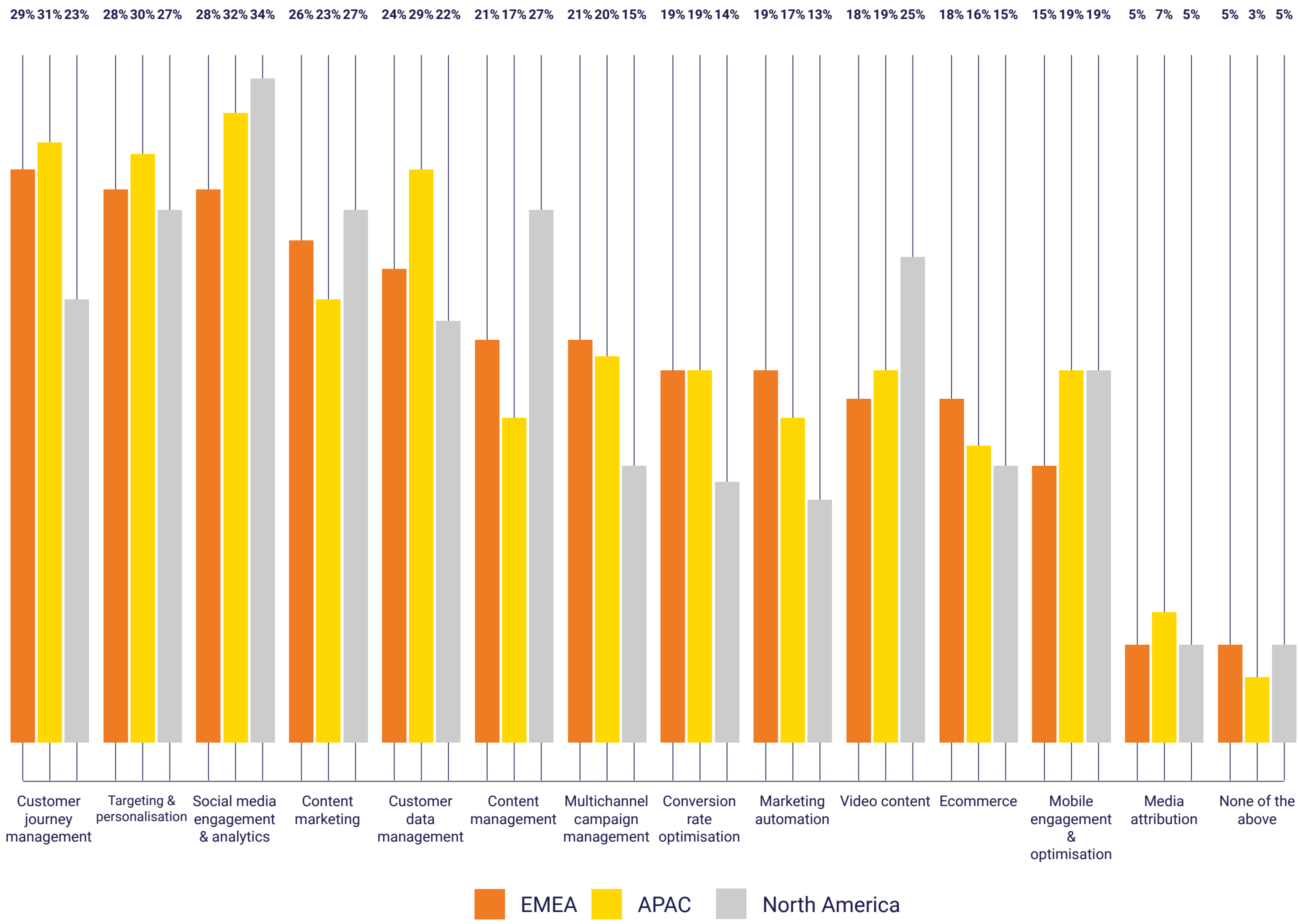
Respondents: 1,539

EMEA at forefront of global customer journey optimisation

Companies across sectors and regions are committed to better understanding their customer's journeys, seeking to respond in real time and in context to people's needs. *Figure 3* shows that EMEA organisations are making customer journey management the top digital-related priority for 2020.

Customer journey management is among the top three digital-related priority in the UK (38%) and Germany (27%), and joint top in France (28%).

Figure 3: Which three digital-related areas are the top priorities for your organisation in 2020?



