



2021 Digital Trends

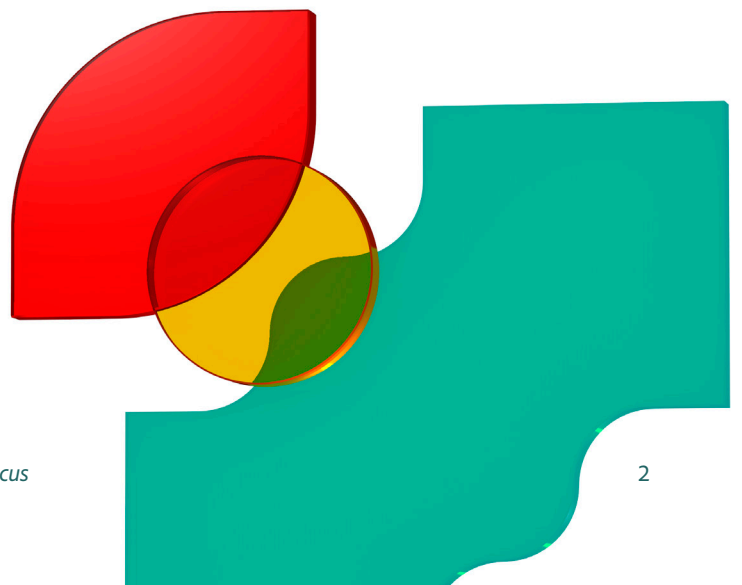
Media, Entertainment & Telecoms Industry

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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, e-commerce, 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 rule book 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 behavior, 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 personalization as we enter the new era in experience. As business leaders look toward 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



Alvaro Del Pozo

Vice President, International Marketing, Adobe

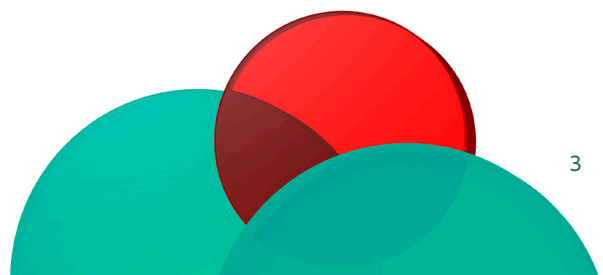
impact of this acceleration and the opportunities it presents will only become clearer as the dust settles. The *2021 Digital Trends Report*, produced in collaboration with Econsultancy, brings key trends to life with startling clarity.

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 media, entertainment, and telecoms sector are currently amidst a period of major disruption, with the COVID-19 pandemic driving increased digital consumption and the arrival of 5G creating new commercial opportunities. Incumbent brands and start-ups alike need to be equipped to deal with fast-changing consumer behavior, and to provide the high-quality services and experiences that their audiences are demanding.

This report explores topics including the impact of the 5G network on the current media landscape, customer experience (CX), data management, and the challenges that must be overcome for organizations to succeed. It looks at how investing in marketing technology and CX management can help unlock new opportunities, such as 5G, while also creating competitive differentiation.

The research also identifies the characteristics of those companies that are significantly outperforming the sector, and includes recommendations about where companies should be focusing over the year ahead.

Key findings from the report include:

Industry leaders are embracing new commercial opportunities. Top-performing companies (i.e., “leaders”) are leaning into technological change and, as such, are significantly more likely than mainstream companies to have already benefited from 5G. They are twice as likely to say that 5G has led to new digital services to drive incremental revenues (44 vs. 22 percent) and almost twice as likely to say the new network has resulted in more immersive content experiences (37 vs. 22 percent). Leaders are also

twice as likely to “strongly agree” that they’re able to keep pace with technology trends, including 5G and AI (40 vs. 21 percent).

Commercial success requires the right cultural foundations. Industry leaders are significantly more likely than the mainstream to foster flexible and collaborative working environments, including high levels of communication between different teams. Respondents working for mainstream companies are two and a half times more likely than leaders to describe their businesses as traditional working environments with an emphasis on stability (32 vs. 13 percent).

A robust technology infrastructure is crucial to serve the needs of both customers and employees. A strong focus on customer experience (CX) technology is essential for companies seeking to scale their businesses successfully. Leaders are nearly four times more likely than the mainstream to rate their customer experience maturity level as “very advanced,” with strategy and technology “well-aligned” (49 vs. 13 percent).

Media companies are neglecting the importance of first-party data. Successful companies in this industry are making customer data and insights a priority to help shape and create the content and experiences their audiences are craving. Yet only 13 percent of companies are making first-party data technologies in line with new privacy regulations a top CX investment priority for 2021, and only one-fifth regard their organizations as “highly effective” at gathering first-party data to deliver strong experiences throughout the customer journey.

Section 1: New opportunities in a world changed by COVID-19.

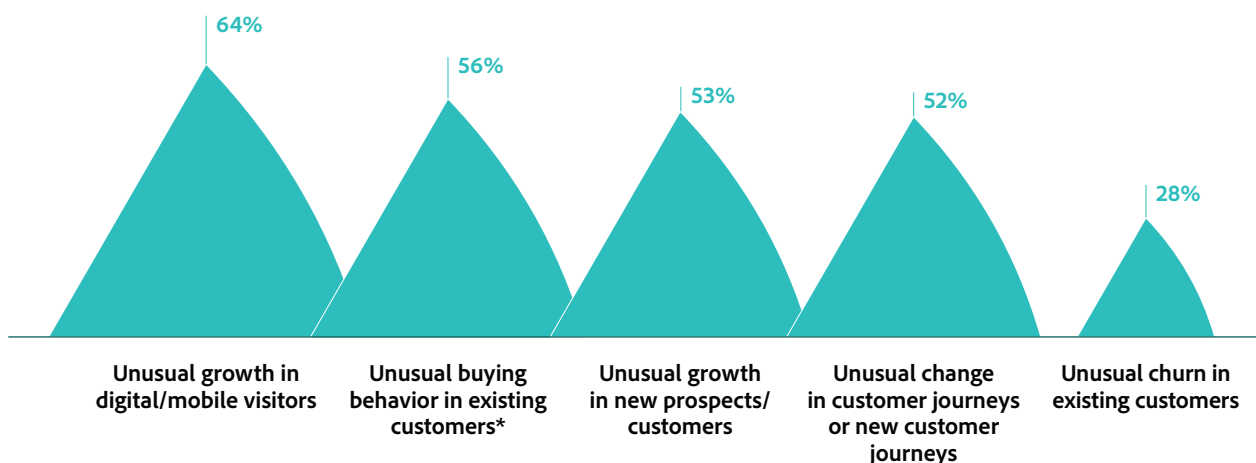
The overlapping and converging worlds of media, entertainment, and telecoms are going through a period of unprecedented change, with technology and consumer behavior evolving at a relentless pace that was further accelerated by the current COVID-19 pandemic. Once unimaginable levels of broadband speed and connectivity brought by 5G will only further whet the collective appetite for digital consumption, which has already been fueled by lockdowns and restricted offline social activity.

