



2021 Digital Trends

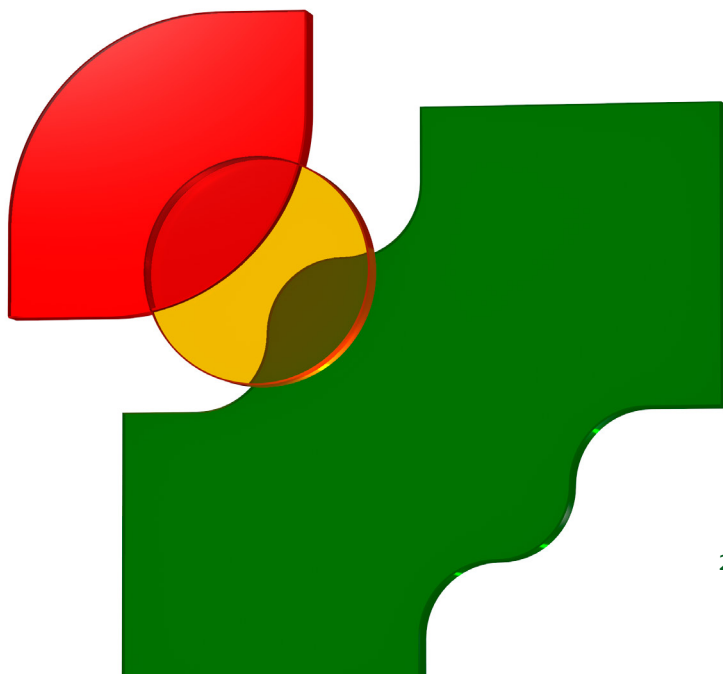
High Tech in Focus

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

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



Foreword

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

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

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

The results of our survey show that past investments in customer experience have paid off, which further underlines the importance of speed and personalisation as we enter the new era in experience. As business leaders look towards the new year and scan the horizon for a return to normal, it's apparent that the new era in experience will be born digital. The economic



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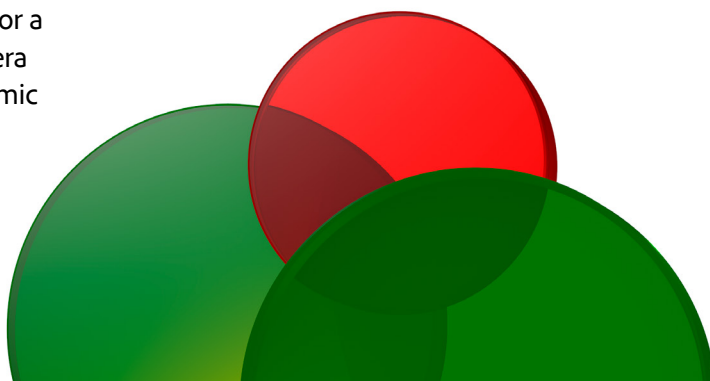
impact of this acceleration and the opportunities it presents will only become clearer as the dust settles. The 2021 *Digital Trends Report*, produced in collaboration with Econsultancy, brings key trends to life with startling clarity.

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

2020 was a year of extraordinary upheaval for the high-tech sector. Driven by the Covid-19 pandemic, more change happened in six months than had in the previous ten years. Businesses had to adapt to the new world of remote working, and the challenges that created in terms of their online capabilities, their ability to innovate, and their understanding of their customers.

High tech was an early adopter of digital transformation.¹ As Keith Krach, U.S. Under Secretary of State for Economic Growth, Energy, and the Environment, said in a LinkedIn article: 'It seems only natural that the developers of computers and electronics would be at the forefront of digital innovation, but the technology sector also exemplifies how digitisation can influence business models and value chains.'²

This pioneering move seems to have insulated the sector from the extremes experienced by other industries during the pandemic. The fact that many businesses had already adopted new, digital-first go-to-market models meant they were less challenged by the surge of activity in online channels seen in other sectors.