Respondents: 4,531

Table 1: Prioritisation of customer journey management in 2020 by country

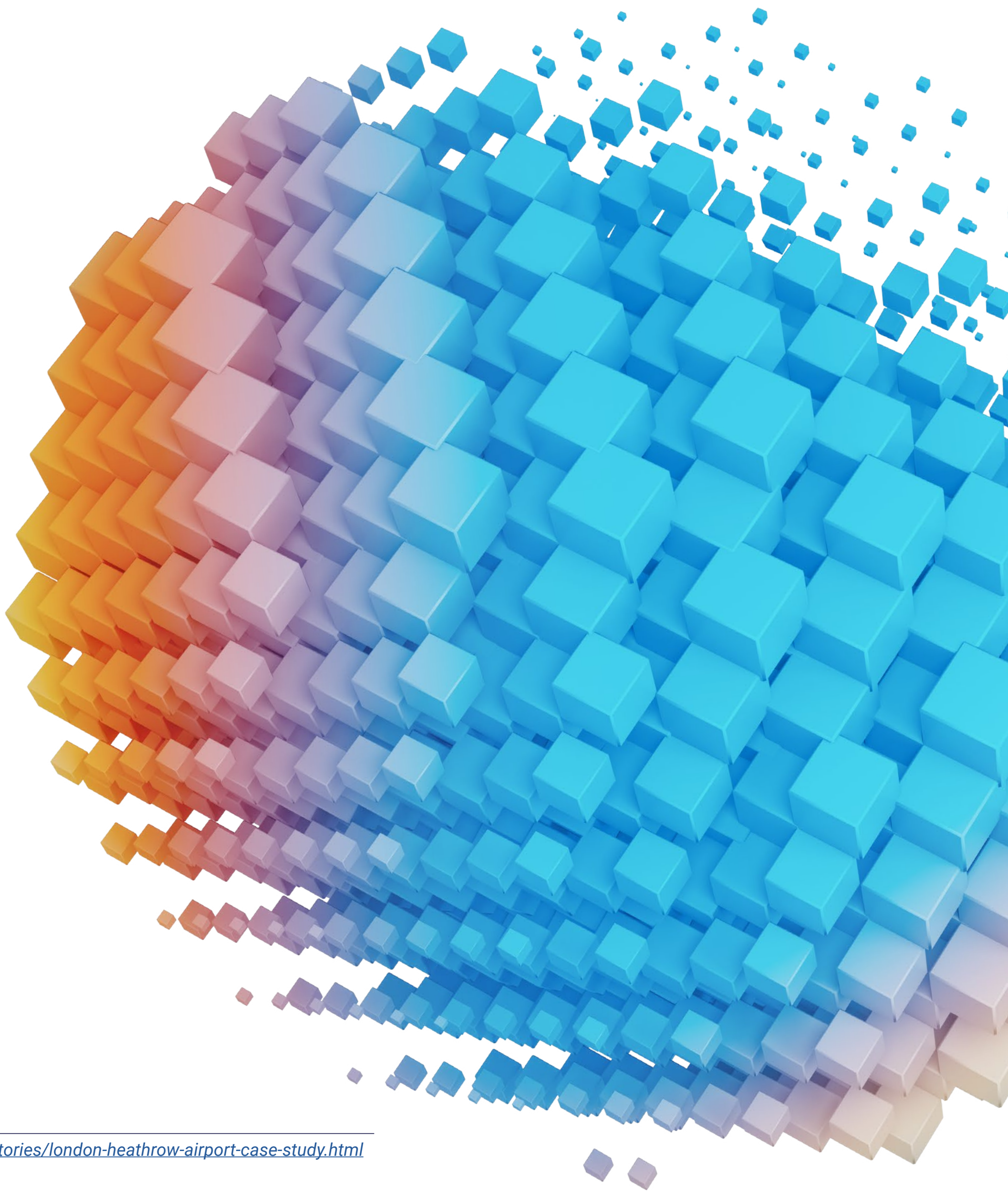
	Percentage ranking as top-three priority	Ranking of customer journey management as priority
EMEA average	29%	#1
UK	38%	#1
France	28%	Joint #1
Germany	27%	#1
Italy	17%	#9
Nordics	26%	#4

How Heathrow Airport has grown through a laser focus on customer journey management

Companies understand the value of customer journey management and how this can deliver on business results. Europe's largest airport, Heathrow, engages tens of millions of travellers a year and has grown its business through a laser focus on customer journey management. The international airport drives revenue for its 300 retail stores, restaurants, lounges, meeting rooms and children's play areas with targeted campaigns and more personalised experiences[1].

Heathrow Airport has dedicated resources to gain a single view of the customer across mobile, web and in-person engagements. With the ability to build and test personalised experiences that support cross-selling, the airport has increased the average spend per customer by 60%.

In summary, organisations across EMEA are very much aligned with the global push to invest in and commit to CX. Despite variations by individual country, a significant proportion of companies across the region are prioritising customer journey management and working to advance their CX maturity.



[1] https://www.adobe.com/customer-success-stories/london-heathrow-airport-case-study.html

2 The rise of the data-driven organisation

The data-driven marketing challenge

Having access to a single, coherent view of data and building customised profiles of individual customers has long been the linchpin of effective customer experience management (CXM).

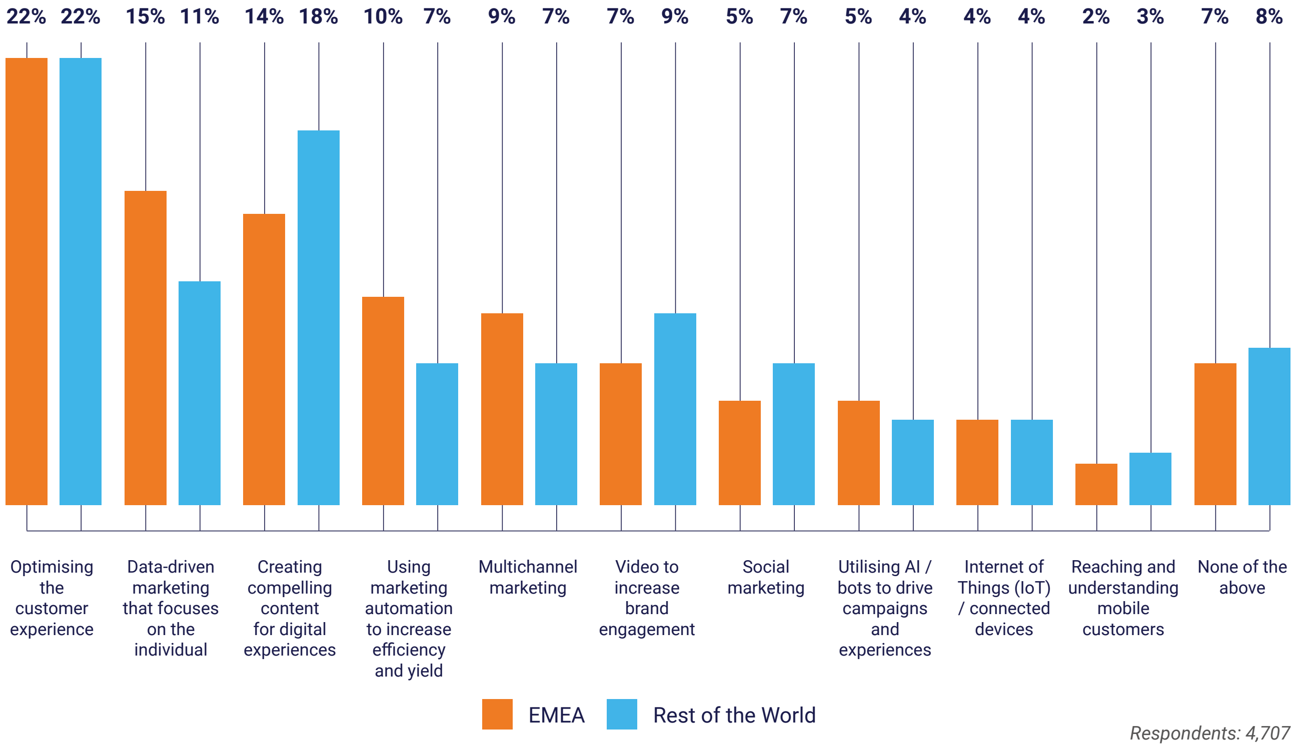
Data's role extends beyond informing business decisions – it provides critical context, uncovers pain points and even anticipates future customer needs. But tapping into the right data and unlocking the insights needed to truly connect with customers has proven to be a considerable challenge for many organisations, at all levels.