The extent of increased digital media engagement was illustrated by U.S. data released by Verizon at the start of the pandemic last March, which showed that gaming data usage increased by 75 percent, overall web traffic was up 20 percent, and video bandwidth usage jumped 12 percent.

This sector-focused research casts a spotlight on the media, entertainment, and telecoms industries, and makes it clear that 2021 will bring huge opportunities. As life gradually returns to normal, reduced social restrictions will see the return of live events and a fuller calendar of sports. Companies making the right investments now will be in a better position to deliver the content and experiences that consumers are craving. Just as importantly, they can capitalize on growing ad budgets as brands regain business confidence.

Although 2020 was a year full of challenges, it wasn't (dare we say it) without an upside. More than half of the media, entertainment, and telecoms companies (56 percent) we surveyed reported unusual growth in new prospects/customers over the second half of 2020, compared to only 29 percent who said there had been unusual churn in existing customers (Figure 1). Responding companies were more than three times as likely to say they outperformed rather than underperformed their sector (45 vs. 14 percent) over this period.

Figure 1 **Thinking about the last six months through today, has your organization experienced any of the following customer behaviors?**



*Lower or higher basket size, new product purchases, etc.

Respondents – 173

■ "Gaming usage up 75 percent amid coronavirus outbreak, Verizon reports," The Hollywood Reporter, 2020.

Immersive content experiences will drive revenue growth.

Before the arrival of the coronavirus, the world of media was already undergoing a seismic shift, with consumers turning to paid online TV streaming services and cutting the cord with cable and satellite subscription services, a trend that brought new direct-to-consumer and partnership opportunities for both new and established companies in the sector.

5G subscriber growth is already accelerating four times as quickly as 4G LTE managed, and the technology is set to become much more ubiquitous once high-frequency millimeter waves are licensed, handsets become cheaper, and operators begin to expand and monetize their coverage more fully. All this will ensure that COVID-driven growth in demand for digitally driven media and entertainment will maintain its momentum, providing higher speeds and connectivity that allow for the instant delivery of 4K-quality content on the move.

Examples like UK mobile network EE's live augmented reality stunt across cities also underscore how the technology can be used to create better offline and online experiences. In this case, the operator treated commuters across major cities with a 360-degree AR-performance by the band Bastille.

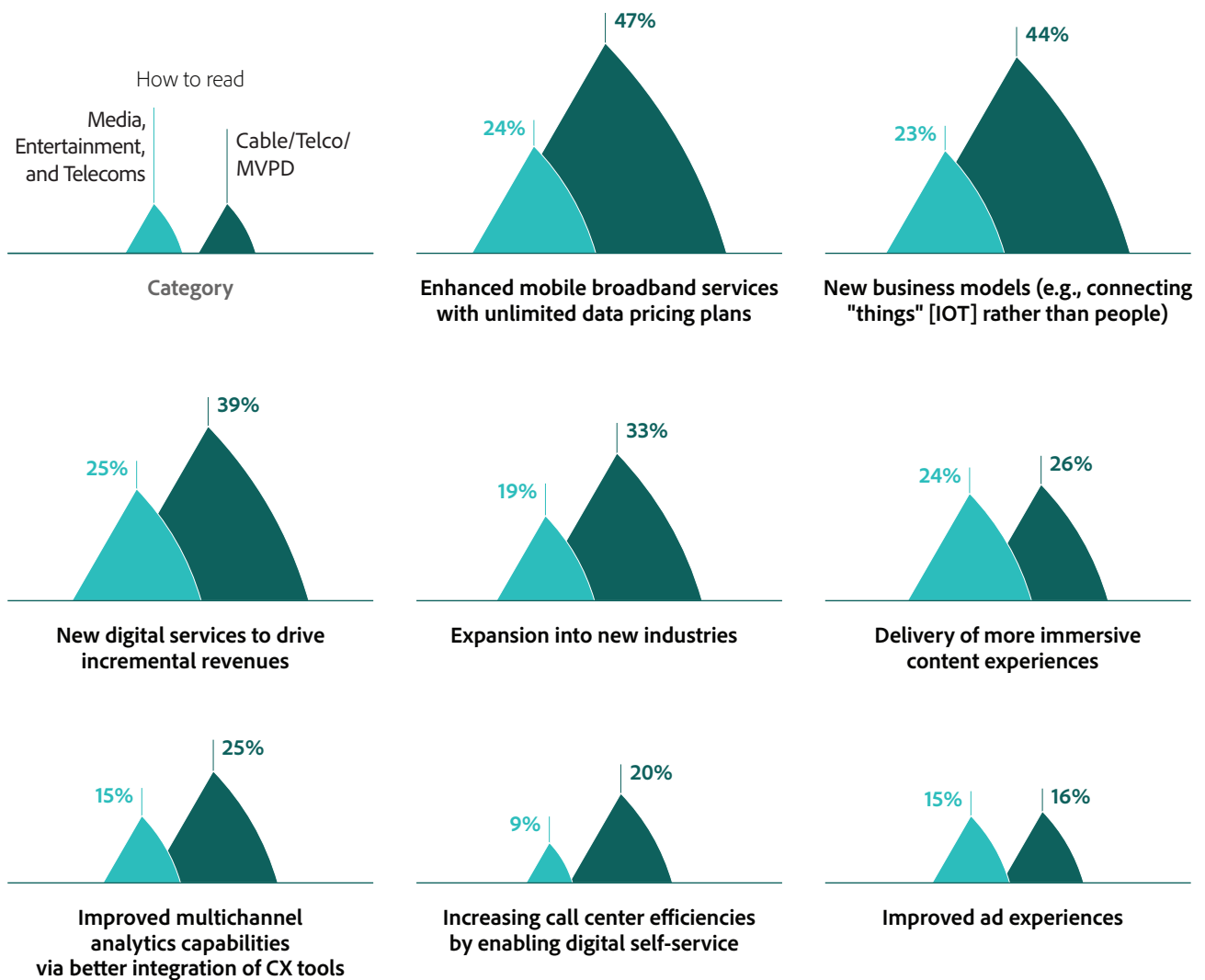
Gaming is another illustration of how 5G will enhance experiences, opening up graphics-intensive smartphone gaming to the masses, and expanding far beyond consoles. Indeed, recent research from software and network solutions provider Ribbon Communications outlined a \$150 billion incremental opportunity in cloud gaming for carriers offering 5G.

Organizations are already embracing the opportunities the new 5G infrastructure is supporting (Figure 2). Industry respondents who have already benefited are most likely to highlight delivery of more immersive content experiences (24 percent), new digital services to drive incremental revenues (25 percent), enhanced mobile broadband services with unlimited data pricing plans (24 percent), and new business models (e.g., connecting "things" [IoT] rather than people) (23 percent).

