



2020 Digital Trends

Advertising in Focus

Table of Contents

Executive Summary	4
1. Advertisers embrace the data challenge	6
2. Why great advertising is rooted in CX	9
3. The converging worlds of adtech and martech	13
Conclusion	15
Methodology	16

Foreword

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.



Alvaro Del Pozo
VP, Marketing, Adobe International

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

Advertisers strive to take back the initiative

Even as ad budgets are forecast to increase in 2020, the value proposition for advertising continues to come under scrutiny amid challenges around data control, consumer trust and measurement accuracy.

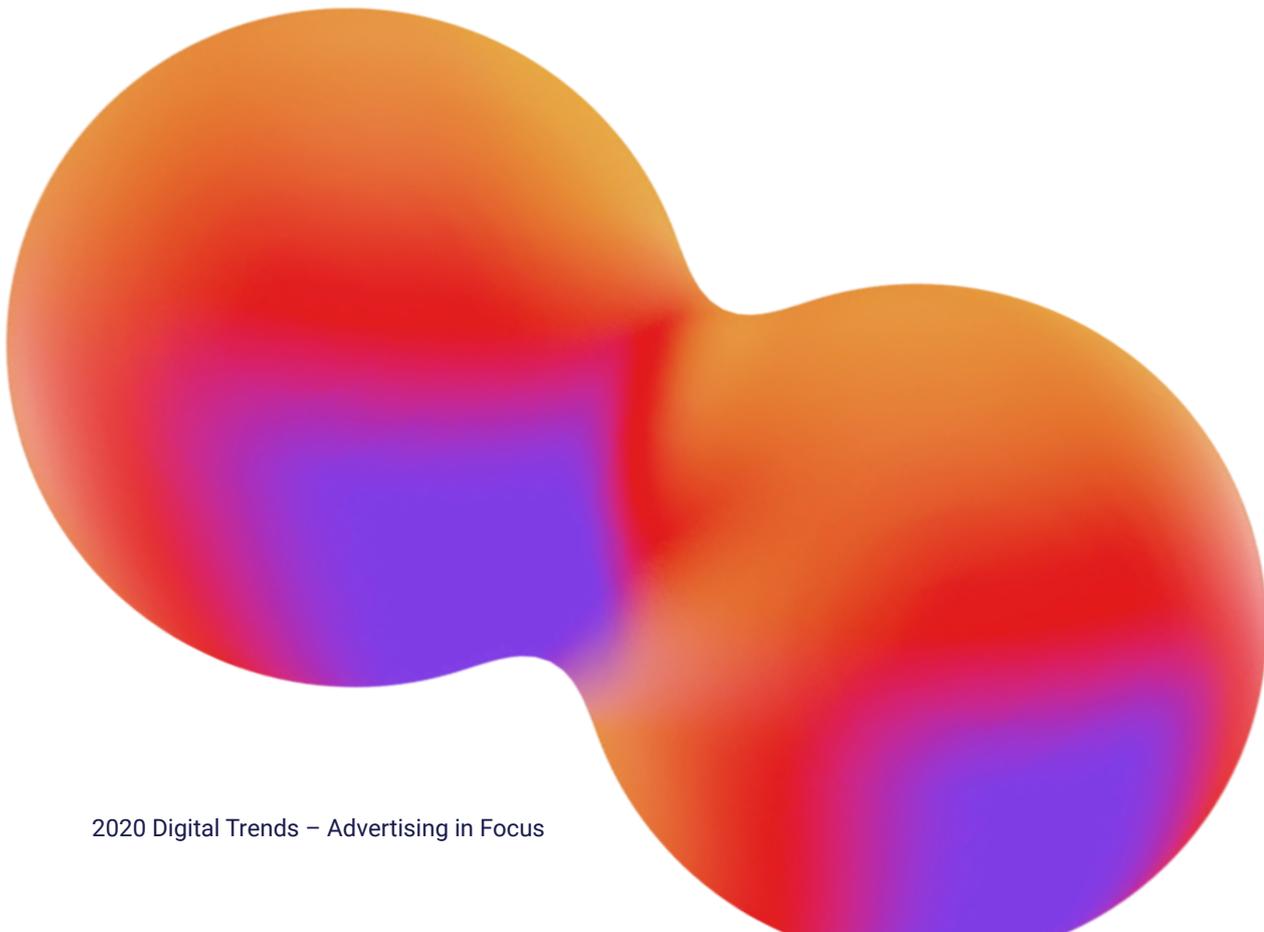
Brands are continually striving to harness data for more targeted content and messaging whilst also operating transparently and in a way that is beneficial to the consumer but not creepy.

Against the backdrop of these challenges, advances in technology mean that the next decade will offer unprecedented opportunities for companies seeking to grow and strengthen their brands through more efficient and effective advertising.

The 2020 Digital Trends: Advertising in Focus report from Econsultancy and Adobe looks at the extent to which companies are putting advertising at the forefront of their customer experience (CX) endeavours.

Advertisers prioritise data-driven marketing and multichannel campaign management

- Data-driven marketing that focuses on the individual is seen as the single most exciting opportunity for advertisers (20%), ahead of creating compelling content for digital experiences (14%) in second place.
- Advertisers are significantly less likely than their peers to rate CX optimisation as the most exciting opportunity for their businesses for the year ahead (13% vs. 20%).
- But they are much more likely to be focusing on multichannel campaign management (31% vs. 21%) as a top priority for 2020.