EMEA leading global companies in data-driven marketing focus

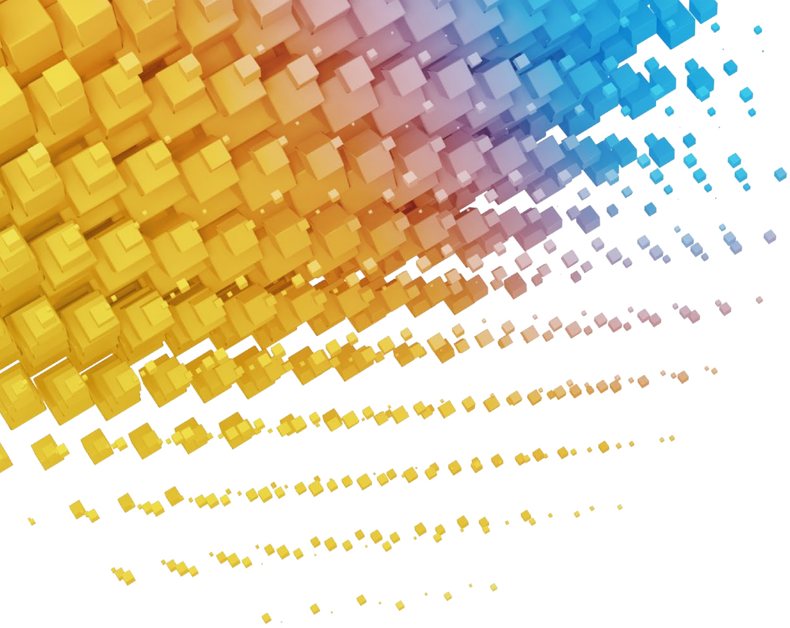
Our 2020 Digital Trends research reveals that many EMEA organisations have started to see the value of deriving and acting on data-driven insights.

- EMEA organisations are 36% more likely than their peers in other regions to regard data-driven marketing that focuses on the individual as an exciting opportunity for the year ahead (15% vs. 11%, *Figure 4*).
- Across EMEA, UK businesses are most likely to cite data-driven marketing as the single most exciting opportunity – 21% compared to 11% in France, 15% in Germany and 16% in the Nordics.
- At the other end of the spectrum, only 4% of Italian organisations identify data-driven marketing as their single most exciting opportunity, leaning instead to the application of artificial intelligence/bots (11% vs. 4% across EMEA). They are also least likely to say the same about CX optimisation – 16% compared to around a quarter in other European countries, although it still ranks as Italian respondents' top choice.

Figure 4: Which one area is the single most exciting opportunity for your organisation in 2020?



Respondents: 4,707



How James Villa Holidays prioritised data-driven insights

James Villa Holidays, part of The Awaze Company, offers 3,000 villa properties across Europe, the Caribbean and Florida, and has provided more than half a million holidays for customers, offering flights, car rental and other types of private transportation.

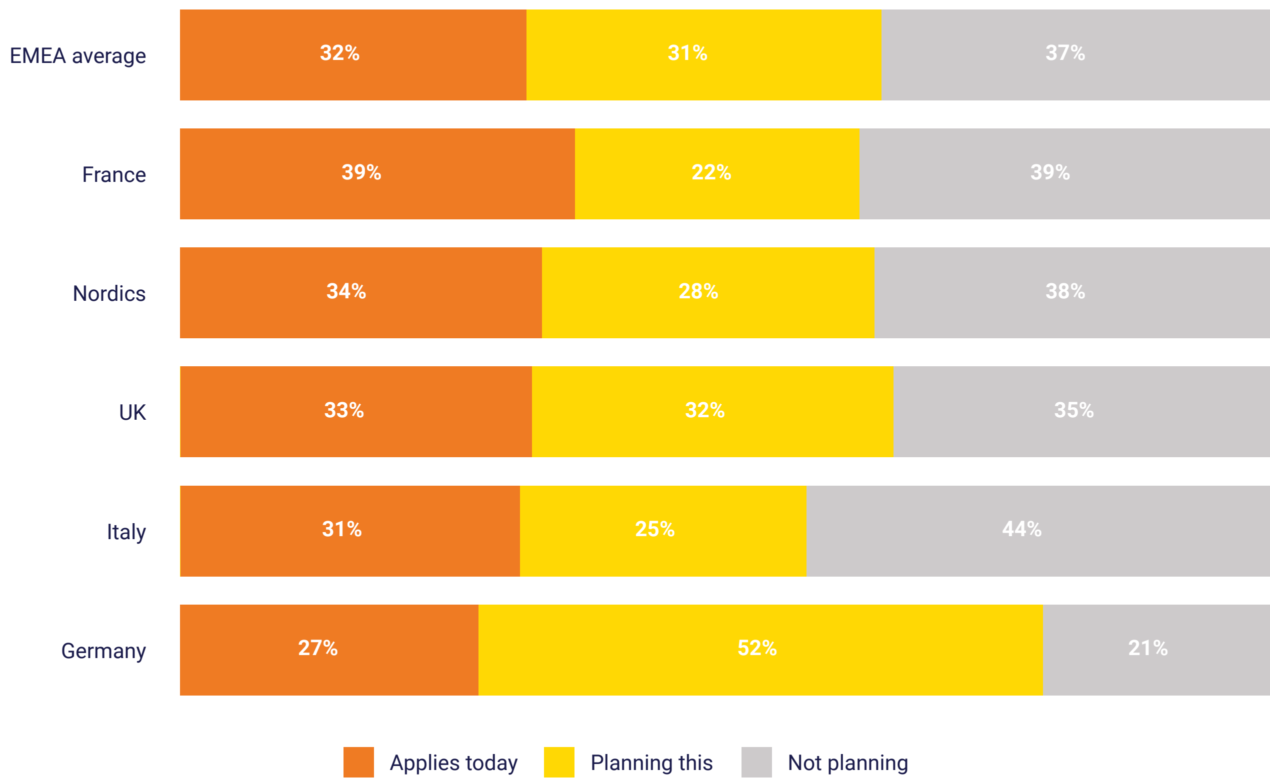
The brand has made it a priority to gain data-driven audience insights so it can provide more relevant content and offers to improve the customer experience and attract more customers.

