

A Forrester Consulting  
Thought Leadership Paper  
Commissioned By Adobe  
December 2020

# Consumers Demand Digital

Firms That Make It Great Differentiate



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A majority of consumers recommend a brand to their friends, family, and colleagues as a result of a great digital experience.

## Executive Summary

2020 has been a challenging year. Remote work has gone from a fringe activity to the norm for many information workers. Parents have struggled getting their toddlers to attend virtual classes. And many of us have changed our everyday habits and routines: how we shop, how we socialize, and what we do with our free time. Going forward, so many of these changes will become permanent fixtures in our lives.

These changes have also generated a swell of digital activity. While a shift toward digital spending in consumer behavior is not new, it has been dramatically accelerated. Some firms were more resilient than others once the disruption occurred, and as a result, they can offer several critical lessons about how pivots made today will help organizations become stronger and better prepared for the next disruption, whatever it might be.

Adobe commissioned Forrester Consulting to evaluate how firms adapted to the current health crisis, brought on by the COVID-19 pandemic, and what applications the lessons from today will have for the future. In this study, Forrester conducted two online surveys spanning North America, Europe, and Asia Pacific: 1) 3,193 consumers who use a smart device at least weekly and 2) 1,298 marketing and IT decision-makers responsible for digital customer experience (CX) strategy. Forrester also conducted five interviews with digital experience decision-makers across industries to explore this topic. We found that digital engagement has increased, and some firms were ready to handle big swings in consumer behavior.

### KEY FINDINGS

- › **Consumers shift permanently from traditional to digital engagement with brands.** Although the public health crisis accelerated consumers' shift to digital, these changes in behavior were visible before the onset of the pandemic, and they will outlive it. Consumers have increased their participation in digital experiences across the board ranging from retail to banking to healthcare, and some of that increase has come in the form of first-time trials of digital experiences.
- › **When consumers have a great digital experience (DX), they act with their wallet.** A majority of consumers say they will recommend a brand to their friends, family, and colleagues as a result of a great DX. This effect is even more pronounced among a segment of consumers we dub *tastemakers*, who are more likely than others to pay for more or higher quality products or services and seek out additional offerings from that brand.
- › **Firms with better DX were set up to weather both this storm and the next one.** We found that firms with excellent digital experience were more likely to have seen better business performance since the onset of the pandemic, including increased basket sizes and customer lifetime value (CLV). They also are better poised for future growth, and they continue to roll out new features that support customer engagement.

# Consumers Were Already Embracing Digital; Now Digital Is Essential And Firms Must Adjust

## THE PANDEMIC ACCELERATED DIGITAL CONSUMPTION

Global events have changed consumer wants and needs. In surveying 3,193 consumers globally, we found that consumers have increased:

- › **Consumption of digital experiences and online transactions.** Pandemic-driven lifestyle changes have shifted consumer behavior to digital, and much of the shift will be permanent (see Figure 1). Forty-three percent of consumers have either increased their online purchases or made an online purchase for the first time. Consumers indicate this shift to digital is here to stay. With the exception of some experiences that are seen as momentary substitutes for an in-person interaction, like events or classes, consumers expect to maintain their digital interactions, especially for payments and online shopping.
- › **First-time trials of digital experiences.** Not only are consumers doing more digitally, but they are also engaging in some digital experiences for the first time. Consumers even began experimenting with highly sophisticated digital experiences, like engaging with virtual care (see Figure 1). As consumers try some of these experiences for the first time, many find that they like it and want to continue, even when in-person alternatives become available again. We also uncovered that first-time trials of new digital experiences are highest among Gen Zers and Millennials, often by factors ranging from 1.6x (online events, “buy online, pick-up in store” (BOPIS)) to 2.7x (online banking).
- › **Engaging digitally with firms.** This year, firms have experienced increased volume of inbound communication across all channels, but this effect is most strongly felt in digital channels (see Figure 2). Firms also expect increases in digital activity to continue. Seventy percent of interviewees have seen increased web visits, with about the same (69%) saying inbound digital communications have increased as well.
- › **Expecting firms to help them make decisions.** Interestingly, consumers also want firms to give advice and expertise during uncertain times: 59% of interviewees say this expectation has increased as well (see Figure 2). A marketing director at a global electronics firm shared that as their customers were working from home for the first time, and needing to stay collaborative and productive, they looked to the company to provide recommendations on what would fit their needs.
- › **Feeling conflicted about dependence on tech.** With the onset of the pandemic, consumers have experienced a cognitive dissonance about the role of tech in their lives. Sixty-five percent agree that because of the pandemic, they are more convinced that technology is an important part of their life. But at the same time, 61% agree that because of the pandemic, they spend too much time looking at a screen. While consumers might use technology more than ever, using it as a lifeline for remote productivity and other connection needs, they might not always like it.<sup>1</sup> For this reason, firms need to prioritize both the functional and emotional aspects of digital experience delivery.



“At the start of the pandemic, I needed a new prescription written as I [had] just come back from overseas and couldn’t attend the doctor’s office in person. It was easy to make an appointment, and they were understanding. The doctor was polite. Nothing lacking at all.”

—Australian consumer



“Our customers are looking to us as more of a partner than before. They are asking more questions about what will work best for their specific needs so they can make an informed purchase decision.