Not surprisingly, it is companies in the telecoms, cable, and TV services subsector that are gaining the most from 5G. Among these companies, a group that includes multichannel video programming distributors (MVPDs), almost half report enhanced mobile broadband services (47 percent) and new business models (44 percent) as an advantage, and nearly four in 10 (39 percent) point to new digital services to drive incremental revenues.

■
"5G is the fastest-growing mobile technology in history," GlobeNewswire, 2020.
"EE demonstrates 5G prowess with streamed AR Bastille gig," The Drum, 2019.
"5G gaming connections will provide \$150 billion in new revenue, report claims," Verizon, 2020.

Figure 2 **What advantages has 5G brought to your organization?**



Respondents – Media, Entertainment, and Telecoms: 541, Cable/Telco/MVPD: 163

Elsewhere our survey found that one-third of video gaming and e-sports industry executives cite both the delivery of more immersive content experiences (32 percent) and new digital services as realized advantages (34 percent).

Single customer view.

Figure 3 gives us a glimpse into the most important strategies that will be used by companies in the sector over the year ahead, as they seek to grow their subscriber numbers through better and more immersive content and CX.

Across the media, entertainment, and telecoms sector the most important business strategy to grow and retain organizations' subscriber base for 2021 is using data and analytics to gain a single view of every customer. This important starting point is increasingly becoming table stakes for companies seeking to deliver compelling marketing messages, as well as products and services that meet individual needs. More than a third of companies (35 percent) say this is one of their top two strategies for 2021.

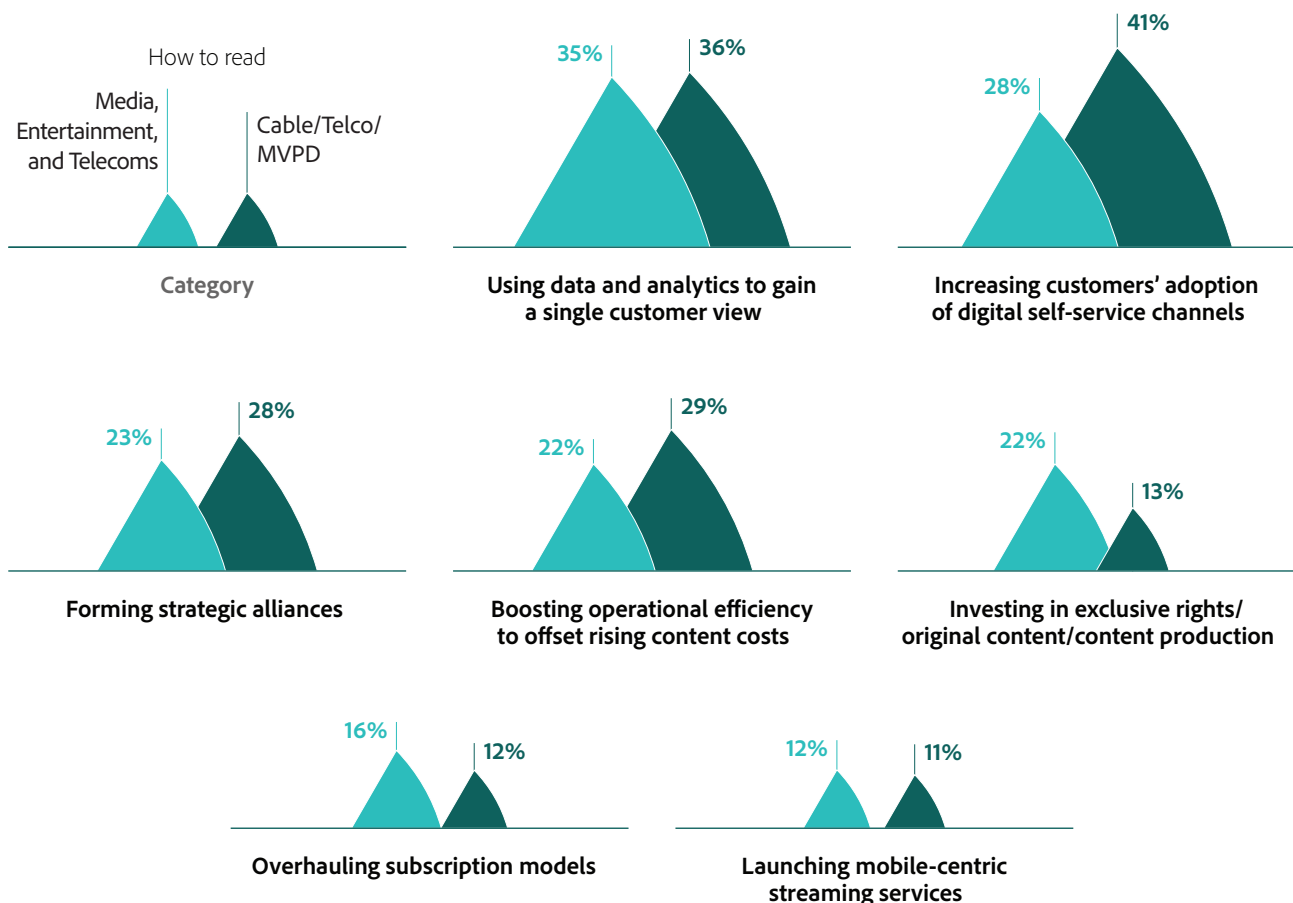
The commercial importance of data was highlighted in November 2020 when Telekom Deutschland Chief Financial Officer Klaus Werner took personal control of the company's data strategy.

Speaking at the TM Forum's Digital Transformation World Series event, Werner said that the company's focus on data would help it provide a better, more personalized experience for customers. "In the end, you will have a better customer experience, you will have better processes in the company, and you will not spend more, you will spend less," he said.

It can also be seen from Figure 3 that the stand out strategy for telco and cable/TV services is increasing customers' adoption of digital self-service channels (41 percent), a finding which speaks to the commercial importance of decreasing costs and reducing churn while also making life easier for customers.

In summary, the outlook for 2021 is positive as most media, entertainment, and telecoms companies look ahead—past the challenges of 2020—with optimism and a readiness to embrace the new commercial opportunities.

Figure 3 **What are the top-2 strategies your organization will be taking in 2021 to grow and retain its subscriber base?**



Respondents – Media, Entertainment, and Telecoms: 521, Cable/Telco/MVPD: 157

■ "CFO Werner in box seat on Telekom's data strategy revamp," Telco Titans, 2020.