An ever-increasing focus on first-party data

As companies in virtually every sector seek to better understand and anticipate their customers' needs, first-party data has become one of their most valued business assets.

The 2020 Digital Trends report shows a direct correlation between CX maturity and the focus on first-party data and managing the experience at an individual level: CX leaders are more likely than their mainstream peers to be increasing investment in first-party data (46% vs. 31%) and working to advance their ability to identify their customers (33% vs. 21%).

Figure 5: Our organisation is increasing investment in first-party data



Respondents: 789

Three steps to data-driven transformation

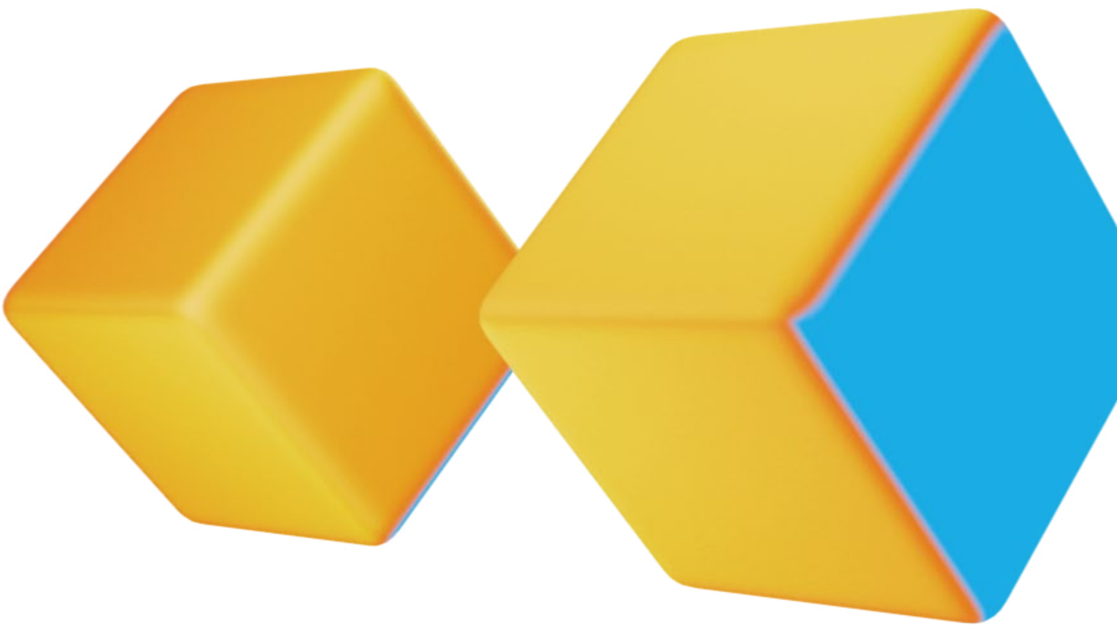
Data supports all the processes that are part of a digital transformation programme. Moving from siloed data assets to an insight-powered customer experience management system and building a foundation for effective data-driven marketing is dependent on three supporting elements:

- **Treating data as a strategic asset across the whole organisation.** A lack of data integration across business units and functions is a commonly cited hurdle among organisations of all sizes. Breaking down internal silos and increasing awareness around the value and impact of data sets the stage for transformation.

- **Enabling a cross-organisational partnership between IT and the rest of the business.** Moving from data to enhanced insights isn't possible without close IT collaboration. Successful data-driven programmes typically start with an IT-focused project of data consolidation and evolve into organisation-wide initiatives that expand the scope and impact of data.

- **Developing a data governance strategy.** Organisations need to take a step back and develop a business-centric framework to collect, manage, protect and analyse customer data. IT is a key stakeholder driving these efforts, but data governance is ultimately a partnership among business leaders. Integrating the resulting governance model into every department will ensure that they get a better handle on the data they have and help them make informed decisions based on accurate insights.

In summary, intelligent use of data is essential for organisations trying to provide better experiences for prospects and customers. Technologies that help companies manage and nurture their first-party data, and unify customer profiles, are fast becoming table stakes.



3 AI helps to drive personalisation at scale

The challenge of achieving personalisation in real time

Putting customer data to work is one of the central tasks facing organisations globally. Nowadays, a company's ability to compete largely hinges on how effectively it can tailor experiences to individual customers.