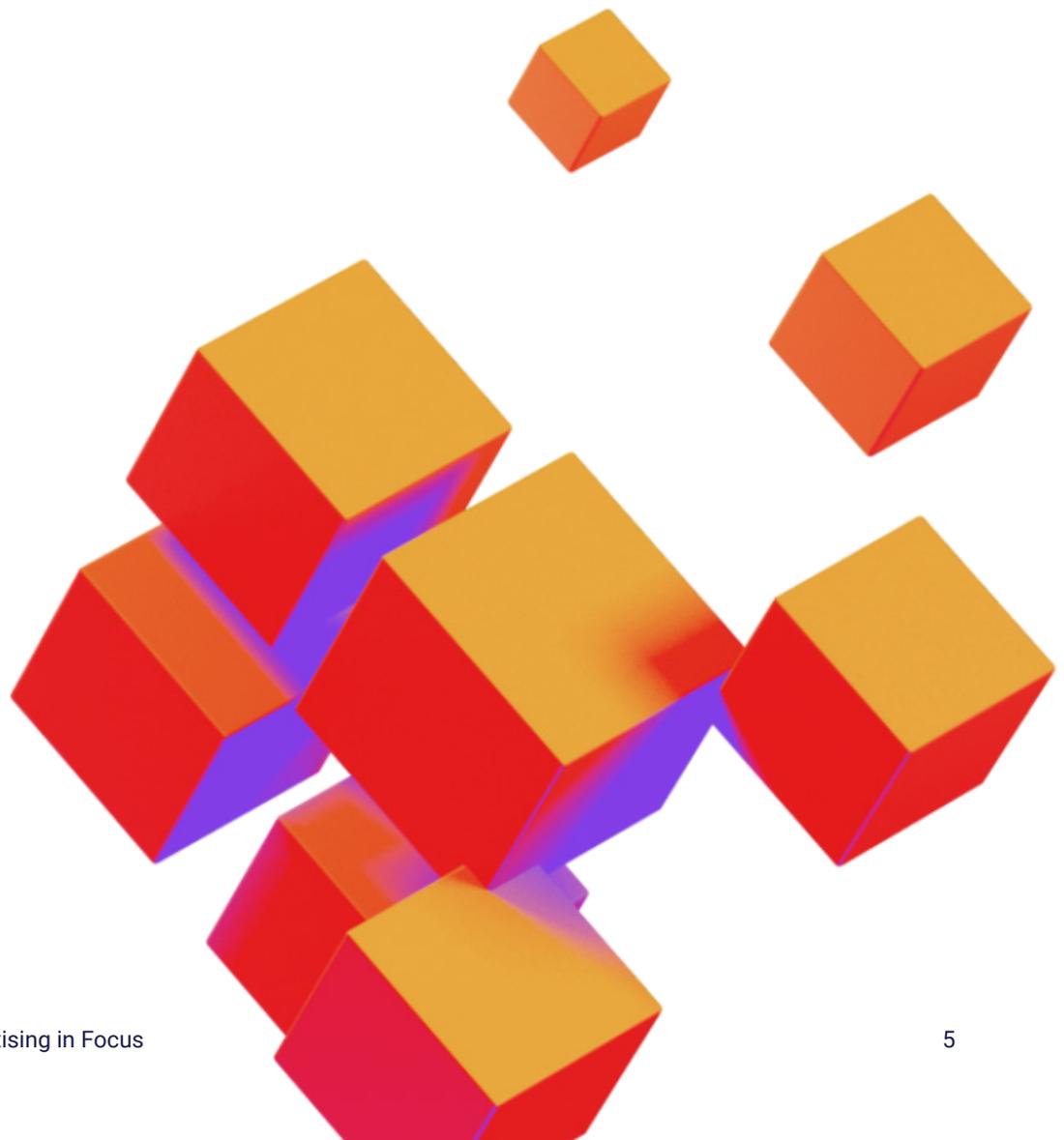


How to unlock the value of data from an increasingly lukewarm and closed-off audience

- Achieving personalisation of consumer experiences without violating privacy regulations was the number one concern when advertisers were asked about the challenges keeping them awake at night (39%).
- More than a quarter of advertising executives (28%) cite walled gardens and data silos as one of their top challenges.
- For many, inconsistent measurement across media channels (29%), integrating data across channels (26%) and ad viewability (24%) continue to hinder insight into advertising performance.

The puzzle of how to integrate and utilise data continues to get harder. Can advertisers solve it?

- Most advertising executives (52%) still see their organisations as 'immature' or 'not very advanced' when it comes to CX development.
- Improving advertising channel efficiency is highlighted by a majority (59%) of advertising executives as a growing theme for 2020.
- Some 17% of advertising executives are focused on integrating adtech with martech.
- Nearly half (48%) of advertising executives have already begun using artificial intelligence / machine learning (AI/ML) or are planning to invest.



1

Advertisers embrace the data challenge

2019 was another year when the spotlight fell on the complexity of digital advertising. Companies continued to wrestle with the task of providing data-driven, one-to-one communications with customers at scale, while operating within the blurred boundaries of what is legally and ethically acceptable.

Advertisers also contended with ongoing external challenges around brand safety, media accountability, and the ever-increasing power of walled gardens operated by the likes of Amazon, Facebook and Google.

Many of the world's largest advertisers, such as P&G, McDonald's and Unilever, spent much of 2019 rethinking their strategic approach to marketing, changing how they organise internal and agency responsibilities, or refreshing leadership.

Moving into 2020, the promise of customer-oriented, data-driven marketing remains highly alluring, and brands will likely continue to invest heavily in advertising throughout the new decade and beyond. In the United States alone, online advertising spending is predicted to increase by 14.5% to \$166.4 billion in 2020, out of a total advertising and marketing spend of almost \$390 billion, say Winterberry Group¹. According to WARC, global ad investment is forecast to grow to \$656 billion in 2020².

There is a major competitive opportunity for businesses that can calibrate their marketing efforts effectively. There is also the promise of maturing technology such as AI and ML to drive closer connections with customers and address many of the challenges advertisers are facing.

Former Unilever Chief Marketing Officer Keith Weed has been leading efforts to address the erosion of trust in media – what he calls an “emerging problem that is getting bigger and bigger”.³ He also stated that the ad industry is currently “on the back foot around the area [...] of trust”.⁴

On a more positive note, he also sees this as the “most fabulous time to be in this industry”.