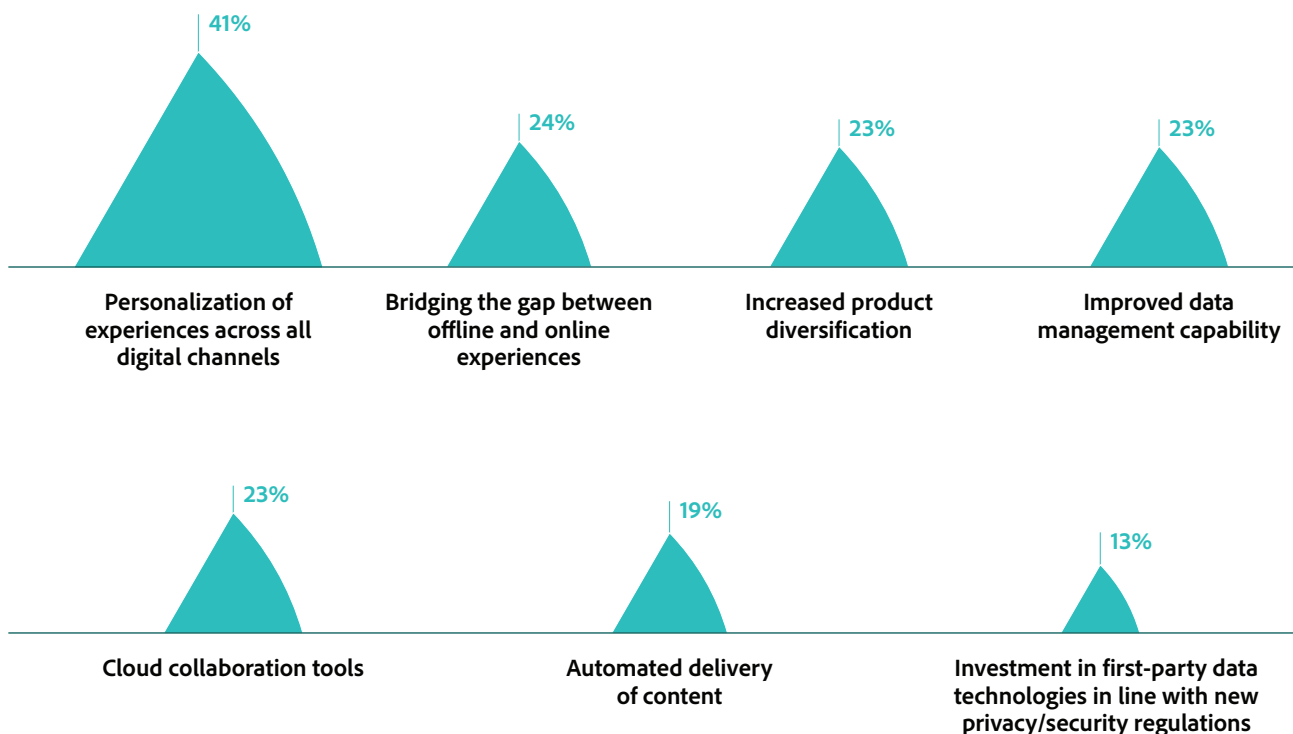
Section 2: Better and more personalized experiences are a business priority, but legacy systems create complications.

The importance of the customer experience is very much top of mind for organizations in the media, entertainment, and telecoms sector, be they industry behemoths such as Telekom Deutschland, or start-ups in publishing or video game technology. In competitive markets with sometimes low barriers to entry, the onus is now on companies to meet growing consumer expectations for a personalized proposition and surrounding services.

The importance of personalization as a top 2021 investment priority across all industry subsectors is illustrated by Figure 4, with 41 percent of companies surveyed saying personalization of experiences across all digital channels is a top area of CX investment.

Companies recognize that personalization is an important differentiator, not just in the way they execute marketing communications, but also in terms of the actual product and services that are delivered. Netflix is a good example of a company that explicitly makes personalization one of its key unique selling points, saying that it “view[s] the whole page as a canvas where we can personalize everything we show.”

Figure 4 **Of the following CX-related areas, what are the top two your organization will be investing in 2021?**



Respondents – 472

■
"Personalization and search: Helping members discover content they'll love," Netflix Research, 2020.

Examples of personalization include the way in which it creates thousands of sub-genres for each customer profile to organize content into personalized rows, based on their previous viewing behavior (and what others like them have watched). The streaming giant goes one step further by personalizing static imagery from films as different cover images to appeal to a myriad of different tastes.

In addition, Netflix uses AI machine learning, and data science to decide when and where to film different scenes for post-production film editing and to ensure that streaming quality is optimal even during times of peak demand.

Legacy platforms.

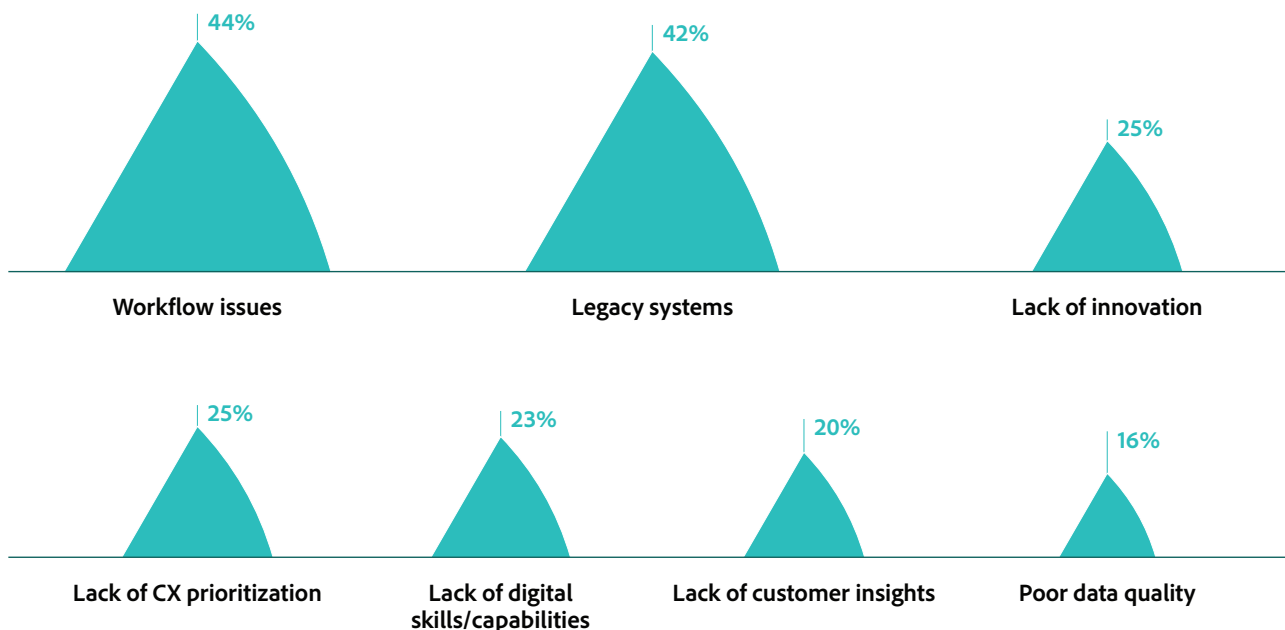
While some organizations are pushing the boundaries of data science, others with established offline operations are struggling to transform themselves into truly omnichannel businesses that meet the needs

of the 21st century consumer. Perhaps this is why, as Figure 4 shows, 24 percent companies surveyed regard “bridging the gap between offline and online experiences” as an investment priority for 2021.