However, despite this relative success story, high tech still faces the challenge of adapting to a post-pandemic world of reduced marketing budgets, increased customer demand for online interaction, and the constant pressure to improve the customer experience. At the same time, the level of digital maturity of companies in this sector varies widely, thus increasing the likelihood of future consolidation.

Key findings from this report include:

The sector's emphasis on agility paid off. The influence of lean start-up and agile methodologies meant high tech was able to respond quickly to rapidly changing customer behaviour and the move to working from home. Companies in this sector are significantly more likely to describe themselves as offering either a flexible or collaborative work environment, rather than one that is either a traditional hierarchy or is purely market-driven. As a result, they were more likely than those in other sectors to feel that they had unusual freedom to experiment and innovate in marketing during the first six months of the pandemic.

High-tech businesses still have work to do on their customer experience (CX). Although more high-tech companies rate themselves 'very advanced' in CX maturity than the survey average, half the sector still rate themselves only 'moderately advanced'. The biggest barrier to improvement is 'workflow issues'. A quarter of respondents are still struggling with poor quality data and a lack of customer insights, while the same percentage feel their company doesn't prioritise CX.

Partnership is the crucial strategy. Almost half the high-tech respondents believe building strategic partnerships and multiplayer alliances is the way to hit their growth targets for 2021. This reflects the increasing complexity of the supply side – particularly in B2B – and the impossibility of any one supplier being able to meet all of a customer's needs.

¹ <https://www.mckinsey.com/industries/technology-media-and-telecommunications/our-insights/digital-america-a-tale-of-the-haves-and-have-mores>

² <https://www.linkedin.com/pulse/do-you-know-which-industries-digitization-affects-most-keith-krach/>

Early digital transformation efforts help high tech cope with the pandemic

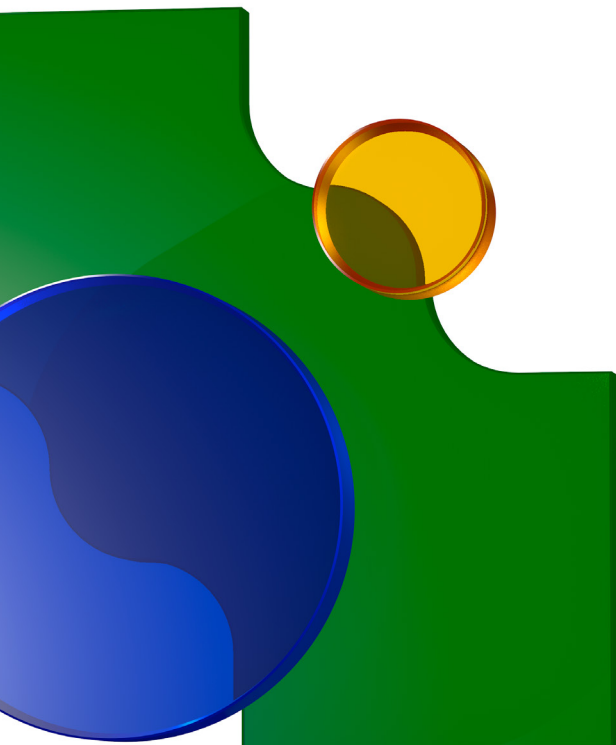
One of the defining characteristics of business during the pandemic has been the acceleration of the digital transformation. As lockdowns around the world drove consumers to ecommerce and employees to remote working, companies were forced to follow suit. The early stages were marked by a scramble to cope with business interruptions and rapid changes in customer behaviour.

Global research published in October 2020³ found that companies had responded to changing circumstances far more quickly than they themselves would have predicted. They were able to increase the use of advanced technology in both operations and decision-making 25 times faster than expected. Most remarkably, they were able to adapt to remote working more than 40 times faster, achieving in an average of 11 days what they thought would have taken over a year.