“There’s so much opportunity, so much change. [...] If you stand back, we are inventing the way brands are built in the modern world and there’s no manual, there’s no rule book”

- Keith Weed, Former Unilever Chief Marketing Officer

¹ <https://www.adweek.com/brand-marketing/us-advertising-marketing-spend-grow-nearly-390-billion-2020>

² https://www.warc.com/newsandopinion/news/global_ad_trends_global_ad_investment_forecast_to_grow_6_to_656_billion_in_2020/42822

³ <https://www.isba.org.uk/knowledge/video-library/annual-conference-2019/building-back-trust/>

⁴ <https://www.thedrum.com/news/2020/01/02/keith-weed-without-trust-brand-just-product-and-its-advertising-just-noise>

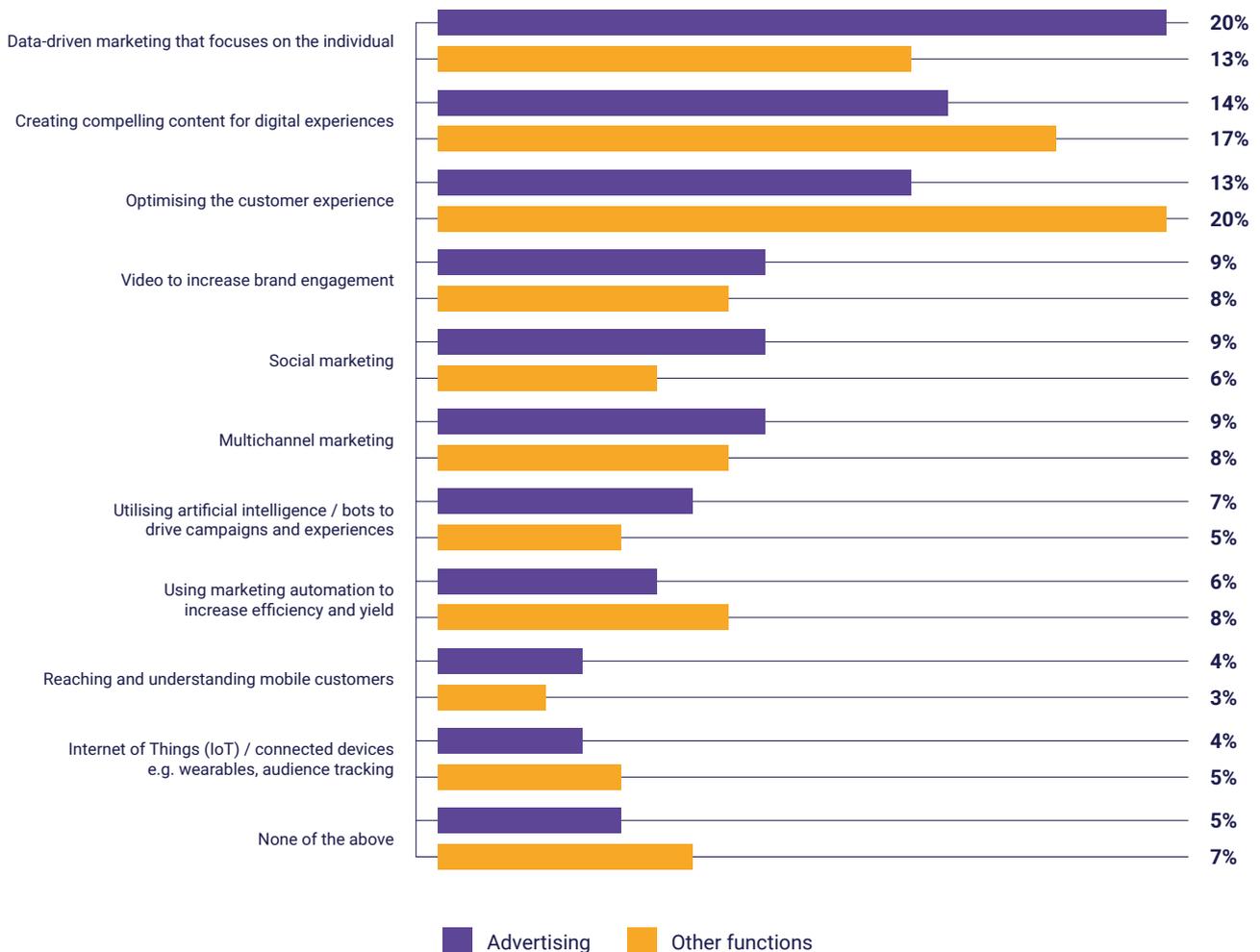
The data-driven marketing opportunity

Figure 1 shows the differences between advertisers and other Digital Trends 2020 survey respondents when it comes to perceived opportunities and challenges for the year ahead.

- Data-driven marketing that focuses on the individual (20%) is seen as the single most exciting opportunity for advertisers, ahead of creating compelling content for digital experiences (14%) in second place.
- Advertisers are significantly less likely than their peers to rate CX optimisation as the most exciting area for their businesses for the year ahead (13% vs. 20%).

Those working in advertising are rightly laser-focused on data as a way of optimising the effectiveness and relevance of their campaigns. But what is crucial is that they stay aligned with other organisational functions when it comes to a more holistic customer experience. Advertisers need to play a leading role in helping to drive better CX as well as ensuring the best possible returns on paid media investment.

Figure 1: Which one area is the single most exciting opportunity for your (or your clients') organisation in 2020?