Goals such as a single customer view and digital self-service can be monumental challenges even for enterprise organizations when they are wrestling with so-called Frankenstein technology systems.

Companies with legacy platforms may well be struggling with high-velocity data and may be hampered by poor or non-existent integrations that restrict the movement of data. An example of this is the lack of connection between adtech and martech systems, an integration which is quickly becoming essential. Without this integration and an effective customer data platform, advertising can too often become its own silo. This limits the possibilities for predictive targeting, the “next best action,” and attribution within a more holistic and real-time customer journey.

Figure 5 **What is holding your marketing/customer experience organization back, if anything?**



Respondents – 279

“AI, Machine Learning, and Predictive Analytics Best Practice Guide,” Econsultancy, 2020.

“How Netflix uses AI, data science, and machine learning — from a product perspective,” Becoming Human, 2019.

Figure 5 shows the extent to which companies are being held back by legacy systems (42 percent) and workflow issues (44 percent) which themselves are often the result of outdated or poorly integrated technology.

Today's consumers can engage with content whenever, wherever, and however they want. Coupled with recent trends that have led to a rapid growth in online audiences, brands can potentially leverage more signals than ever to deliver personalized content. However, our research indicates not all are making use of increasing volumes of interaction data, with one-fifth of responding companies regarding "lack of customer insights" as a CX challenge.

This is certainly an area where most companies in this industry need to build their capabilities, particularly with consumer shifts in behavior happening faster than ever. To be best positioned, media companies need to harness data and insights at both a collective and individual customer levels.

Crucially, companies need to understand customer journeys because without this knowledge they will struggle to create more frictionless customer experiences. For example, less than one-third of respondents say they have "significant insight" relating to the journeys of new customers (31 percent), the mindset of customers throughout the journey (31 percent) and friction points in the customer journey (30 percent).

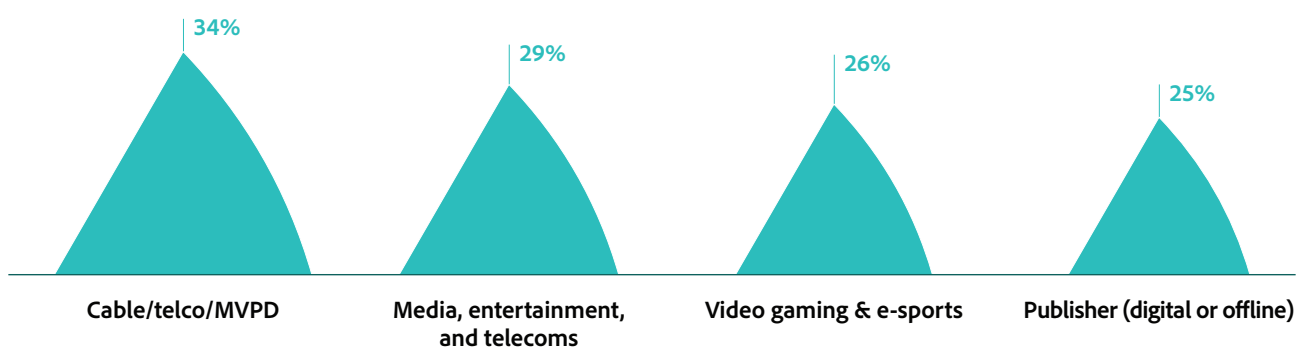
Cultural challenges.

The research also shows that 44 percent of companies regard lack of collaboration as a barrier to reaching their CX goals, a figure identical to the percentage of businesses citing workflow issues as a challenge (44 percent, Figure 5). Obstacles to collaboration are partly a technology issue relating to integration and workflows, but they can also be very much a cultural problem.

As illustrated in Figure 6, three in 10 media, entertainment, and telecoms companies (29 percent) describe themselves as a "traditional environment with a clear chain of command, multiple tiers of management and an emphasis on stability." This figure jumps to 34 percent specifically for cable/telco/MVPDs. Only 13 percent of the media, entertainment, and telecoms say their company is best described as a "market-driven environment where everything is driven by the bottom line."

The type of culture will always differ across organizations and, although there is no single correct approach, companies will always struggle unless they put an emphasis on collaboration, flexibility, and innovation.

Figure 6 **Respondents describing their working environment as "traditional" with multiple tiers of management and an emphasis on stability**



Respondents – Cable/Telco/MVPD: 172, Media, Entertainment, and Telecoms: 564, Video Gaming and E-Sports: 70, Publisher: 192

First-party data.

In an increasingly privacy-conscious and regulated world, first-party data and consumer consent have become business-critical for organizations aiming to thrive in a cookie-less world, to the extent that former WPP CEO Sir Martin Sorrell described 2020 as the year of first-party data.

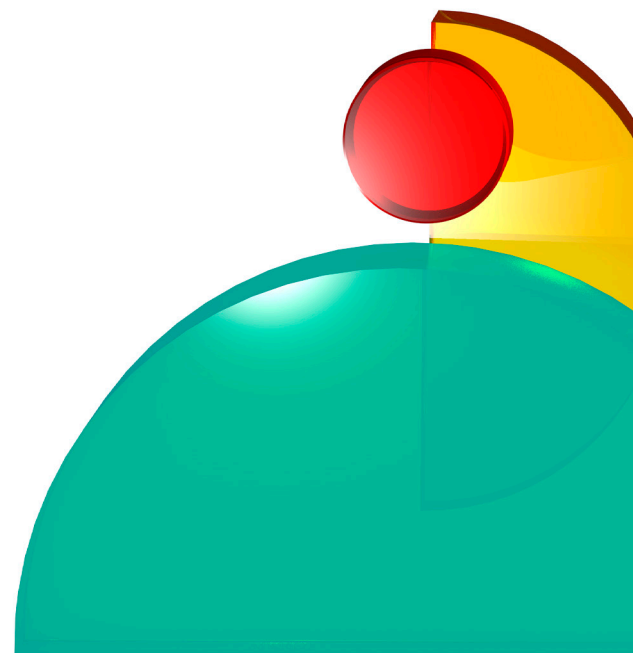
With media companies seeking to become less reliant on third-party networks such as Google and Facebook, Future plc and Vox Media both recently announced their own first-party data platforms with the latter stating that they will soon be “making more money from first-party audience targeting than from third-party targeting mechanisms.”

Our research found that there is a dearth of companies making first-party data technologies in line with new privacy regulations a top CX investment priority for 2021 (13%, Figure 4).

Only around one-fifth or less of respondents regard their organizations as “highly effective” at gathering first-party data to deliver strong experiences throughout the customer journey (20 percent), communicating to their customers how their data is collected and used (17 percent), communicating the value offered in exchange for customers’ consent (16 percent), and giving customers easy-to-use controls to manage their consent and commissions (20 percent).