This flexibility was certainly apparent in the high-tech industry: according to our survey, high-tech executives were more likely than their peers in other industries to:

- 'Strongly agree' that they have had *unusual freedom to experiment and innovate in marketing in the six months prior to the survey* (23% of high-tech executives vs. 16% of peers).
- 'Agree' that there had been *unusually high levels of communication between teams* (36% 'strongly agree' vs. 25%).
- Experience lower levels of *unusual churn in existing customers* (27% of high-tech executives vs. 36% of peers).

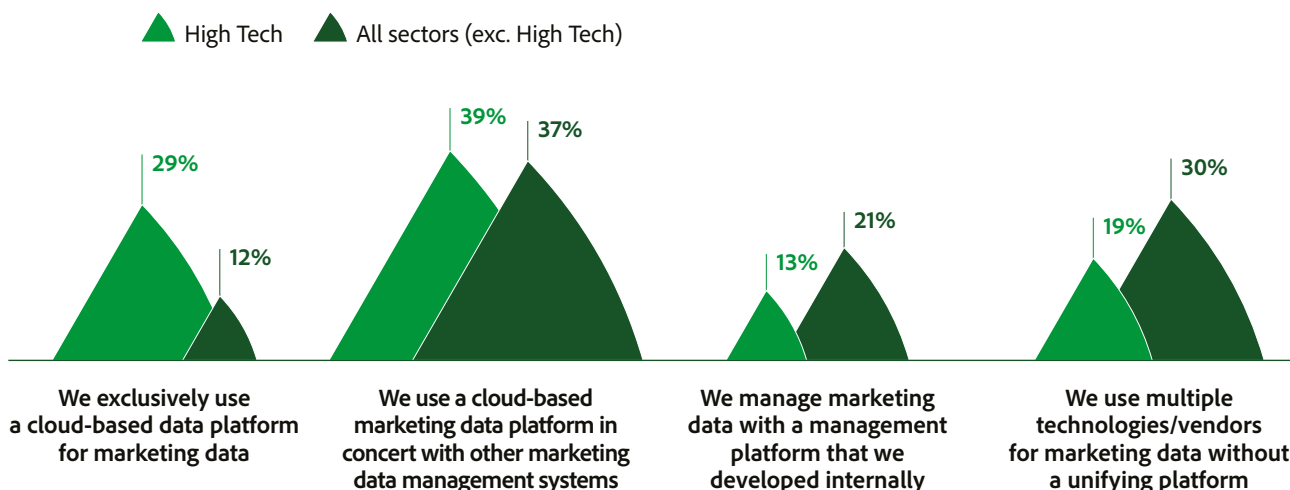
These strengths are likely to be related to high tech having spent years rethinking its business models to take advantage of online channels, and to make itself more robust. As the McKinsey Global Institute's report, *Digital America: A tale of the haves and have-mores*, observed: 'the ICT sector...often sets the standard for the highest level of digitisation on various indicators'.⁴



³ <https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/how-covid-19-has-pushed-companies-over-the-technology-tipping-point-and-transformed-business-forever>

⁴ https://www.mckinsey.com/~/media/McKinsey/Industries/Technology%20Media%20and%20Telecommunications/High%20Tech/Our%20Insights/Digital%20America%20A%20tale%20of%20the%20haves%20and%20have%20mores/MGI%20Digital%20America_Executive%20Summary_December%202015.pdf

Figure 1 **Which of the following best describes your organisation's approach to marketing technology?**



Respondents – High Tech: 663, All sectors (exc. High Tech): 3,547

The sector's advanced position is further illustrated by its own approach to marketing technology. As illustrated in *Figure 1*, high tech companies are two-and-a-half times more likely to exclusively use a cloud-based data platform for marketing data than those in other sectors (29% vs 12%).