Respondents (Advertisers): 468 – Respondents (Others): 8,536

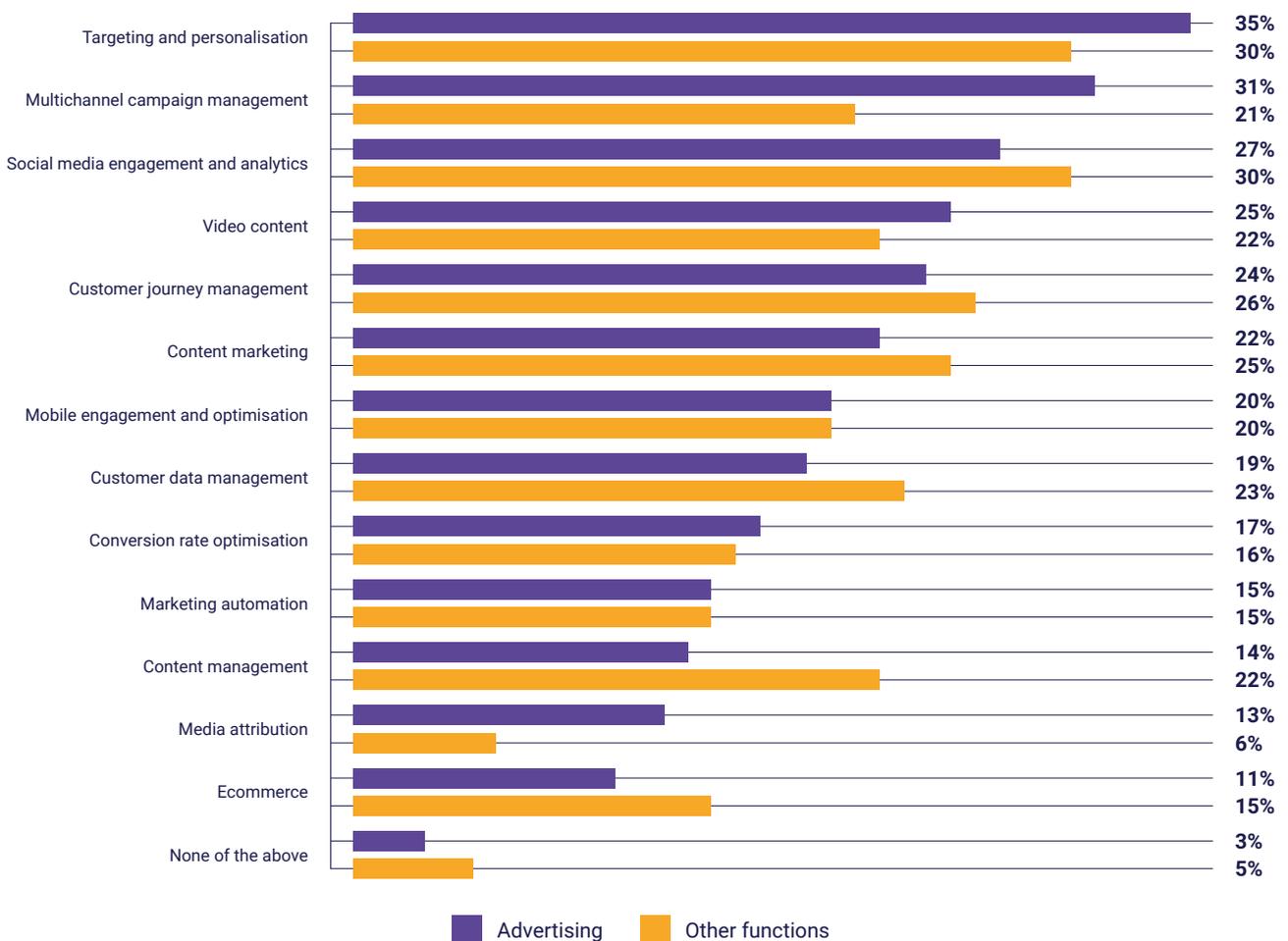
The drive to more connected advertising and marketing

When asked about their top digital-related priorities for the year ahead, there are again differences between advertisers and other respondents (Figure 2).

- Advertisers are significantly more likely than their peers to select targeting and personalisation as a top priority (35% vs. 30%).
- Advertisers are also much more likely to be focusing on multichannel campaign management (31% vs. 21%).

While targeting and personalisation are understandably important for advertisers, the onus is on brands to ensure that they are aiming for a one-to-one approach to marketing within the constraints of what is compliant with regulations and desirable in the long-term. It is encouraging to see that advertisers are prioritising a connected approach to marketing and advertising in a world where advertising messages can be transmitted across a plethora of channels and touchpoints, ranging from television and outdoor to digital display, audio, and search ads.

Figure 2: Which three digital-related areas are the top priorities for your (or your clients') organisation in 2020?



Respondents (Advertisers): 479 – Respondents (Other functions): 8,804

In summary, advertisers are rightly continuing to focus on data-driven marketing as the route to more efficient advertising, but it is crucial that this approach also coincides with a drive to provide better customer experiences through greater relevance. The focus on multichannel campaign management suggests a healthy commitment to providing more connected experiences across different channels and touchpoints.

2

Why great advertising is rooted in CX

Digital advertising might be experiencing bumps in the road, but there has been no change in destination. The industry holds the solutions to its problems in its own hands.

Many consumers might be suffering from ad fatigue but it seems unlikely that the answer is to go back to the pre-digital age of untargeted, broadcast communications.

Advertising's core role – getting the right message to the user at the right time – also remains a crucial part of CX and a major player in both kickstarting and directing customer journeys. Excellent CX and effective advertising are two sides of the same coin, and both require a high level of proficiency when it comes to gathering, integrating and protecting data.

Only with this capability can businesses gain the insight needed to drive returns from campaigns, especially as customer wariness over media content (commercial and editorial) increases.

Dell is one business that has been deepening its data capabilities to make its advertising more efficient and effective.⁵ The company deployed a cloud-based advertising platform to provide it with real-time, 'in-flight' reporting capabilities for connected TV ads, and enable it to optimise spend with individual publishers. This gave it more consistency in frequency and improved the experience for viewers.