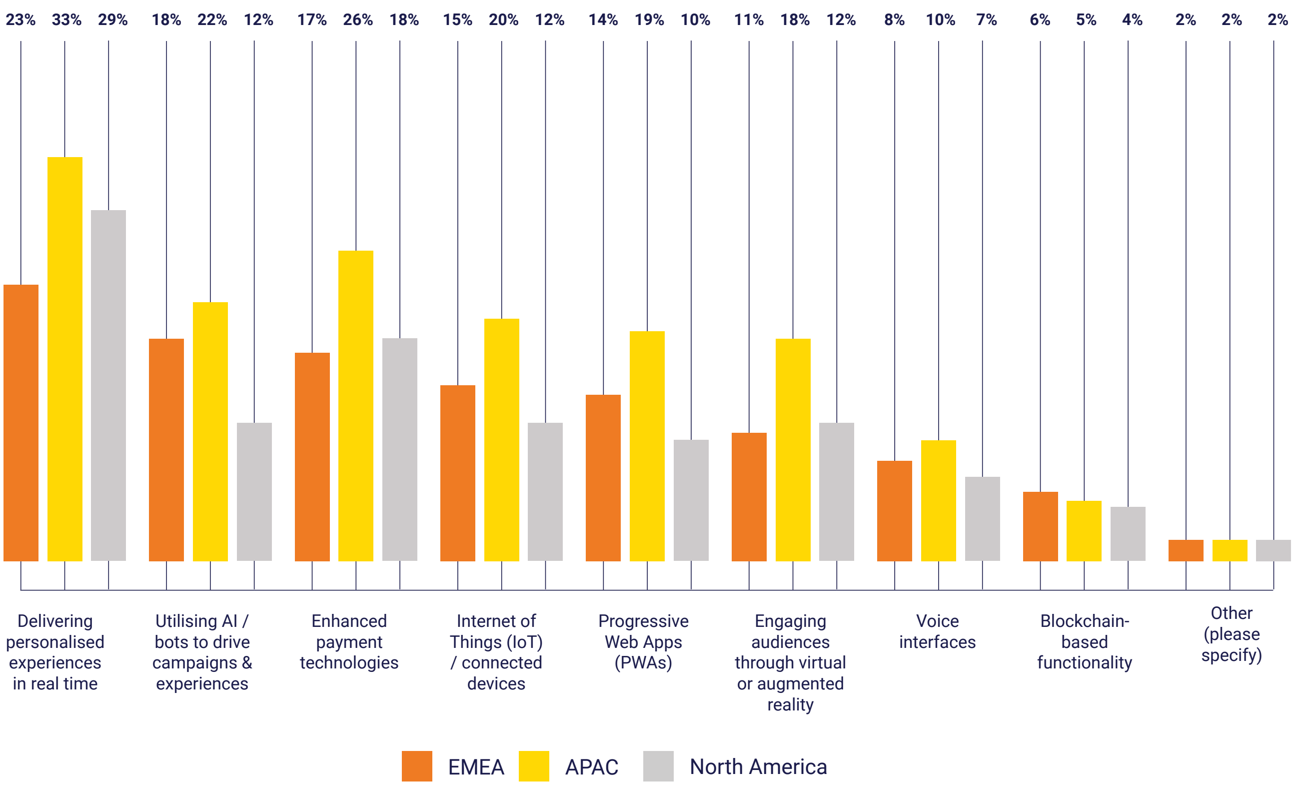
Achieving this personalisation at scale, and in real time, is a major challenge. It forces businesses to become highly adept at managing and extracting value from their data. And this means they often need to completely recalibrate how they do business and focus on AI to ensure that technology, rather than people, is doing the heavy lifting.

How do EMEA and global companies compare on personalisation capabilities?

EMEA businesses have by no means been immune to these personalisation challenges, so implementation progress is distinctly mixed.

- When it comes to *delivering personalised experiences in real time (Figure 6)*, EMEA organisations are less likely than those across the rest of the world to have incorporated this capability into their business (23% in EMEA vs. 33% in Asia Pacific and 29% in North America.)
- Even among brands that are best-in-class in serving customers, the spread of real-time personalisation in EMEA is limited. CX leaders in EMEA are well behind peers in North America and APAC in terms of incorporating personalisation (29% in EMEA vs. 38% in other regions).
- There is wide variation between EMEA countries when it comes to personalisation traction. Real-time personalisation has highest penetration in the UK, with 26%. This is double that of Germany (13%).

Figure 6: Which of the following have you started to incorporate into your business?



Respondents: 4,400

The promise of personalisation continues to fire the imagination

Despite the complexity of implementing personalisation, companies in EMEA are up for the challenge.

- Among EMEA marketers, 28% see *targeting and personalisation* as one of their top three priorities for 2020.
- Across EMEA, personalisation excitement varies significantly by country. As seen in the previous section, one in five businesses in the UK and Nordic region (21% and 16%, respectively) see *data-driven marketing that focuses on the individual* as their main source of excitement for the coming year. In France, however, just one in 10 companies name it as their most exciting opportunity (11%).
- This excitement in the UK and the Nordics is being acted upon. Three in 10 businesses in those countries are prioritising *targeting and personalisation* in 2020 (33% and 34%, respectively). This is almost twice the level of prioritisation seen in Germany (18%) where companies are more conservative in their approach.

Table 2: Prioritisation of targeting and personalisation in 2020 by country

	Percentage ranking as top-three priority	Ranking of targeting and personalisation as priority
EMEA average	28%	Joint #2
UK	33%	#2
France	25%	#3
Germany	18%	Joint #5
Italy	23%	#4
Nordics	34%	#1

[3] https://www.adobe.com/content/dam/acom/en/customer-success/pdfs/swisscom-customer-experiences-case-study.pdf

AI boosters firing up in EMEA

Leading telecom provider Swisscom is harnessing AI and machine learning to help consolidate its position in Switzerland for mobile, television and broadband customers. The company's AI and machine learning (ML) department develops and implements services such as intelligent search features and accurate speech recognition to benefit its customers.