The growth of 'software-as-a-service' models is the perfect example of the digital transformation in the sector. Adobe, for instance, introduced a subscription model for its Creative Suite of software tools in 2012, and went subscription-only the following year.⁵ Similarly, the parallel rise of the cloud has seen former hardware giants, such as Dell, move from selling computers to selling computing power.⁶

Drivers of high tech's second wave of digital transformation

As with other sectors, high tech's investment in digital transformation is being accelerated by the changes in customer behaviour brought about by the Covid-19 pandemic. Remote working, for example, is here to stay. Research by Slack's Future Forum found the

majority of knowledge workers don't want to go back to being in the office full-time.⁷

Not only will this change the way marketing departments work, it will also affect the way their customers work. In B2B, for instance, big-ticket buying decisions have long been made by multidisciplinary groups, but remote working is changing the way these groups operate. As Robin Dunbar, Emeritus Professor of Experimental Psychology at the University of Oxford told the BBC⁸: "The digital world of Zoom and Skype is no substitute for face-to-face meetings. It is easy to hide away reading your emails and newsfeed. People find the virtual environment awkward and very quickly get bored. There is a very strict limit on the size of natural conversations at four people. Anything bigger, and it becomes a lecture dominated by a handful of extraverts."

This means it will be even more important for marketers to deliver tailored communications to each buying committee member individually, rather than supporting a single advocate to inform and educate their colleagues.⁹

⁵ <https://www.cnet.com/news/adobe-kills-creative-suite-goes-subscription-only/>

⁶ <https://www.sdxcentral.com/articles/news/michael-dell-the-future-of-tech-is-autonomous/2019/11/>

⁷ <https://www.bbc.com/worklife/article/20201023-coronavirus-how-will-the-pandemic-change-the-way-we-work>

⁸ <https://www.bbc.com/worklife/article/20201023-coronavirus-how-will-the-pandemic-change-the-way-we-work>

⁹ <https://www.bbc.com/worklife/article/20201023-coronavirus-how-will-the-pandemic-change-the-way-we-work>

Unsurprisingly, across both B2B and B2C, remote sales have frequently replaced in-person during the pandemic. For example, the impact of the pandemic environment on B2B buying behaviour was recently noted by Forrester, which found that 42% of purchases are now made digitally, driving home the importance of quality virtual interactions.¹⁰

How many of these remote sales will revert back to in-person sales after the pandemic passes remains to be seen. In November 2020, a McKinsey survey found that almost a third (29%) of US consumers had tried a new digital shopping method since the start of the crisis, and that 84% of them said they would continue to do so in the future.¹¹

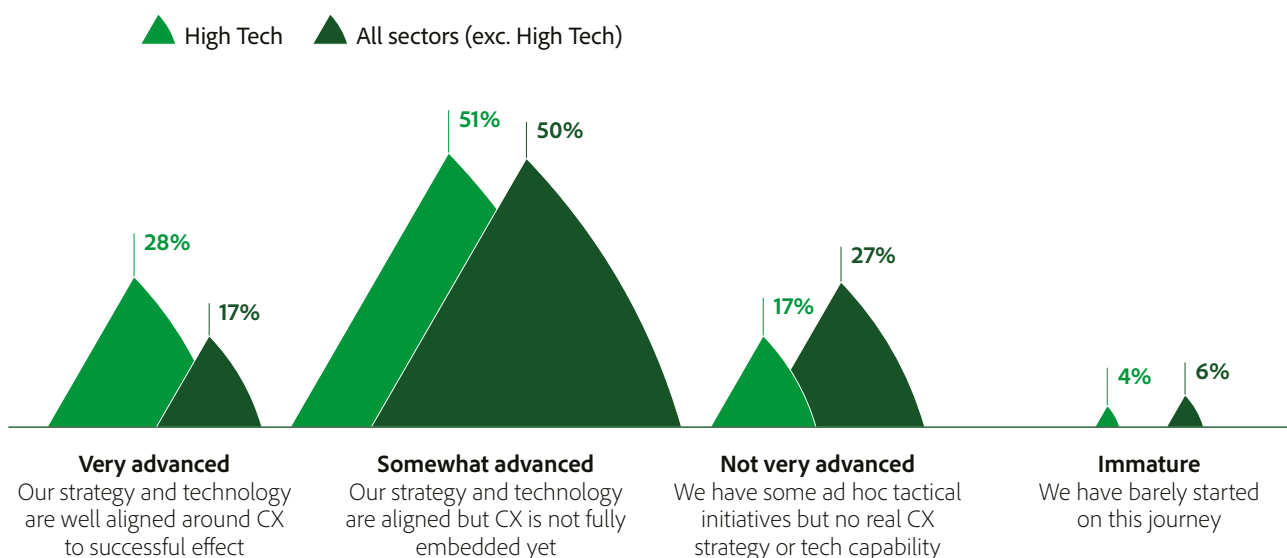
Meanwhile, in B2B, knowledge workers' reluctance to go back to working full time in the office suggests at least part of the sales process will remain online.