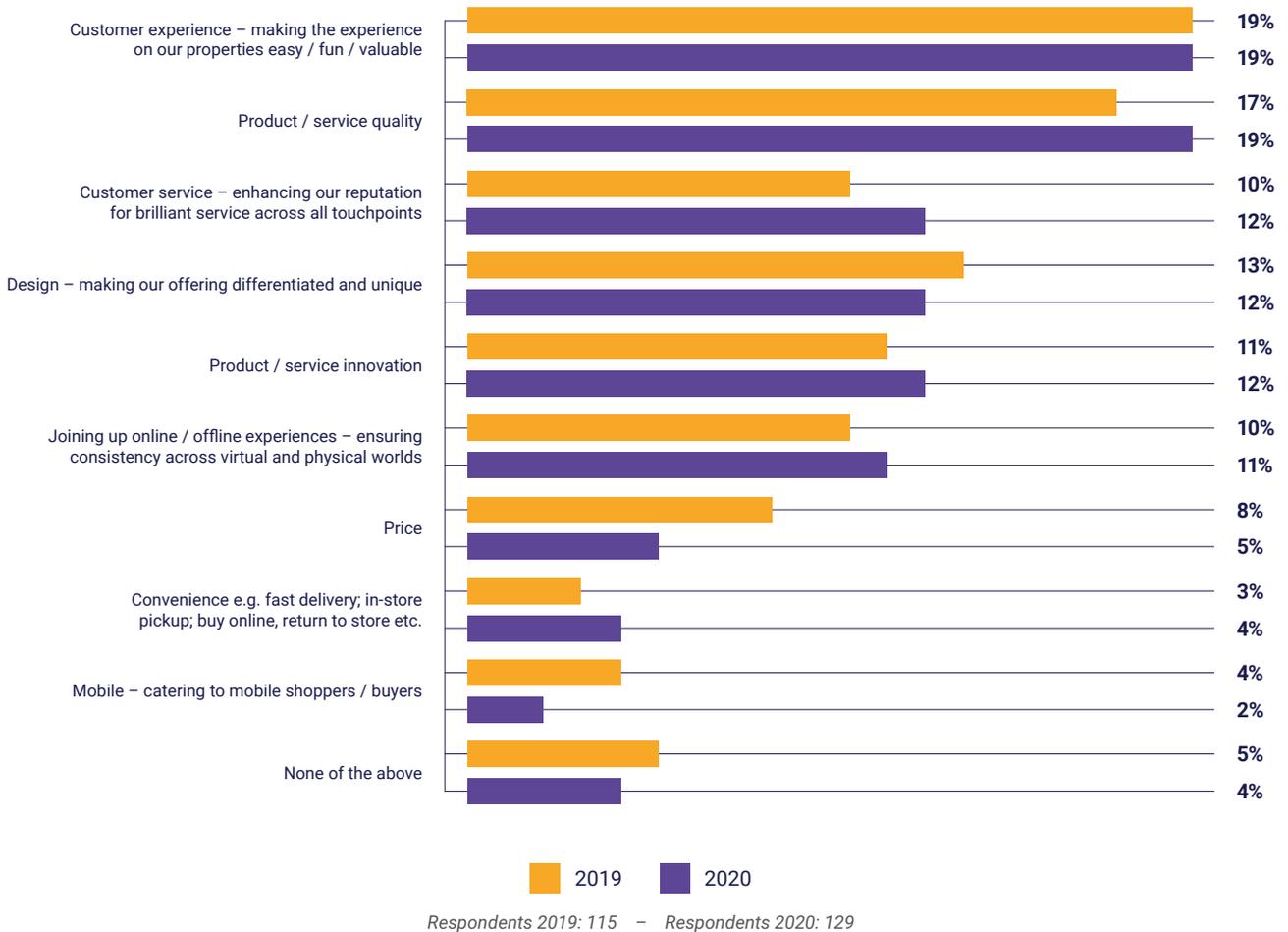
⁵<https://www.adobe.com/customer-success-stories/dell-case-study.html>

Focus on CX as a key differentiator

The research suggests that cementing advertising's role within effective, connected CX will be a clear focus for practitioners during 2020.

- When advertising executives were asked how organisations should seek to differentiate themselves over the coming five years, the most popular answers were CX and product/service quality (19% each, (Figure 3).
- They also recognise considerable work remains to be done: 52% see their organisations as only 'immature' or 'not very advanced' when it comes to CX development.

Figure 3: Over the next five years, what should be the primary way in which your organisation will seek to differentiate itself from competitors?



CX focus: moving on-grid

It is encouraging that CX is very much on the advertiser agenda as we enter the new decade. When asked about the challenges that keep them awake at night, by far the most prevalent issue is achieving personalisation of consumer experiences without violating privacy (39%, Figure 4).