A lack of consensus and agreed-upon industry standards around first-party data, consent management, and privacy controls could hold back the industry, with many companies taking a reactive rather than proactive approach, as they wait for more guidance and enforcement from regulators before they truly make data governance a priority.

Organizations are succeeding when they recognize that their own customer data can be an enormous and defensible competitive advantage, as having access to better data means they can make better decisions to serve the needs of their customers. At a time of increasing data privacy consciousness and control, it is also crucial that companies make the required investments to enhance their data governance capabilities, while also making it as clear as possible to customers the value they (the customers) receive from sharing information.



■
"In conversation with Sir Martin Sorrell: On programmatic, first-party data challenges, and India's advantage," Think with Google, 2020.
"Ashley Friedlein's digital & marketing trends 2021" Econsultancy, 2021

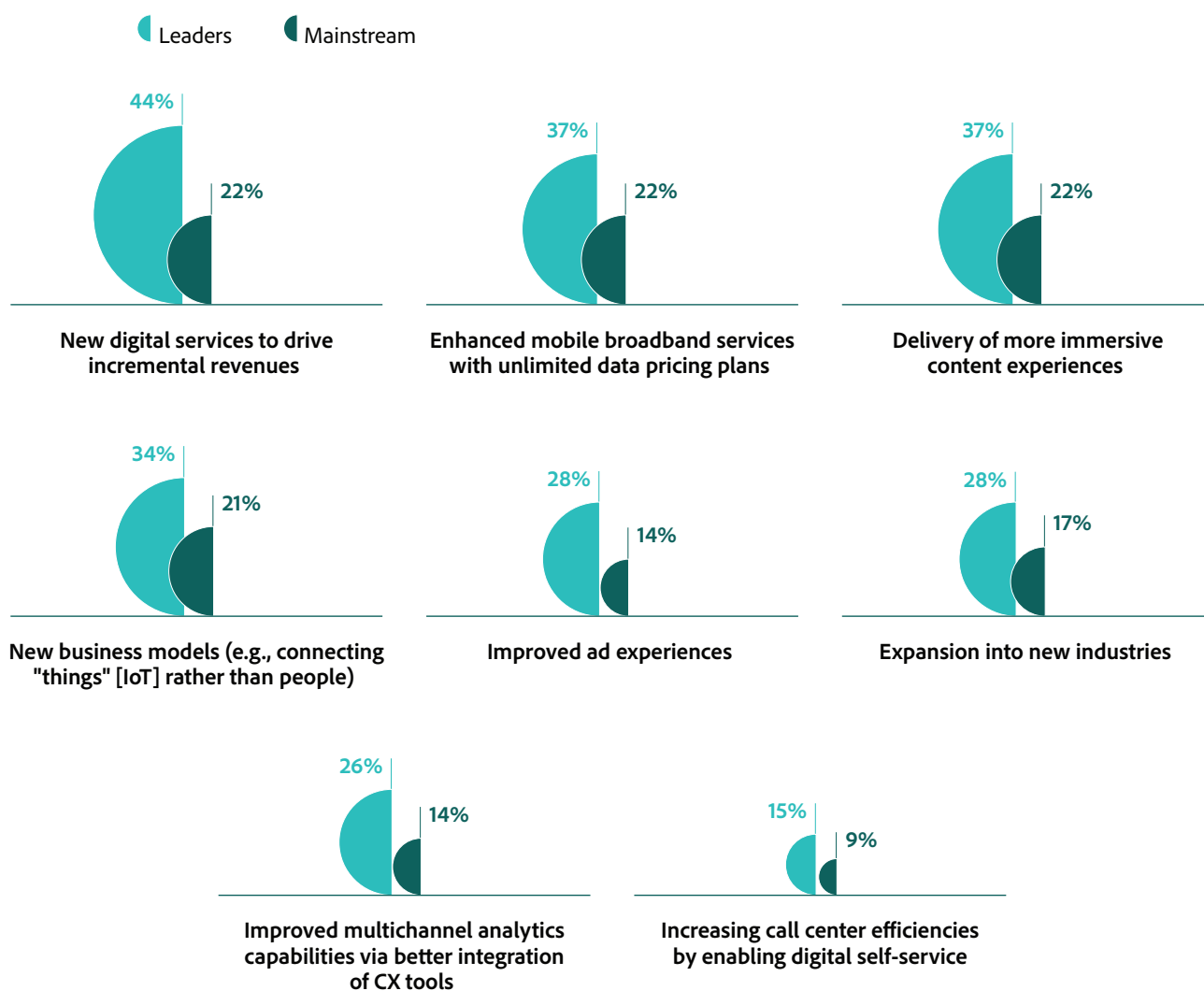
Section 3: Technology, culture, and CX focus are key to success.

As part of our *Digital Trends* research this year we have once again shined the spotlight on those companies that are significantly outperforming their sector in order to learn what they are doing differently compared to the mainstream compared to the mainstream that drives their success.

Strong performance in the media, entertainment, and telecoms sector correlates with a culture that encourages innovation, agility and a solid commitment to delivering the best possible CX.

It is clear from Figure 7 that leaders are embracing technological change and, as a result of this, they are significantly more likely than mainstream companies to have already benefited from 5G. They are twice as likely to say that 5G has led to new digital services to drive incremental revenues (44 vs. 22 percent) and more immersive content experiences (44 vs. 22 percent). Unsurprisingly, elsewhere our survey found companies leading the sector are also twice as likely than mainstream companies to “strongly agree” that they’re able to keep pace with technology trends (e.g., AR/VR, voice, blockchain, AI, and 5G) (40 vs. 21 percent).

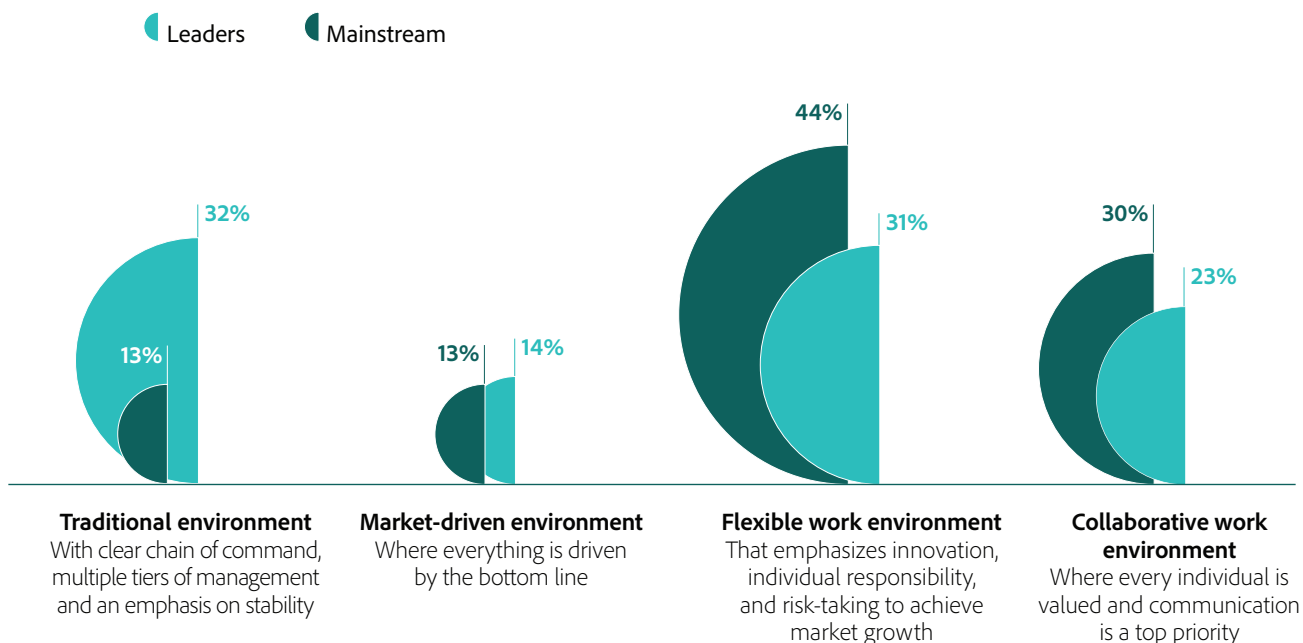
Figure 7 **What advantages has 5G brought your organization?**