The result will be a need for closer coordination between sales and marketing, and a closer integration of the two departments' systems, a task which would be facilitated by the adoption of a single, shared platform to power both departments.

In responding to these changes, high tech is well positioned compared to peers across other industry sectors. Having already undertaken a 'first wave' of digital transform, for example, our research found a higher proportion of high-tech executives regarding their company's CX maturity as 'very advanced' (28% vs. 17%, Figure 2).

Greater levels of CX sophistication commonly equate to improved abilities in measuring the ROI of experience investments. This, in turn, enables executives to make the case for further investment, thus creating a virtuous circle. Unsurprisingly, our research found that a fifth of high-tech executives (22%) expect significant increases in their overall marketing budget (more than 10%) in 2021, compared to 14% of respondents across other industries.

Figure 2 **How do you rate your company's customer experience (CX) maturity?**



Respondents – High Tech: 663, All sectors (exc. High Tech): 3,547

¹⁰ <https://go.forrester.com/press-newsroom/new-research-revealed-at-forrester-siriusdecisions-summit-2020-shows-coronavirus-pandemic-is-accelerating-modern-b2b-buying-behavior/>

¹¹ <https://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/survey-us-consumer-sentiment-during-the-coronavirus-crisis>

Responding to the pandemic

Underlying the profound changes in buyer behaviours as a result of the pandemic, recent Forrester research revealed that the quality of virtual interactions with B2B buyers is driving buying decisions, with 42% of purchases being made digitally.¹²