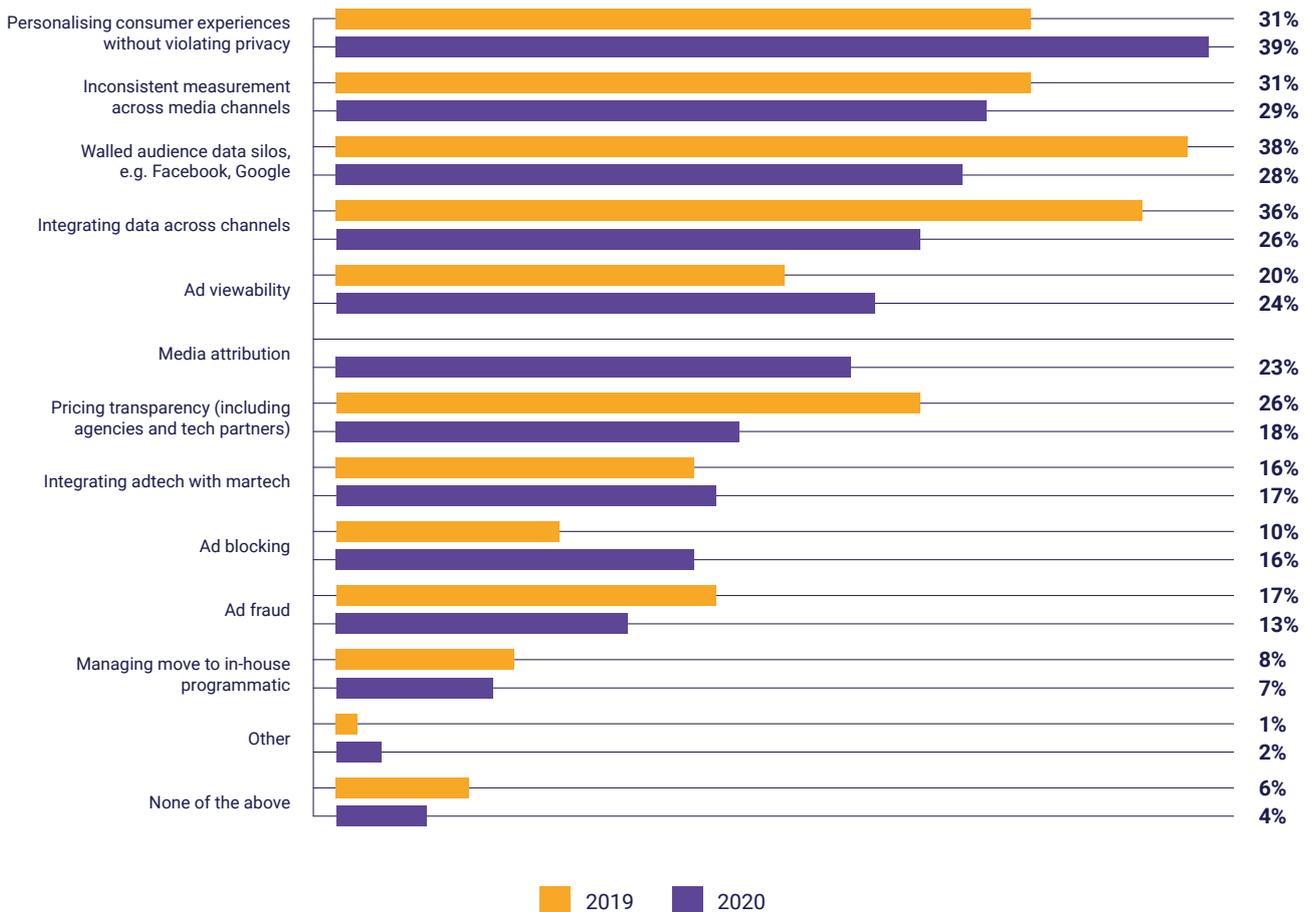
Personalisation has long been trumpeted as a standard-bearer for CX improvement. However, about a third (32%) of marketers believe the industry is currently ‘getting personalisation right’⁶.

Regulatory interventions such as GDPR in Europe, and the rise of ad-blocking tools online, are also making personalisation even more difficult. An increased proportion of executives (16%) cite ad blocking as something that is likely to cause them to lose sleep.

There have been suggestions these challenges could persuade brands to abandon personalisation efforts.⁷ Others argue for perseverance.

Econsultancy founder Ashley Friedlein has written about the need to redefine personalisation⁸, built on – among other things – anonymised data and tools to allow users to better configure and control their experiences (including increased use of zero party data). He also highlights the promise of using “available non-personal data signals”, aided by machine learning, to “super-serve customers’ needs and goals in the moment”.

Figure 4: What are the top three advertising-related challenges most likely to keep you (or your clients) awake at night?



Respondents 2019: 383 – Respondents 2020: 379 – Note: ‘Media attribution’ was a new option in the 2020 survey.

⁶ <https://www.evergage.com/resources/ebooks/trends-in-personalization-survey-report/>

⁷ <https://www.gartner.com/en/newsroom/press-releases/2019-12-02-gartner-predicts-80-of-marketers-will-abandon-person>

⁸ <https://econsultancy.com/ashley-friedlein-marketing-digital-trends-decade-2020-to-2030/>

Taking back data control: accountability and efficiency

As well as seeing advertisers becoming more plugged into CX, 2020 is set for continued focus on improving the transparency and accountability of their spend.