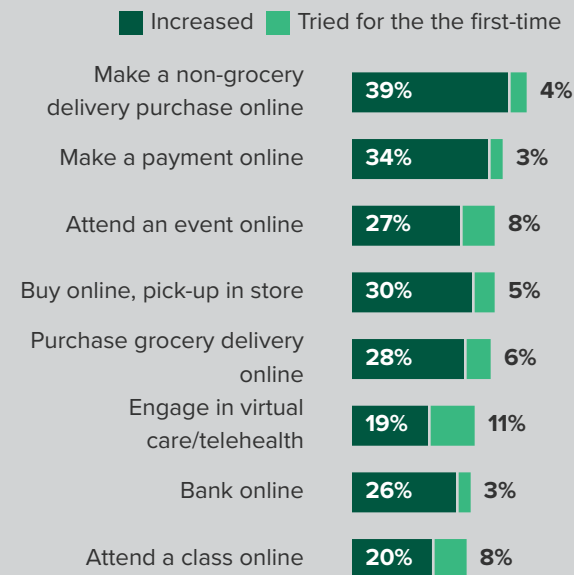
“This trend will continue, and firms that can offer a simple and pain-free way to make decision-making easier for the consumer are brands who will win.”

—Marketing director at a global electronics firm

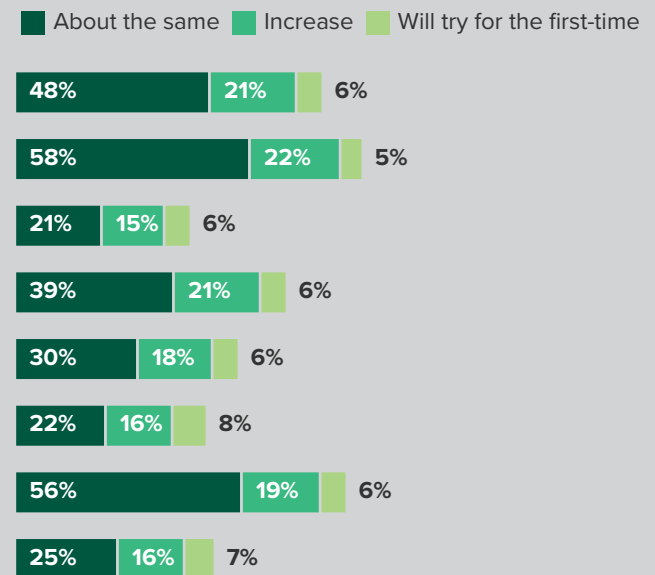


**Figure 1**

**Change in digital experience participation since the onset of the pandemic**



**Expected change in digital experience participation once the pandemic has subsided**

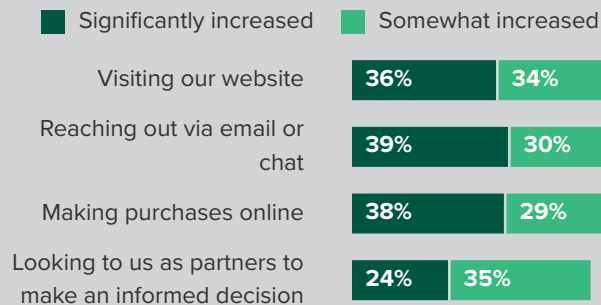


Base: 3,193 Global consumers who use a smart electronic at least weekly

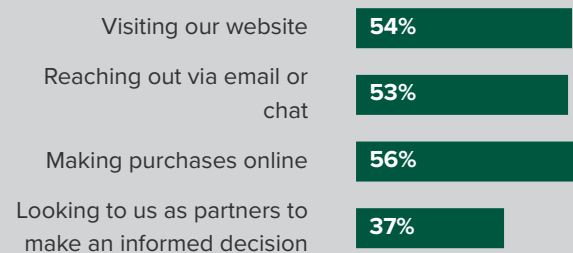
Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe Digital Experience, October 2020

**Figure 2**

**“In what ways has your customers’ behaviors changed during the global pandemic?”**



**“Which of these changes do you expect to continue for the next 12 months or longer?”\***



Base: 1,298 global marketing and IT decision-makers responsible for digital CX strategy

\*Base: 1,270 global marketing and IT decision-makers responsible for digital CX strategy

Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe Digital Experience, October 2020

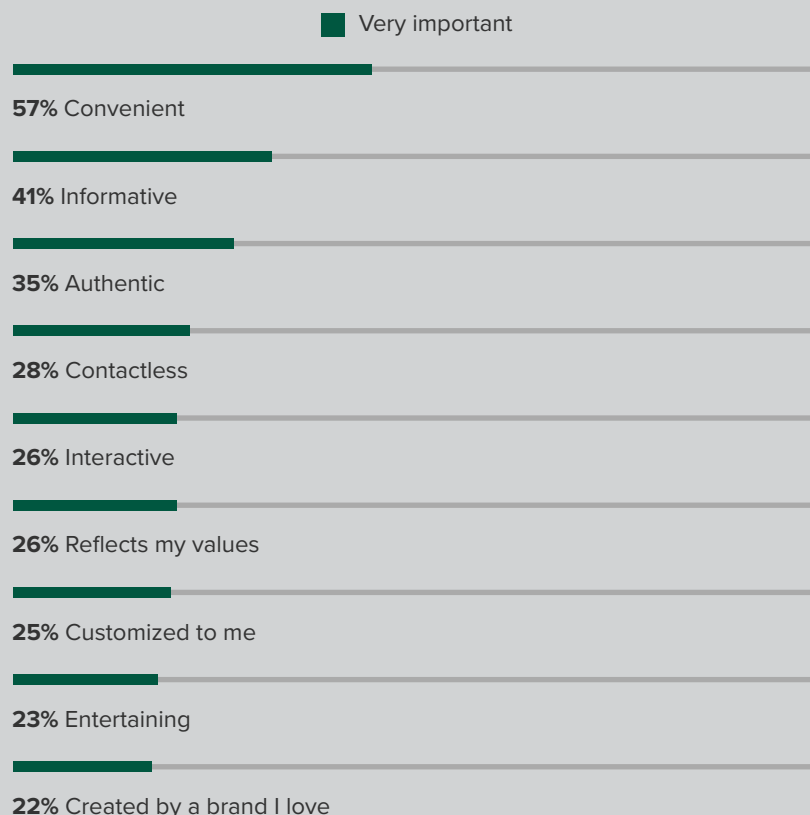
## CUSTOMERS' DEMAND FOR GREAT EXPERIENCE EXTENDS TO DIGITAL

It is not enough for firms to offer a digital experience. They must offer an experience that meets customers' wants and needs. Our research has uncovered the specifics of what those wants and needs include. We found that consumers:

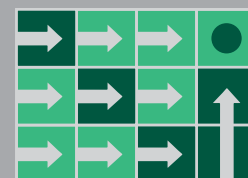
- › **Demand convenience, insight, and authenticity.** When we asked consumers what features must be present in a digital experience, they replied by saying that the most important, by far, is convenience (see Figure 3). And though convenience is largely considered to be table stakes, it can still be difficult to deliver, as the owners of this feature may be divorced from the consumer experience within an organization. Convenience is also not enough; consumers shared that being both informative and authentic are two of the top three most important DX features, which will ultimately drive competitive differentiation.

Figure 3

“On a scale of 1 to 5, how important is it that your digital experiences include the following?”



Base: 3,193 Global consumers who use a smart electronic at least weekly  
Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe Digital Experience, October 2020

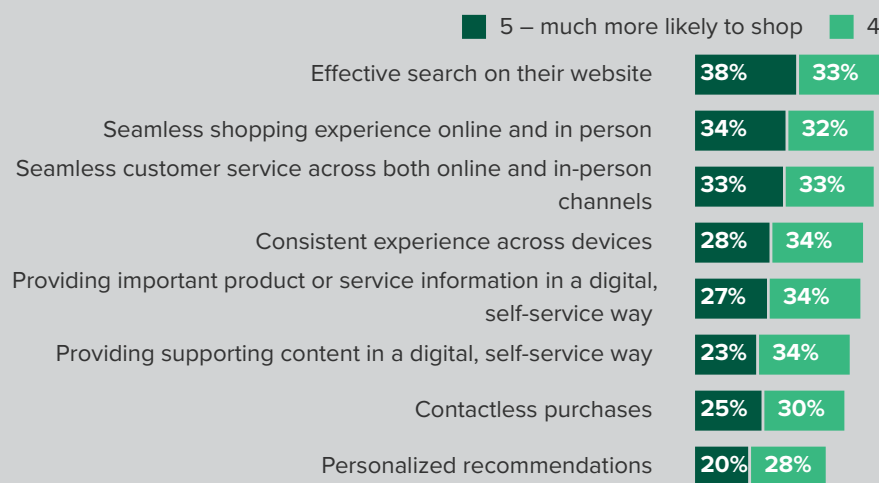


Convenience is essential for digital experience, but it is not sufficient to drive competitive differentiation.

- › **Seek seamless experiences.** Top factors that influence a consumers' likelihood to shop include being able to: 1) find what they're looking for and 2) have a seamless experience while doing it (see Figure 4). Seventy-two percent of consumers say effective search on a brand's website makes them more likely to shop (a great proxy for convenience). The next two highest factors are both related to creating a seamless omnichannel experience, both while shopping and seeking customer service.
- › **Recommend brands that offer great digital experience.** A majority of consumers say they will recommend a brand to their friends, family, and colleagues as a result of great DX (see Figure 5). This effect is even more pronounced among *tastemakers*.<sup>2</sup> This group of consumers, who are more willing to experiment with emerging technology, are 2.2x more likely to pay for more or higher quality products or services than other consumers. They are also more likely to engage with the brand (e.g., follow the brand on social media) and seek out additional offerings from that brand. This same trend holds true for Gen Zers and Millennials, as they are 1.5x more likely to pay for more or higher quality products or services from a brand that provides an amazing digital experience.

**Figure 4**

**“On a scale of 1 to 5, to what extent would the following make you more likely to shop with a brand?”**

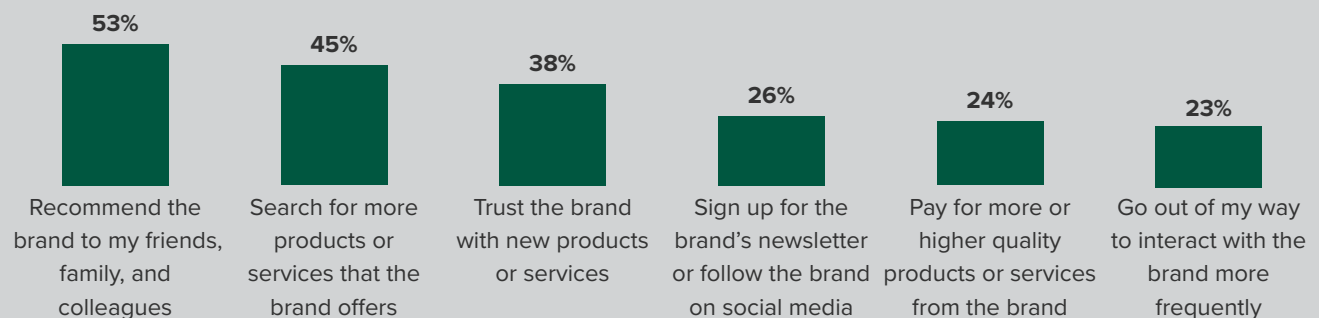


Base: 3,193 Global consumers who use a smart electronic at least weekly

Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe Digital Experience, October 2020