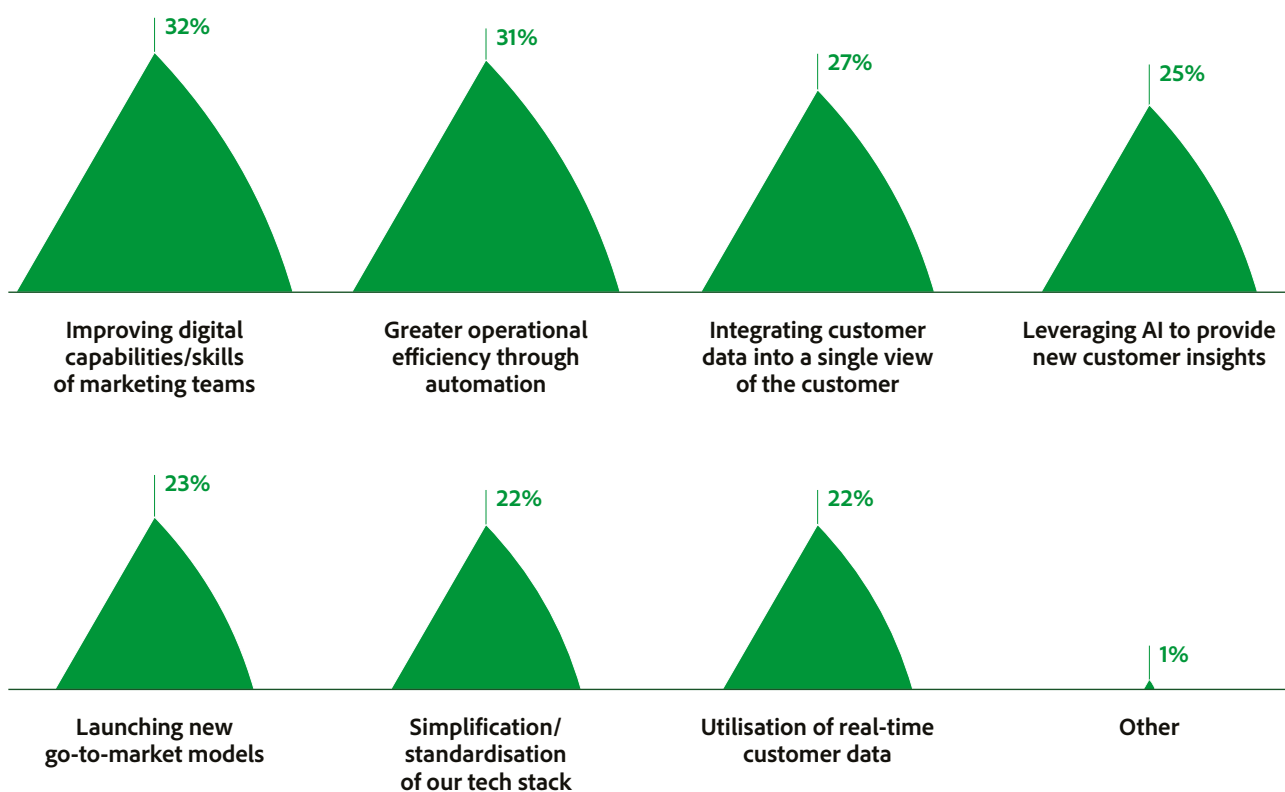
Here marketing departments will be at the heart of driving necessary change to culture, mindsets, methods of working and technology required to keep up with customers' shifting expectations. This is reflected in *Figure 3*, with high-tech executives most likely to regard improving the digital capabilities of marketing teams (32%) as among the top-two operational goals for improving CX.

Respondents also see opportunities from intelligent automation (31%) to drive operational efficiencies. The focus on efficiency is ultimately driven by the customer as executives strive to become more accountable for the customer. The right systems and processes, for example, can ensure that data is shared with business partners to optimise supply chains.

Ultimately data is the fuel for delivering great CX, with 27% regarding a single view of the customer as a top-two priority. Artificial intelligence (AI) can be a powerful tool in enabling organisations to tap new realms of data to drive new levels of empathy and understanding (25%).

In addition to delivering customer insights, AI can also be leveraged to power everything from digital self-service (such as chatbots) to recommendation engines and dynamic pricing systems.

Figure 3 **What are your organisation's top two operational goals for improving the customer experience in 2021?**



Respondents – 817

¹² <https://go.forrester.com/press-newsroom/new-research-revealed-at-forrester-siriusdecisions-summit-2020-shows-coronavirus-pandemic-is-accelerating-modern-b2b-buying-behavior/>

Organisational issues hinder further progress in CX

The high-tech industry is ahead of the curve in its adoption of structures that encourage innovation and agility, and that drive the development of a customer-centric approach. For example, companies in the sector are significantly more likely to describe themselves as offering either a *flexible* or *collaborative* work environment, rather than one that is either a *traditional hierarchy* or is purely *market-driven* (63% vs. 51% across other industry sectors).

However, as *Figure 4* shows, that doesn't mean that the high-tech sector has completely overcome all the problems of siloed business functions. The biggest barrier faced by high-tech executives as they seek to improve CX relates to workflow issues (40%), followed by legacy systems (33%). Both of these issues can have a negative impact on companies' abilities to maintain proper data quality and, subsequently, limit the ability to generate insights into customer behaviours (27%).