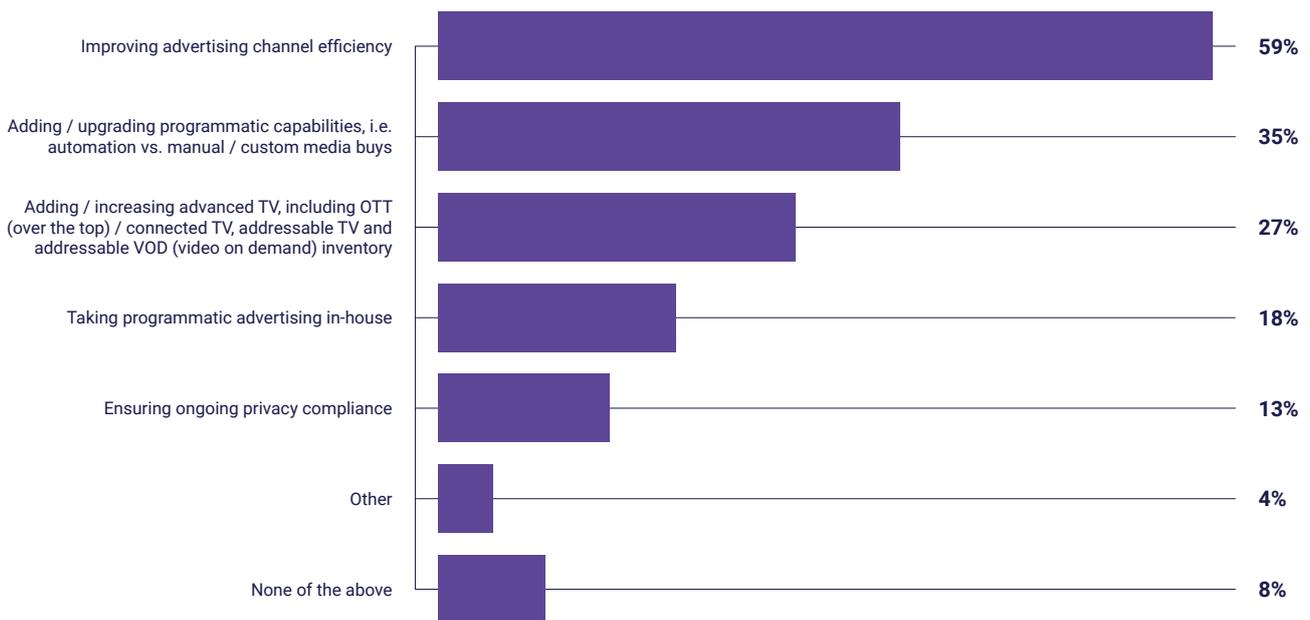
- Data silos created by walled gardens remain a significant challenge to ROI uplift, obscuring measurement and complicating strategy and tactics. More than a quarter (28%) executives say this is one of the issues most likely to keep them awake at night.
- Inconsistent measurement across media channels (29%), integrating data across channels (26%) and ad viewability (24%) are also continuing to hinder insight into ad performance.

Better visibility and transparency can be used to optimise spend and fuel greater effectiveness. Improving advertising channel efficiency is highlighted by a majority (59%) of advertising executives as a theme in the ascendancy for 2020 (Figure 5).

Canadian airline WestJet is a good example of a brand that has sought to improve advertising efficiency. The company began using an advanced learning algorithm, alongside analytics software, to improve the efficiency of its search engine marketing campaigns.⁹

The deployment enabled the company to augment campaign reports with ‘true cross-channel data’. Its greater confidence in the accuracy of campaign performance metrics enabled it to reduce meetings with agencies and reconfigure how it operates campaigns, delivering sizeable savings.

Figure 5: Which two advertising capability-related areas do you expect to jump furthest up your organisation's (or your clients') priority list in 2020?



Respondents: 448

In summary, against the backdrop of the industry's challenges, it is increasingly important for brands to be able to demonstrate return on investment (ROI) from advertising and prove campaigns' contribution to broader CX goals.

⁹ <https://www.adobe.com/customer-success-stories/westjet-case-study.html>

3

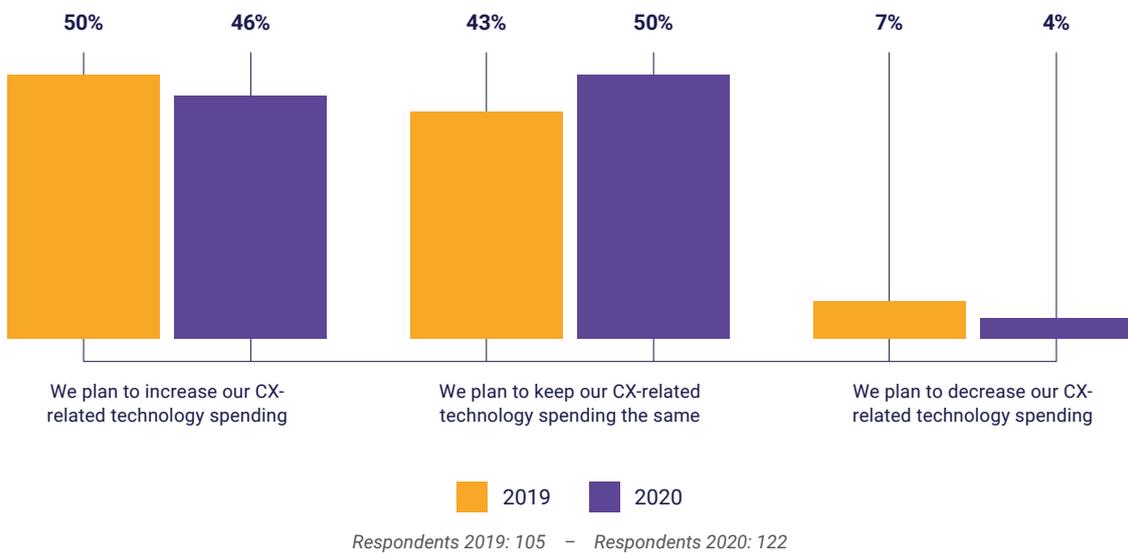
The converging worlds of adtech and martech

While not always a magic bullet, adtech and martech capabilities are progressing rapidly. Industry executives continue to see opportunities to make better use of software and improve the effectiveness and efficiency of their campaigns.

At the centre is an ongoing focus on connected marketing and broader CX improvement. Nearly half (46%) of respondents say they plan to increase their CX-related technology spending in 2020 (Figure 6). Only 4% plan to trim expenditure.

Nearly half (46%) of respondents say they plan to increase their CX-related technology spending in 2020.

Figure 6: What best describes your plans for CX-related technology spending in 2020?



Integration of advertising and marketing software

Integration of advertising and marketing software is a major area of emphasis for technologists seeking to improve CX.

In 2020, 17% of advertising executives are focusing on the challenge of integrating adtech with martech (Figure 4). This convergence has long been a goal for brands, promising better orchestration of how they communicate with consumers across all channels, including media. For advertising, it offers a broader base of insight to improve targeting and increase media’s role throughout the customer journey, beyond its traditional awareness building and direct response core.