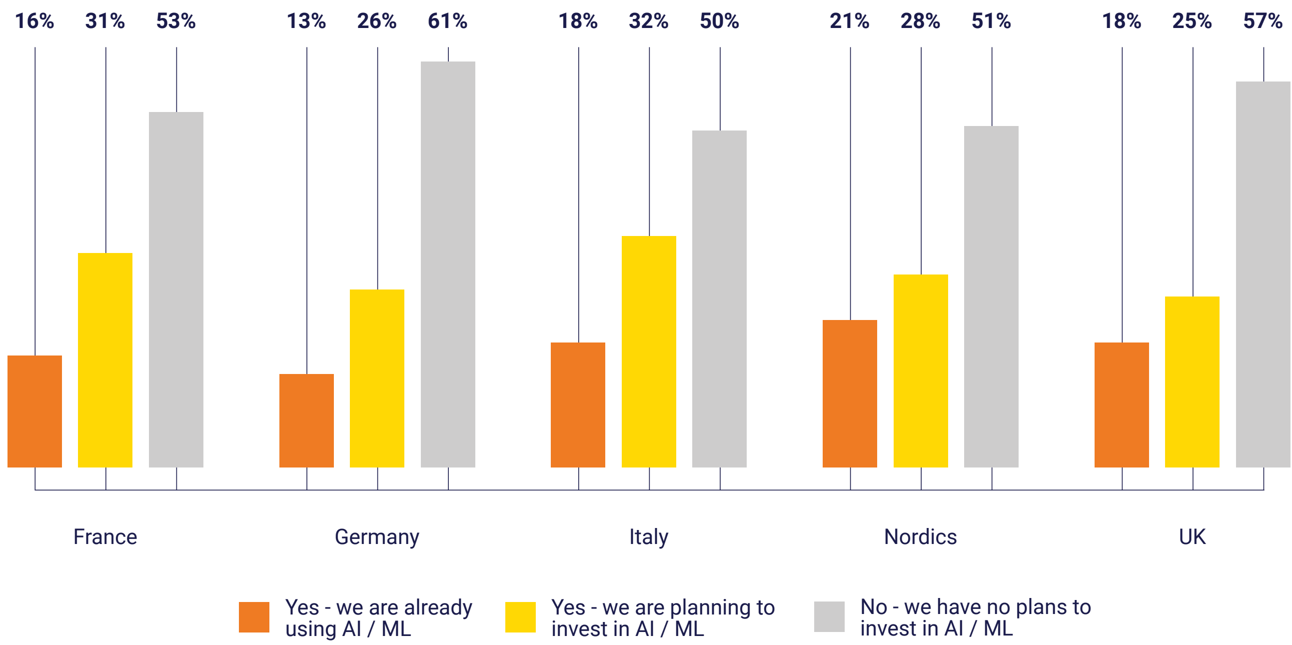
Swisscom has recognised the potential of AI for understanding its customers and providing even better digital experiences. Through its digital platform the company can now identify new patterns and opportunities, automating its marketing processes to achieve greater returns with less effort[3].

Telenor Norway is another great example of a brand leveraging AI. The telecom operator optimises bids on search keywords through simulations created using machine learning. The company is able to determine the expected rate of clicks and broadband checks for different keywords[4].

Looking across the region as a whole, the continued commitment to AI-driven personalisation is further reflected in appetite levels for AI and ML, and how this technology can help bring brands closer to customers.

- Nearly half of EMEA companies (49%) are 'already using' AI/ML or 'planning to invest' in the technology. This is well ahead of their peers in other regions (41%).
- Interest in AI/ML is relatively high across EMEA territories. However, there is variation among individual countries. Germany ranks lowest, with 39% 'already using' AI/ML or 'planning to invest'. This figure increases in the highest ranking countries, (49% in the Nordics and 50% in Italy).

Figure 7: Is your organisation using or planning to invest in artificial intelligence (AI) / machine learning (ML) in 2020?



In summary, Swisscom and Telenor are great examples of what is possible for companies prepared to invest in artificial intelligence and machine learning. Organisations across EMEA should seek to understand how they can benefit from AI and ML for a range of use cases, including analysis of data, optimisation and automation.

[4] https://www.adobe.com/content/dam/acom/uk/customer-success/pdfs/telenor-case-study-uk.pdf