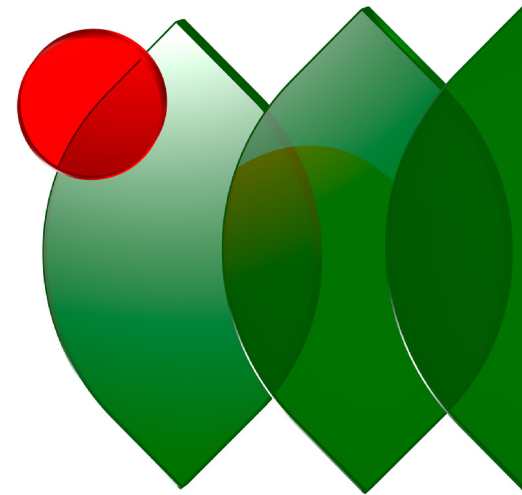
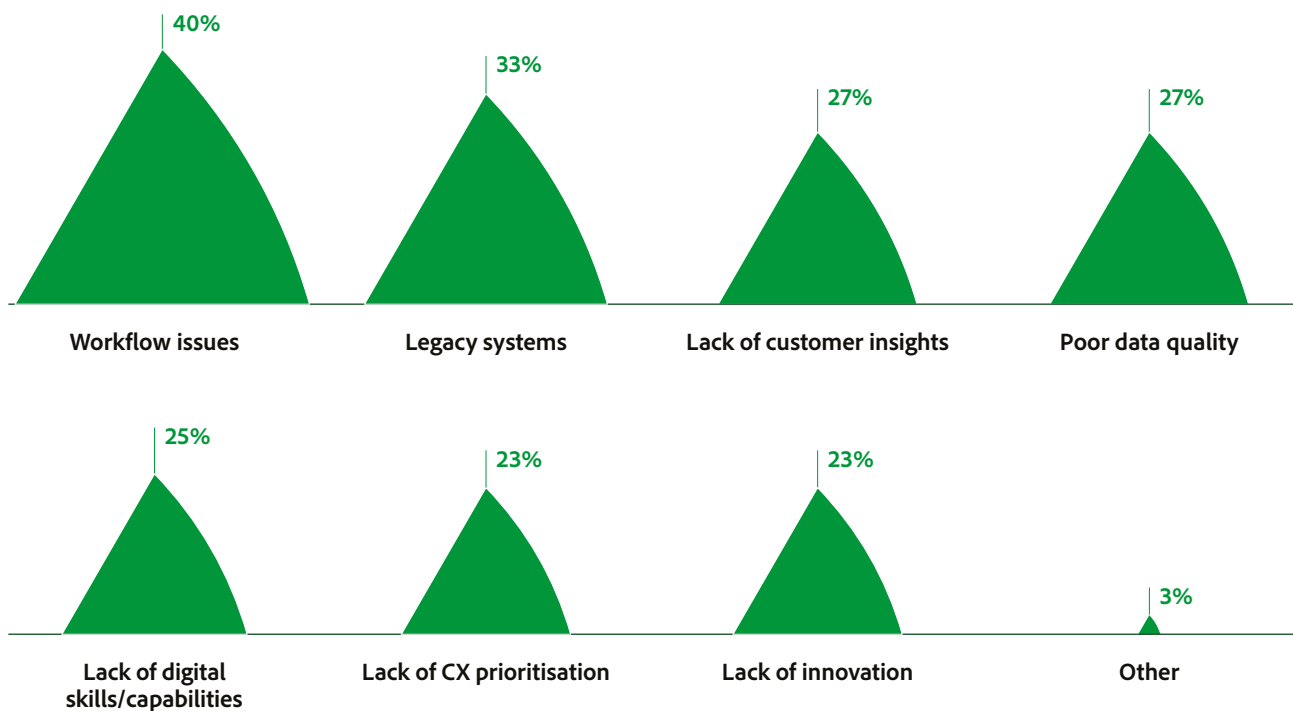


Figure 4 **What is holding your marketing/customer experience organisation back, if anything?**