**Figure 5**

**“When you have an amazing digital experience, what do you do as a result?”**



Base: 3,193 Global consumers who use a smart electronic at least weekly

Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe Digital Experience, October 2020

# Firms Lack Critical Consumer Understanding While Stymied By Rapid Changes In Ways Of Working

Digital experience has been a growing area of focus — while the current health crisis did not create demand for digital, it has accelerated these trends. However, our research uncovered that firms are not as well equipped to deliver exceptional digital experiences as they might like. In surveying 1,298 cross-industry marketing and IT decision-makers, we discovered that firms:

- **Misunderstand consumers' preferences, leading them to focus on the wrong elements of digital experience.** Firms have a major gap in understanding consumers' preferences for digital experience (see Figure 6). Consumers are looking for an experience that is primarily convenient (57%), but brands underestimate the importance of convenience (46%). At the same time, brands overestimate how much consumers' value features like customization, brand, and brand values.



“Prior to the pandemic, we had focused on foundational technology that was not customer-facing. After the onset, we shifted entirely to focus on customer-facing improvements. We knew we were going to be left behind if we didn’t accelerate those aspects of our digital investment.”

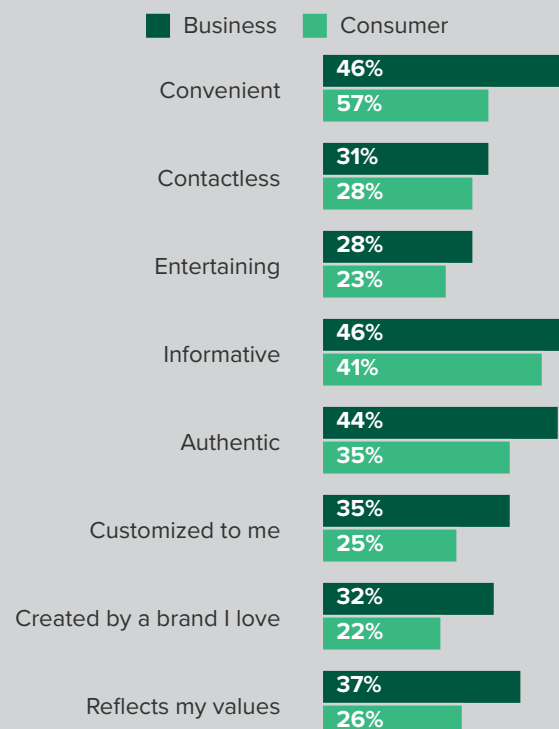
—Senior director of customer insight at a retailer and pharmacy company



**Figure 6**

“On a scale of 1 to 5, how important is it that your digital experiences include the following?”

(Showing very important responses only)



Base: 3,193 Global consumers who use a smart electronic at least weekly and 1,298 global marketing and IT decision-makers responsible for digital CX strategy

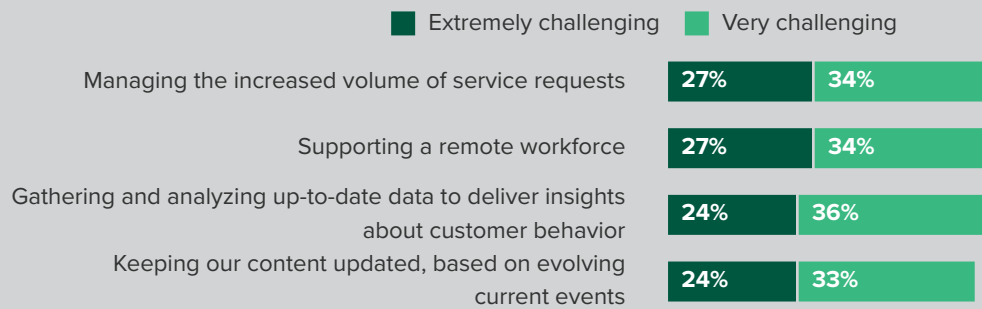
Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe Digital Experience, October 2020



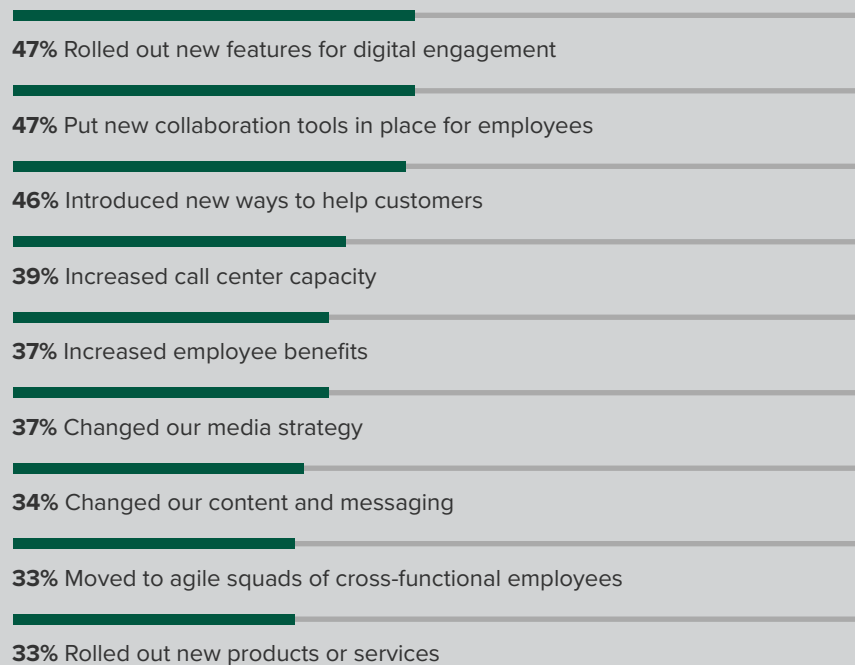
› **Scramble to keep up with consumer behavior changes.** Drastic lifestyle changes this year have led to consumers forming new habits, wants, and needs, seemingly overnight. Firms struggle to keep up, as six out of 10 interviewees' firms find it challenging to gather and analyze up-to-date data so that they can deliver customer behavior insights (see Figure 7). A majority (57%) are also challenged with keeping their content up to date, based on evolving events. At the pandemic's onset, close to half (47%) of interviewees have reported their firms have rolled out entirely new features of digital engagement, and this activity was particularly pronounced for healthcare organizations. One marketing technology director at a financial services company shared that they had rolled out changes in days or weeks which usually require months or years of planning, like a chatbot for customer service requests and online appointment scheduling.