Conclusion

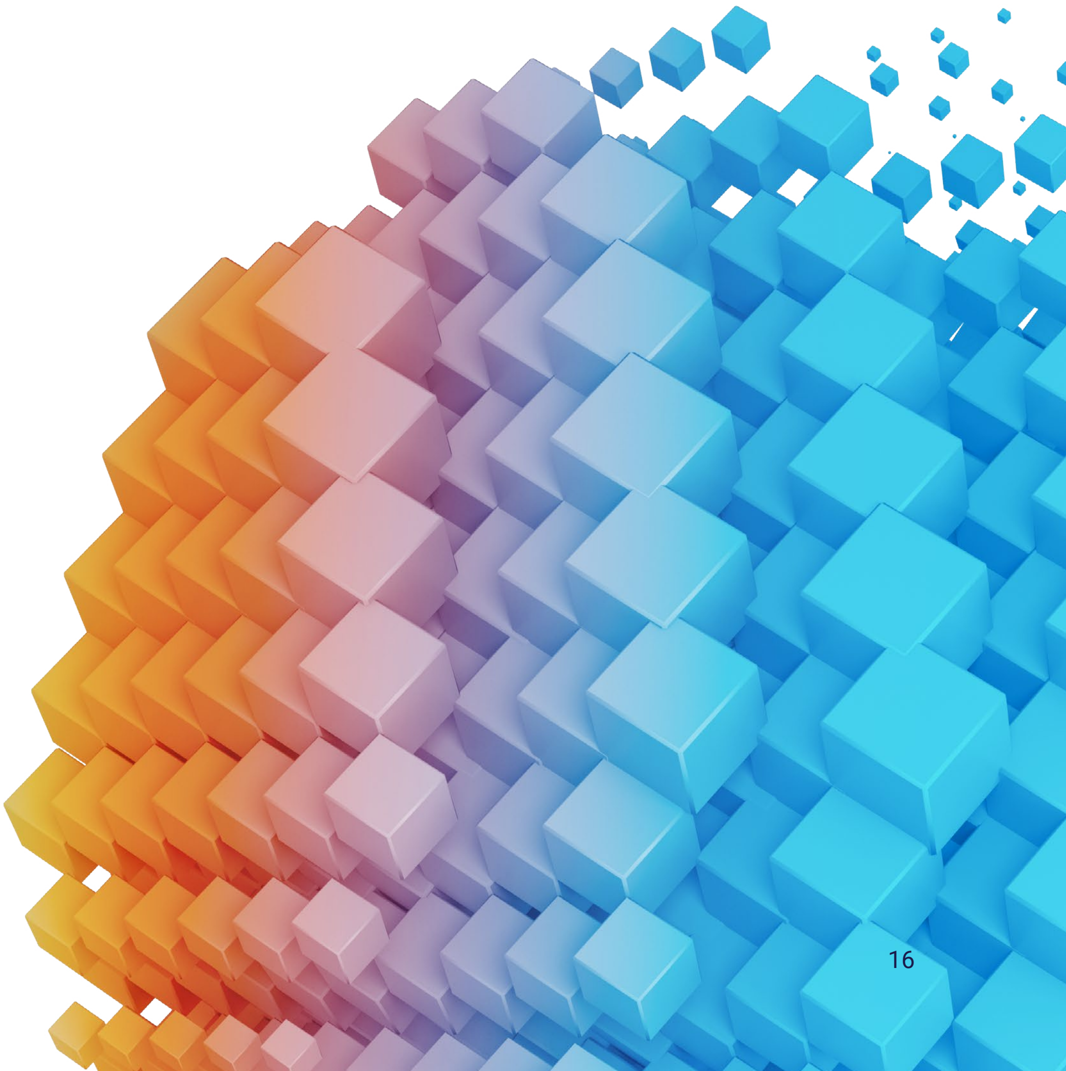
Four key takeaways for EMEA marketers

1. Customer journey optimisation should be a priority for marketers in all countries (and especially in the Nordics and Italy where this has been less of a focus).

2. EMEA organisations should focus on data-driven marketing to ensure their content, messaging and advertising across both their own digital properties and third-party sites are as relevant as possible to target audiences and segments. Where necessary, organisations should ensure that different parts of their marketing and advertising technology stacks are integrated.

3. Our research shows a direct correlation between CX maturity and the focus on first-party data and post-cookie strategies. Organisations in EMEA should treasure their own proprietary data as a way of differentiating through better experience.

4. Although EMEA companies are ahead of those in other regions when it comes to adoption of AI, they should continue trying to understand its potential for more effective marketing, for example, generating insights about their customers in order to provide even better digital experiences.