Respondents: Leaders: 86, Mainstream: 397

Figure 8 **How respondents describe the working environment at their organizations**

Which of the following statements best describes your organizations?



Respondents: Leaders: 86, Mainstream: 420

Innovation and experimentation.

At a time of unprecedented change due to the pandemic, innovation is key to success. Many media companies have suffered due to the loss of advertising revenues, lower newspaper circulations, and the inability to run physical events, leading to extensive furloughing and job cuts at revered brands such as *The Atlantic*¹¹ and *The Guardian*.

The pressure has been on media companies to diversify their revenue streams away from physical events, with a focus on digital content, virtual events, and, in some cases, e-commerce. In May 2020, Hearst Media reported triple-digit increases in ecommerce revenues across 30 brands, including *Men's Health*, *Good Housekeeping*, and *Cosmopolitan*.

In a world where innovation and experimentation are crucial, it is not surprising that those companies classified as top performers are more likely than mainstream companies to say they are focused on flexibility and collaboration (Figure 8). Conversely, mainstream companies are more than twice as likely than top performers to describe their businesses as traditional working environments with an emphasis on stability (32 vs. 13 percent).

2020 was an unforgiving year for those companies that weren't able to move quickly to adapt their business models and the products and services they offer. Lack of agility also exacerbated challenges in those areas already in structural decline and restricted the ability of those companies to seize on opportunities to push new offerings—for example, offering new services based on real-time customer insights.

¹¹"News media outlets have been ravaged by the pandemic," *The New York Times*, 2020.

¹²"Guardian announces plans to cut 180 jobs," *The Guardian*, 2020.

¹³"Hearst sees triple-digit e-commerce boost across 'Men's Health,' 'Good Housekeeping,' 'Cosmo,'" *Media Post*, 2020.

With consumers being forced to take stock and experiment with how they live, work, and entertain themselves, the need for innovative content and effective consumer engagement underpinned by digital platforms that are fit-for-purpose has never been clearer. A notable trend in the last few months has been the explosion of podcasts, as the medium has grown from something relatively niche into a mainstream market now worth more than \$1 billion.

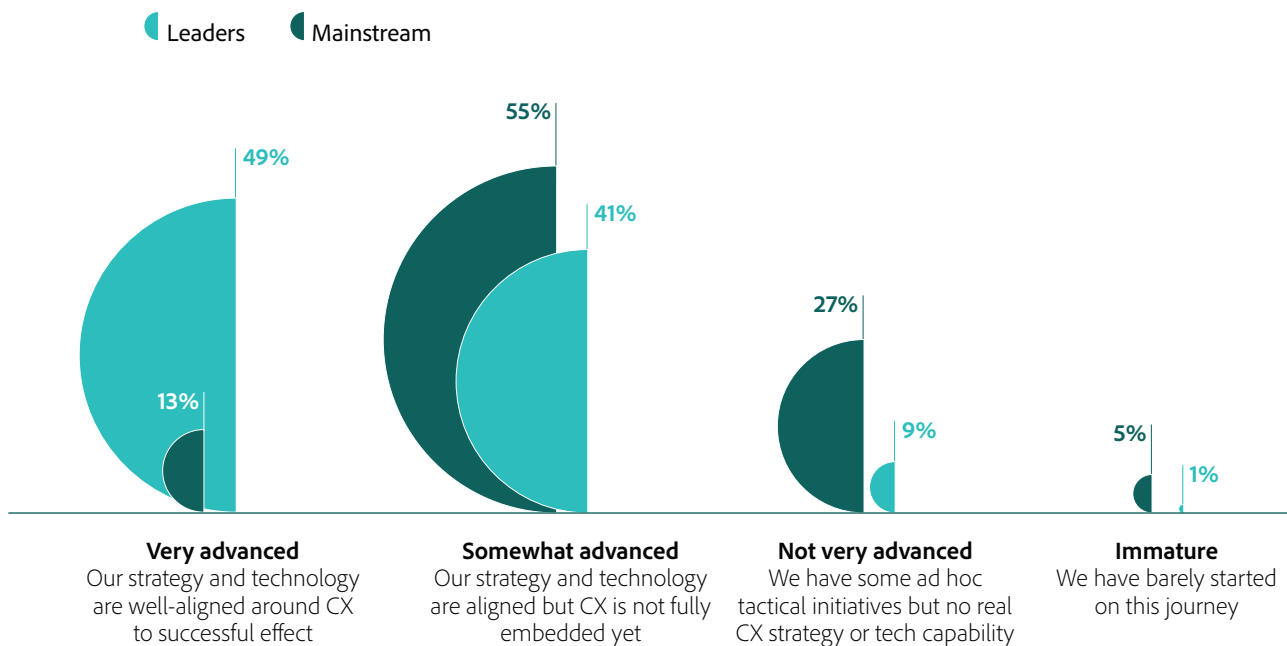
For publications such as The Financial Times, The New York Times and The Wall Street Journal the focus has been on increasing paid subscriptions, something that requires a combination of the right products combined with effective marketing to particular audiences and demographics.

According to Tobias Henning, Axel Springer's general manager of Premium BildPlus and WeltPlus:¹⁵ "We have to convince much more of our younger audiences, because we see that these demographics are much more willing to pay. They grew up with Apple, Spotify, Netflix, and have learned that for great content on digital devices they have to pay."

Data and technology infrastructure.

Along with a strong cultural bedrock that encourages innovation and flexibility, an uncompromising focus on data and customer experience technology is crucial for promoting customer centricity and the commercial benefits this brings. Tellingly, top performers are three and a half more times likely than the mainstream to rate their customer experience maturity as very advanced (49 vs. 13 percent, Figure 9).