**Figure 7**

**“To what extent do you find the following areas challenging for your organization since the onset of the pandemic?”**



**“What changes did you make within the first three months after the pandemic began?”**



Base: 1,298 global marketing and IT decision-makers responsible for digital CX strategy

Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe Digital Experience, October 2020

- › **Struggle to support a remote workforce.** Firms that may have had limited or no remote workers may have suddenly shifted to being completely remote in 2020. This dramatic workforce shift, coupled with changes in consumer behavior, has compounded the challenges firms face today. A majority of interviewees stated that supporting a remote workforce is very or extremely challenging (see Figure 7), although this effect seems to be less problematic for media and entertainment companies. Putting new collaboration tools in place for employees mirrors what firms did to make rapid changes in consumer-facing experiences in the first three months after the health crisis began. This problem is not temporary — remote work is here to stay, and firms must ensure they can support workers wherever they are to ensure business resilience and continuity.

## Firms Use Digital CX To Grow Through Disruption And Futureproof Their Business

### ACROSS INDUSTRIES, FIRMS SEE OPPORTUNITY IN DX

While consumers and businesses alike have been thrown for a loop with the onset of the pandemic, there are some silver linings. As we saw above, many firms are rising to the occasion, transforming their businesses more rapidly than perhaps they thought possible in the face of a globally disruptive event. These nimble businesses offer a roadmap for firms that want to be ready for whatever the next disruptive event might be. We found that businesses globally are:

- › **Focusing on improving a CX strategy that is supported by digital agility.** Businesses across industries (42%) are saying that improving CX will be a critical step for them to take in the next 12 months (see Figure 8). To do this, firms are focused on digital, with more than one-third (36%) saying that increasing digital agility and putting tools and systems in place to respond more rapidly to change is critical. To achieve these objectives, firms look to trusted partners to deliver. Two-thirds (66%) of interviewees will use third-party vendors to improve CX, and 73% will do the same to increase digital agility.
- › **Understanding digital experience as a way to grow through disruption.** Seventy-nine percent of surveyed organizations expect to grow their way out of this challenging time, and they know digital experience can help. Three-quarters (77%) agree that digital experiences are the most effective way to reach and engage consumers (see Figure 9). This may explain why budget allocated to digital customer experience did not falter even during the uncertainty of the pandemic's onset, and it is also expected to grow on average moving forward. Some of this budget will go toward new technology: 61% of surveyed organizations are expanding or implementing cloud platforms in the next 12 months. Fifty-six percent are implementing AI to support customer experiences, and this number is even higher among technology companies surveyed.

**Figure 8**

**Top critical priorities in the next 12 months**



Base: 1,298 global marketing and IT decision-makers responsible for digital CX strategy  
 Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe Digital Experience, October 2020

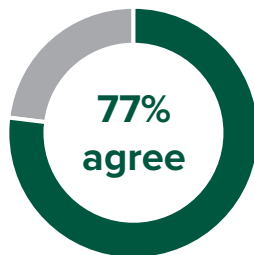
Figure 9

-0.2%

Change to budget for digital customer experiences since the onset of the pandemic

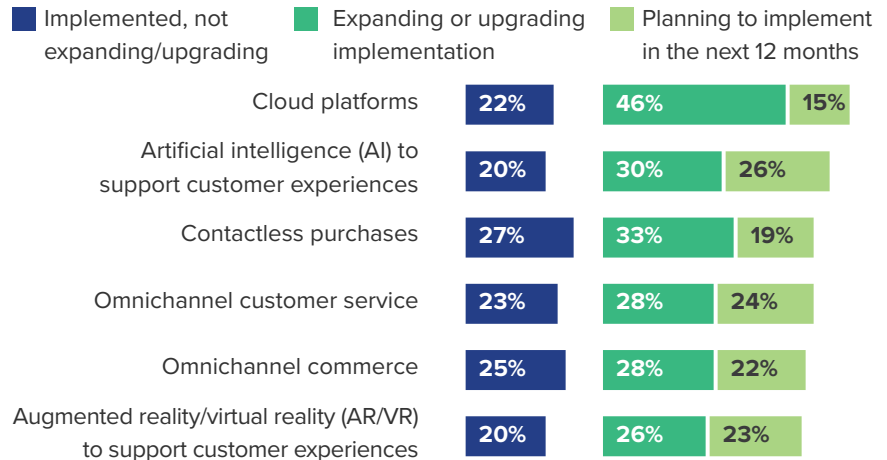
2.5%

Planned change to budget for digital customer experiences in the next 12 months



"Digital experiences are the most effective way to reach and engage consumers."

"What are your company's plans to implement the following?"