Opening up and harmonising applications remains a barrier to achieving this, however, and a pain point that organisations are seeking to address through IT upgrades.

Many advertising industry executives still say they either have ‘little or no cloud-based technology’ (26%) or are working under a ‘fragmented approach with inconsistent integration between technologies’ (36%). Clearly, this is a major barrier to ensuring CX activities – including media campaigns – are well coordinated and tied in with underlying strategic objectives.

Connected systems are also key to ensuring the data proficiency required to address advertising’s challenges in transparency, measurement and quality.

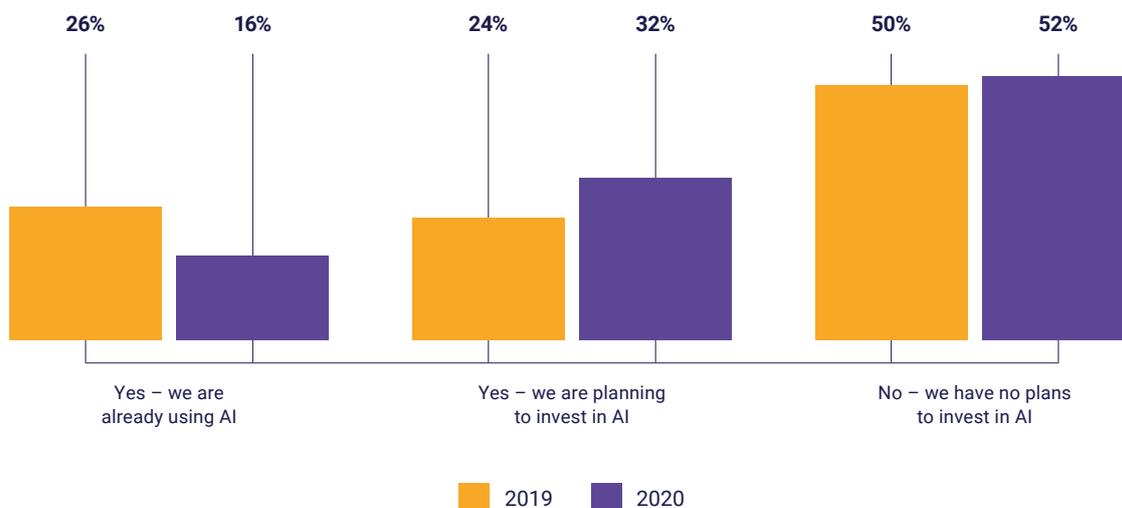
A clean, accessible database is an evident prerequisite for tackling advertising executives' twin-challenge or opportunity of privacy and personalisation (Section 2). Across all sectors, organisations with a highly integrated, cloud-based technology stack are 65% more likely than their peers to say they have benefited from tighter data protection norms.

AI as shopping assistant

Many see the advent of AI and ML as having the potential to solve advertisers' problems with data control and measurement (if the requisite processes and skills are in place).

Nearly half (48%) of advertising executives have already begun using AI/ML, or they say they are planning to invest in the technology (Figure 7).

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



Respondents 2019: 112 – Respondents 2020: 107

While AI/ML features are being built into applications for a range of marketing practices, efficiency and precision in media purchasing is one clear focus for adopters of the technology.

As seen in Section 2, buyers indicate they will focus on getting smarter at programmatic in 2020 – a key area where performance measurement is questioned. More than a third (35%) cite adding/upgrading programmatic capabilities as a growing priority for the year. As widely cited in the media, an increased proportion of brands are prioritising taking programmatic advertising in-house (18%).

The new decade will see more companies reaping the benefits of AI/ML. Undergarment brand Jockey International uses ML to optimise its paid search marketing. The technology helps the company identify and then place higher bids on successful keywords and to cut back on those that don't perform as well. By using AI to run accurate and detailed predictive models, Jockey can quickly determine how much to spend across all portfolios. Technology has helped Jockey reduce ad spending increases from 21% to 1.4% annually while maintaining strong sales¹⁰.

In summary, technology-driven developments are having a major impact on the world of digital advertising, for example in terms of the ability to integrate adtech and martech as a result of more flexible and sophisticated tech stacks. Furthermore, advertisers are now seeing tangible benefits from AI in terms of more efficient and targeted advertising.

¹⁰ <https://www.adobe.com/customer-success-stories/jockey-case-study.html>

Conclusion

Four key takeaways for advertisers

1. Organisations need to ensure that data-driven advertising is being managed in the broader context of a greater commitment to providing better and more relevant customer experiences. Brands can no longer afford to treat advertising as its own silo.
2. Personalisation is a good example of how brands can push towards better customer experiences without invading consumer privacy. Developments in technology, for example AI/ML, mean that advertisers can provide more tailored and relevant communications without needing to identify exactly who the individual is.
3. It is crucial for advertisers to continue to push for greater data control. Walled gardens, viewability and brand safety are all external challenges that require a continued and concerted push for solutions.
4. Organisations should focus on connecting their marketing and advertising technology. Brands must take an integrated approach to adtech and martech so they give themselves the best possible chance of creating the most relevant experiences at different touchpoints within the customer journey.

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 having collected 746 qualified responses from those working in advertising.

Demographic profiles

- Thirty one percent of all respondents came from the client-side. The remaining sample is made up of consultants, executives at agencies and advertising technology/services vendors.
- Eighty nine percent of agency-side responses and seventy seven percent of client-side responses were at the manager level or above.
- As defined by target market, those addressing both markets equally accounted for 42%, followed by B2C (34%) and B2B (24%).
- The sample is global, with Europe providing the largest share of respondents (47%), followed by United States (26%) and the Asia-Pacific region at 17%. The survey was translated into French, German, Chinese and Japanese.
- Multiple business sectors are represented, with concentrations in Media and Entertainment (16%), Print / Publishing (16%), Retail / Ecommerce (9%) and Automotive (8%).



About Econsultancy

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

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