Figure 9 **How do you rate your company's customer experience (CX) maturity?**



Respondents – Leaders: 90, Mainstream: 408

¹⁵ "The ears have it: The rise of audiobooks and podcasting," Deloitte, 2019.

¹⁶ "Hearst reports significant e-commerce upturn during COVID-19 lockdown," FIPP, 2020.

It is also instructive to see where top-performing companies are focusing their CX-related investments, with a particular focus on automated delivery of content (23 vs. 18 percent). They are also more likely to be focused on cloud collaboration tools (27 vs. 23 percent) as they seek to foster better relationships and connections both within and between teams, something which is particularly important in a remote working environment.

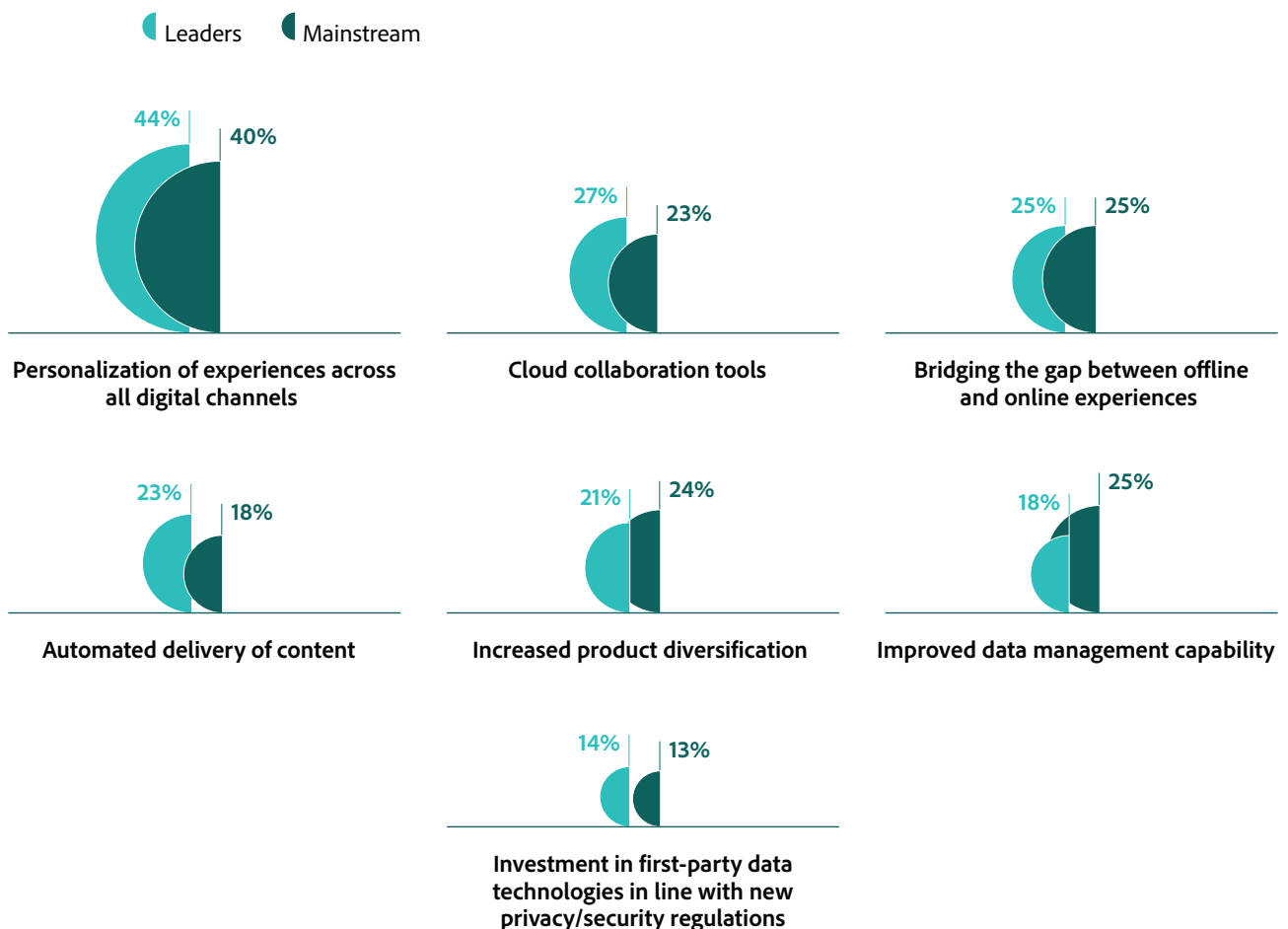
With so much content and data to manage, it is now more important than ever that companies can scale their technology infrastructure in a way that enhances rather than compromises the customer experience.

For telecom companies in particular, the need to secure data and communication in the cloud is critical.

Cloud-based technology gives organizations the scale and flexibility they require, whether they are broadcasters, telecoms, gaming platforms, or cable companies seeking to manage the rising demand for video streaming across multiple geographies, or companies providing consumers with the tools to make their own immersive content.

Figure 10 **Top CX-related areas of investment for 2021**

Of the following CX-related areas, what are the top two your organization will be investing in 2021?



Respondents – Leaders: 77, Mainstream: 346

Four key takeaways for media, entertainment & telecoms companies

1. Media companies must ensure the right culture is in place.

Organizations in this sector need to embrace technological change or else risk getting left behind by more agile competitors. Companies must nurture and reward innovation and collaborative behavior within the business.

2. Customer-centricity requires a laser focus on customer journeys.

Companies in this sector will struggle to succeed unless they align themselves around the customer journey and break down silos that have built up around traditional business functions and marketing channels. Organizations need to ensure they are closely tuned into evolving customer needs and are using data and insights to act quickly to seize opportunities.

3. Customer data management and governance should be the top priority.

The information you hold about your customers is crucial to your company's success, and therefore it should be cherished and treated with the reverence it deserves. Investment in first-party data and related CX technology is essential in a more privacy-conscious and regulated world.

4. Invest in the technology that will enable you to scale.

Companies must ensure they have the technological infrastructure to enable them to grow quickly and meet the growing expectations of consumers for high-quality services and experiences. C-suite executives need to understand that their business can't cut corners as it seeks to thrive in the era of 5G.

Methodology

Italicize 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 651 qualified responses from the Media, Entertainment & Telecoms sector.

Demographics profiles

- Sixty-nine percent of all the respondents were at manager level or above.
- In terms of business function, creative/design held the largest share of respondents (27 percent), followed by marketing (17 percent), IT (15 percent), and content/editorial (11 percent).
- As defined by target market, those addressing both markets equally accounted for 41 percent, followed by B2C (35 percent), and B2B (24 percent).
- The sample is global, with Europe providing the largest share of respondents (47 percent), followed by North America (26 percent), and the Asia-Pacific region at 19 percent. The survey was translated into French, German, and Chinese.