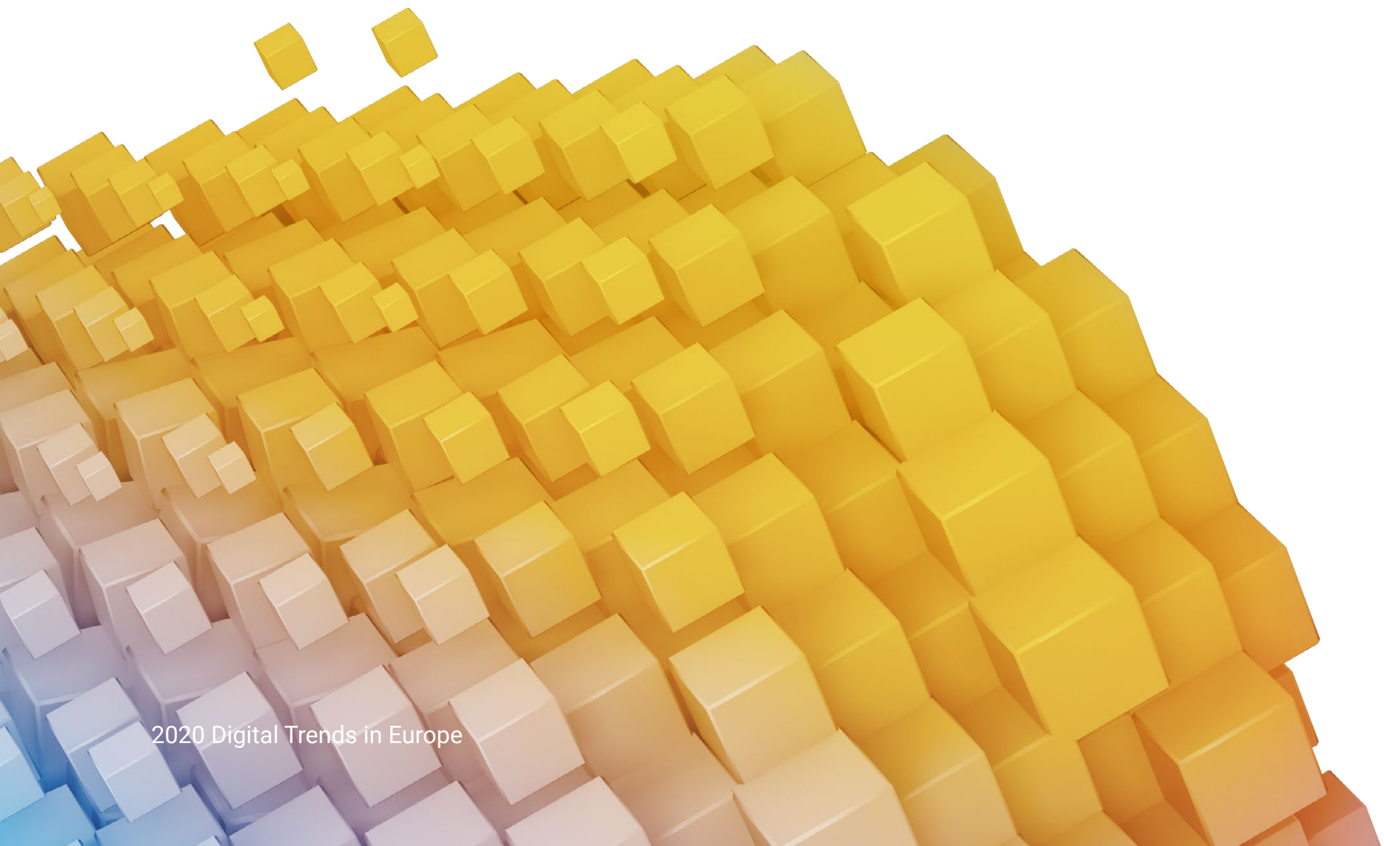


Methodology

Digital Trends 10th Edition is based on an online survey fielded to select Adobe and Econsultancy lists in the fourth quarter of 2019. The survey closed on November 27th having collected 5,808 qualified responses across EMEA countries.

Demographic profiles

- Fifty-five percent of EMEA respondents come from the client-side. The remaining sample is made up of consultants, executives at agencies and marketing technology/services vendors.
- Seventy-nine percent of client-side responses were at the manager level or above.
- As defined by target market, the sample is almost evenly split between B2B (35%), B2C (31%) and those addressing both markets equally (34%).
- UK provided the largest share of respondents (27%), followed by Nordics (13%), Italy (12%), Germany (10%), and France (10%). The survey was translated into French, German, Chinese and Japanese.
- Every business sector is represented, with concentrations in Technology (11%), Financial Services (9%), Retail / Ecommerce (8%) and Manufacturing (8%).



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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.

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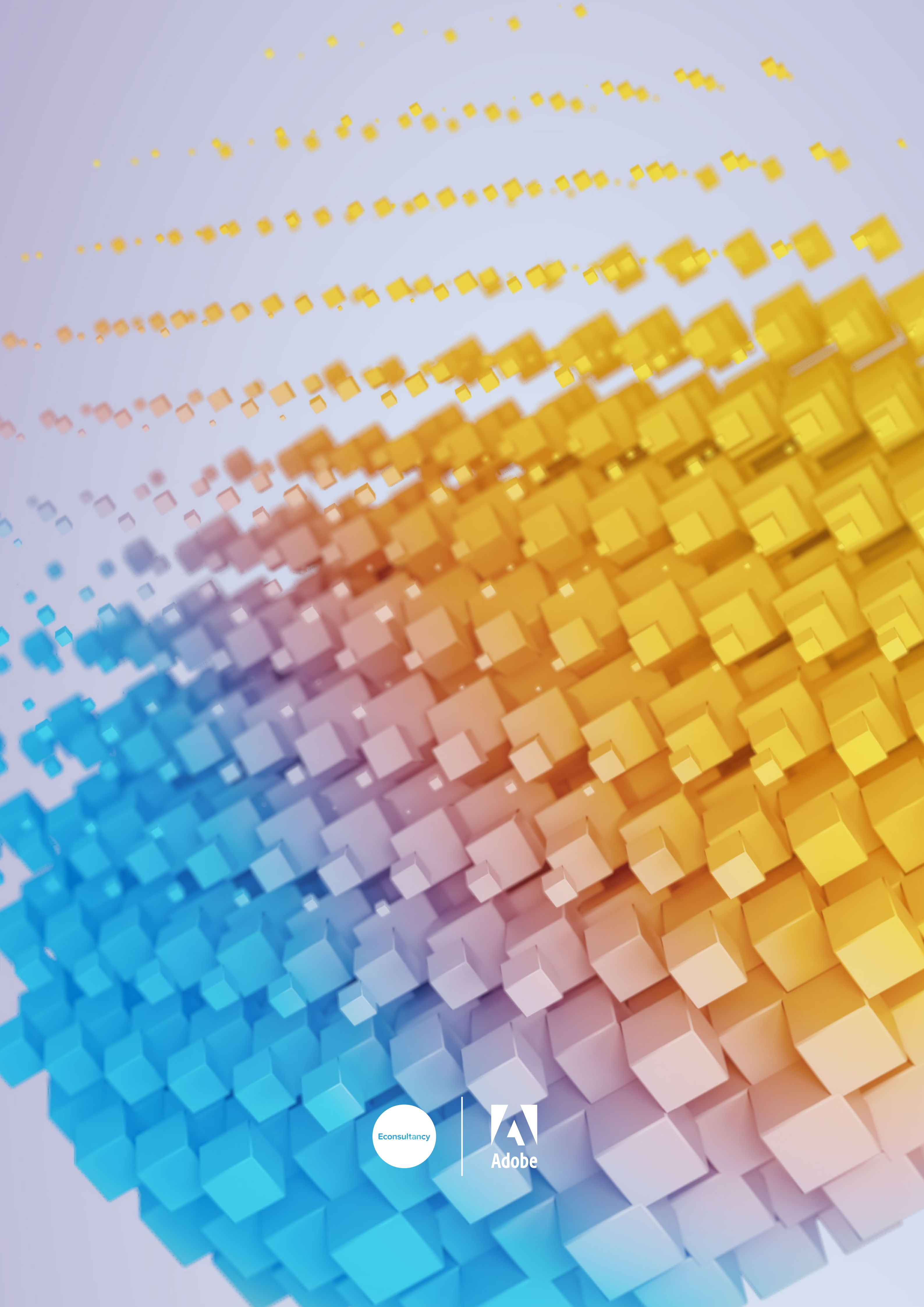
To learn more about Adobe Experience Cloud, visit https://www.adobe.com/uk/experience-cloud.html.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