Base:1,298 global marketing and IT decision-makers responsible for digital CX strategy

Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe Digital Experience, October 2020

## BETTER DX LEADS TO BETTER BUSINESS RESULTS

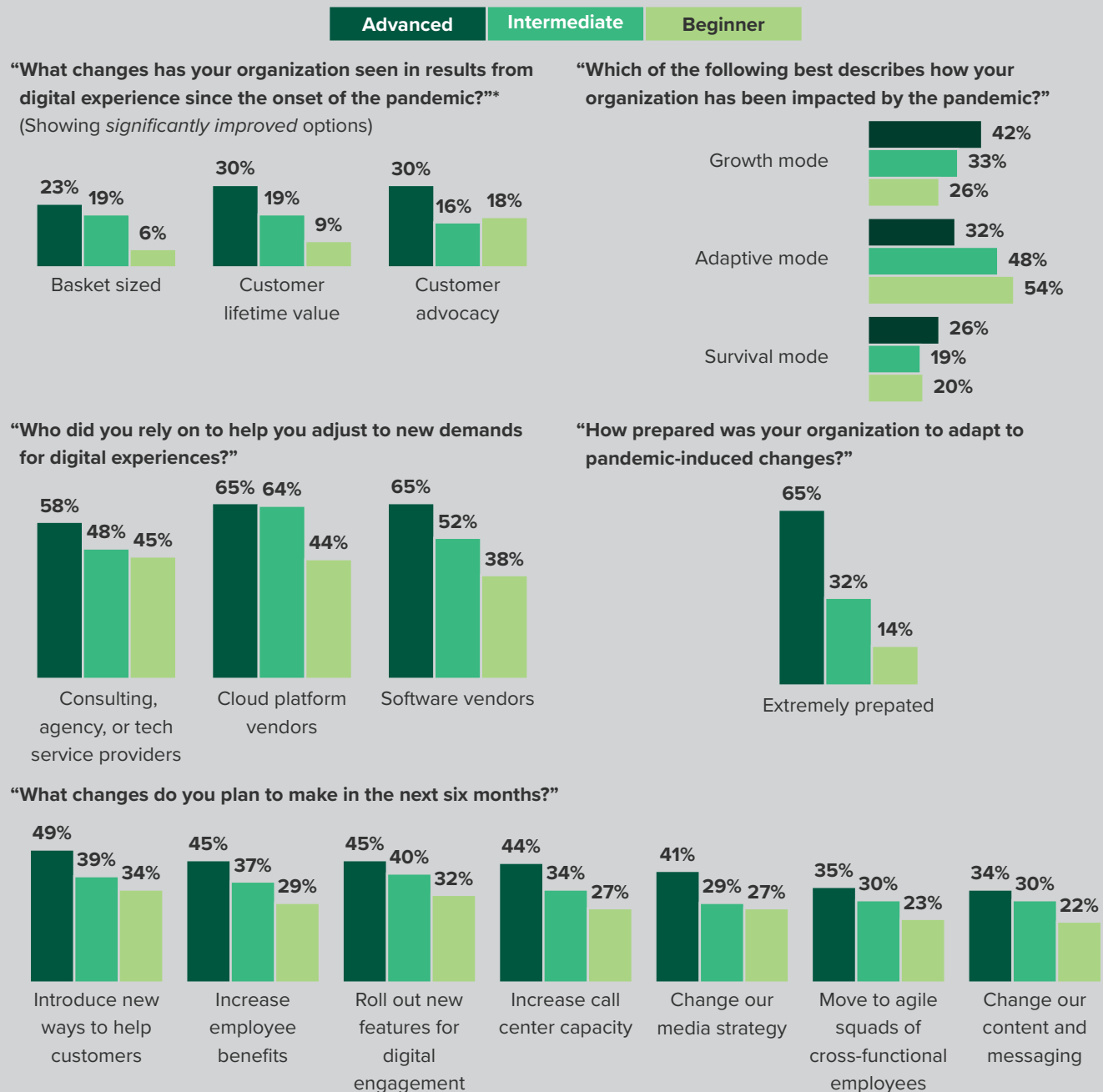
Not all firms are created equal when it comes to the digital experiences they offer. Firms with excellent digital experience can reveal both the benefits of investing in DX and what they might be doing differently that leads to success. We segmented firms based on a ten-point, self-reported ranking of their organization's quality and success of digital customer experience; and we found that firms with successful DX (see Figure 10):<sup>3</sup>

- › **Have had better business results since the onset of the pandemic.** Compared to beginners, advanced firms are 3.8x as likely to have significantly increased basket sizes, 3.3x as likely to have significantly increased CLV, and 1.7x as likely to have significantly increased customer advocacy.
- › **Are better positioned for growth during disruption.** Forrester has found that firms are operating in one of three modes since the onset of the pandemic: survival, adaptive, or growth.<sup>4</sup> Firms in growth mode have found opportunities amid the crisis and are managing through operational difficulties to capitalize on them. This survey also uncovered that firms with advanced DX are 1.6x as likely to be in growth mode compared to beginners.
- › **Leverage trusted partners in addition to in-house resources to adjust to changing consumer behaviors.** In response to new demand for digital experiences, advanced firms are more likely to have relied on external experts to adapt, such as consulting firms, cloud platform vendors, and software vendors. A martech director at a financial services company shared that close coordination with vendors was critical to keeping every server, site, and platform up and running to keep pace with increased digital traffic.

- **Continue to roll out new features to help customers.** In the next six months, advanced firms are more likely to make additional changes that will help customers and employees alike. Forty-five percent plan to roll out new features for digital engagement, and they are making organizational adjustments to account for these new features and demands, like increasing call center capacity (44%) and moving to agile squads (35%). Agile squads are most popular among retail and technology companies.

Figure 10

#### Firms With Advanced Excellent Digital Customer Experiences See Results



Base: 1,298 global marketing and IT decision-makers responsible for digital CX strategy

\*Base: 244 global marketing decision-makers responsible for digital CX strategy

Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe Digital Experience, October 2020

# Key Recommendations

While we are living through a once-in-a-lifetime pandemic, this will not be the last disruptive event your business must be prepared to weather. Being able to pivot rapidly when the need arises will be critical. Use this moment of urgency to celebrate what you have accomplished and learn from what worked to build a deeper commitment to your digital strategy. Forrester's in-depth surveys of 3,193 global consumers and 1,298 global decision-makers, who are responsible for digital CX strategy, about digital experience yielded several important recommendations for marketing and digital leaders as well as CX and technology professionals.



**Revisit your assumptions about what customers need.** To grasp the most important shifts in the consumer experience that will influence their brand perceptions, product preferences, and spending, you must stay tuned into consumers' emotions, motivations, and mindsets. This study uncovered that firms are out of touch with what consumers value most: convenience. Consumers also value experiences that are authentic and informative. To deliver these experiences, start by examining what changes your target market is facing, which will likely vary by segment. Then, consider what offering will meet customer needs and expectations, ensuring that the product you have today continues to meet your buyers' requirements moving forward.



**Align cross-functionally with a common purpose to accelerate experience-led transformation.** The combination of new ways of working and new ways of serving customers digitally is not happenstance: It reflects the importance of uniting people, process, and technology to reach and serve customers. Take lessons from your organization's health crisis response — whether it's working in cross-functional agile squads, unifying budgets on customer experiences, or finding ways to cut red tape on new feature rollouts — and decide what ways of working your organization can benefit from maintaining in the future.



**Embrace the proven success of innovation through ecosystems.** Firms that had laid the groundwork for digital experiences with cloud solutions were more ready to rapidly adapt to consumers' new realities. Now is the time to recognize the contributions of ecosystem partners and prioritize investments in cloud, software, and service provider assistance to harness those capabilities for future needs and to accelerate transformation.



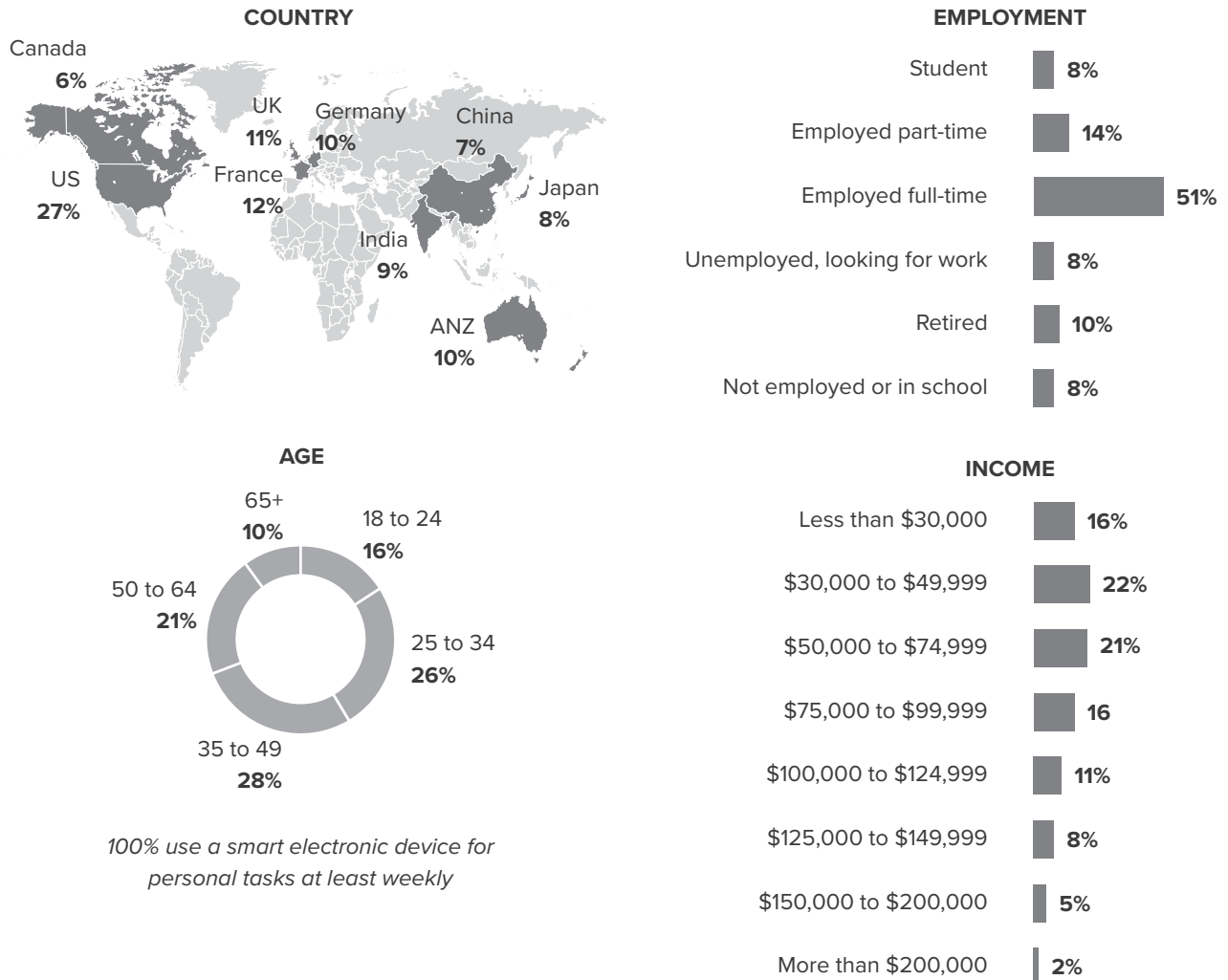
**Harness the power of your digital experiences with data and insights.** The power of digital becomes visible and manageable when you instrument the touchpoints and engagement to capture data and generate insights. Build dashboards and pattern recognition using AI and machine learning into every digital initiative. Customers will thank you for intuiting their needs to present solutions before they ask for them.

## Appendix A: Methodology

In this study, Forrester conducted two global online surveys: 1) 3,193 global consumers who use a smart device at least weekly and 2) 1,298 global marketing and IT decision-makers responsible for digital CX strategy. Forrester also conducted five interviews with digital experience decision-makers across industries to explore this topic. Survey respondents were offered a small incentive as a thank you for time spent on the survey. The study began in September 2020 and was completed in October 2020.

## Appendix B: Demographics/Data

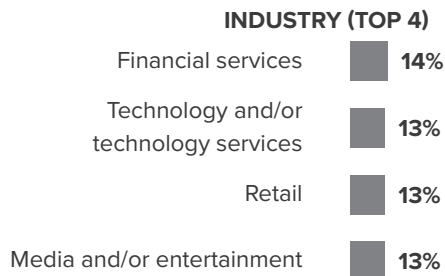
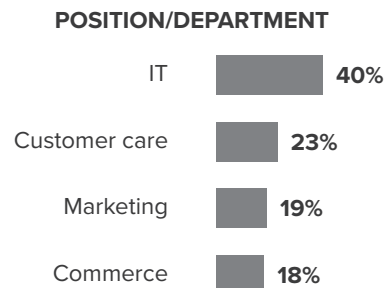
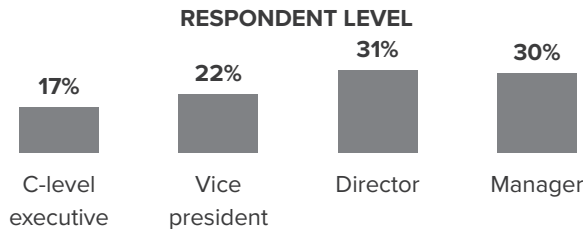
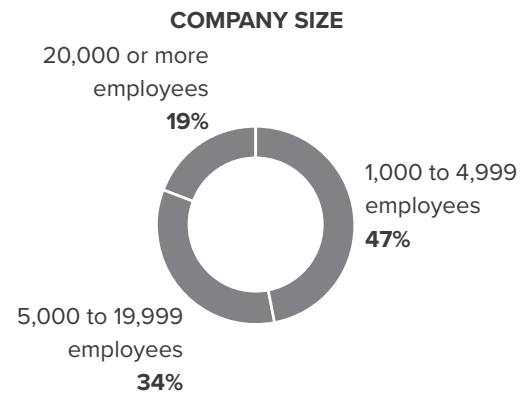
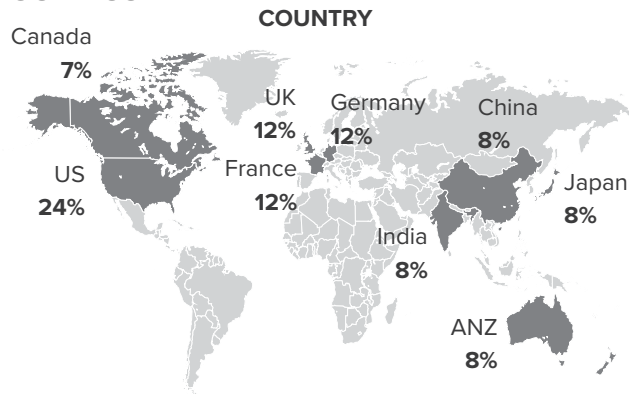
### CONSUMER



Base: 3,193 Global consumers who use a smart electronic at least weekly

Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe Digital Experience, October 2020

## BUSINESS



Base: 1,298 global marketing and IT decision-makers responsible for digital CX strategy

Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe Digital Experience, October 2020

## Appendix C: Related Forrester Research

“What Consumers Will Do Next And Why,” Forrester Research, Inc., September 14, 2020.

“Predictions 2021: Digital Business,” Forrester Research, Inc., October 29th, 2020.

“Pandemic-Fueled Transformation Will Accelerate In Every Industry,” Forrester Research, Inc., May 18, 2020.

## Appendix D: Endnotes

<sup>1</sup> Source: “What Consumers Will Do Next And Why,” Forrester Research, Inc., September 14, 2020.

<sup>2</sup> We identified tastemakers based on their willingness to experiment. The question posed was “To what extent are you willing to try digital experiences with emerging technology, such as AR/VR, AI-enabled devices, self-driving cars, etc.?” on a scale of one to five. We labeled consumers responding 1, 2, or 3 as traditionalists and consumers responding 4 or 5 as tastemakers.

<sup>3</sup> We identified advanced firms based on the following question: “On a scale of 1 to 10, how would you rate the quality and success of your organization’s digital customer experience?” We labeled business responding 1 to 7 as beginner, 8 to 9 as intermediate, and 10 as advanced.

<sup>4</sup> Source: Rick Parrish “Retailers Must Adjust Their Marketing And Customer Experience Data And Research Budgets In The Wake Of The COVID-19 Pandemic,” Forrester Blogs, October 28th, 2020 (<https://go.forrester.com/blogs/retailers-marketing-and-cx-spending/>).