Respondents – 493

Bridging the sales and marketing divide

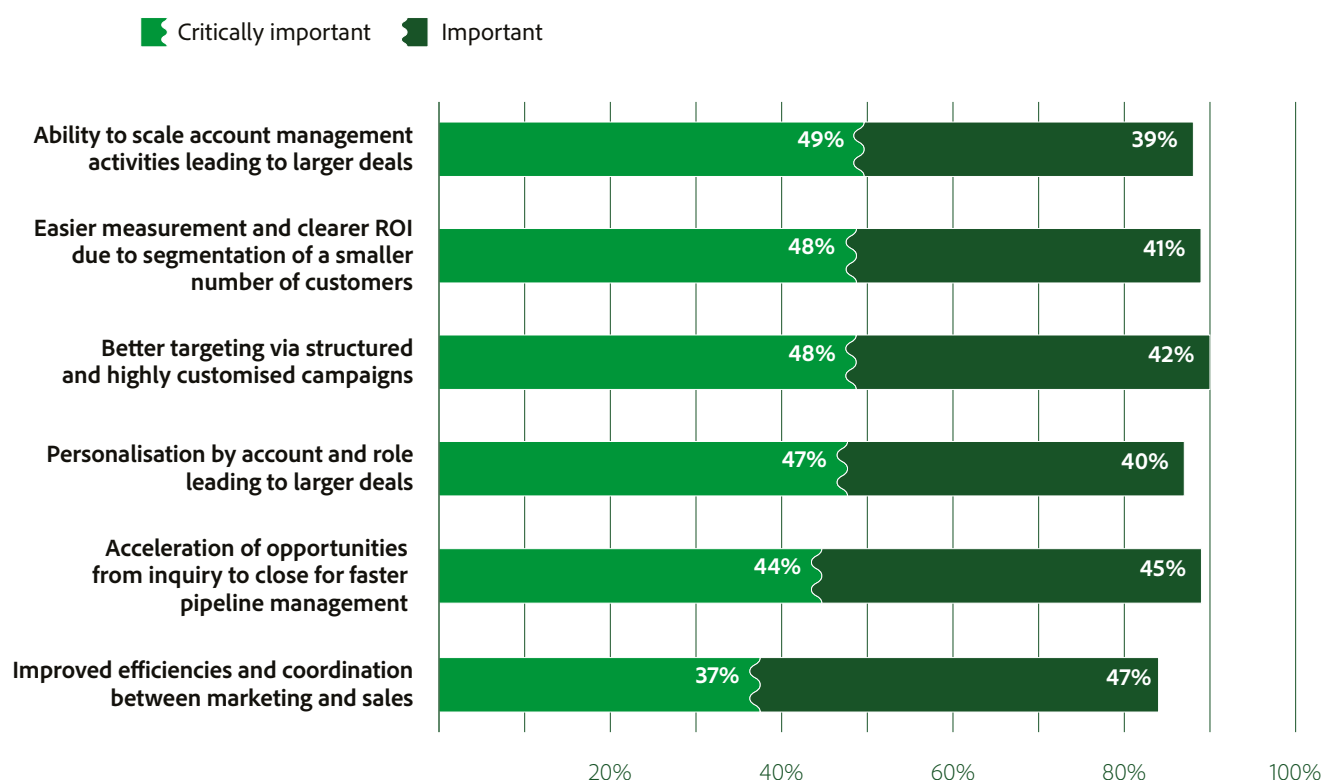
Given the growing importance of virtual interactions, it's understandable that marketing is now more responsible and accountable for customer engagement. This task is made more complex by the long sales cycles and buying committees that are common to the high-tech industry sector. This, in turn, naturally increases the volume of content that high-tech firms need to convey at any one time.

At the same time, the boundaries of what marketing does have blurred. Given that B2B buyers expect to encounter a combination of digital and human interaction across the customer journey, the traditional lines between sales and marketing are breaking down as they work more closely together.

For big ticket items in particular, companies are addressing how the two departments work together through Account-Based Marketing (ABM). This is 'a B2B sales and marketing strategy that requires both teams to collectively engage specific target accounts that are considered a good fit for the products/services sold by the brand...that have already expressed interest or are considered high-revenue opportunities.'¹³

When asked about the specific benefits of ABM, executives are most likely to cite ability to 'scale account management activities' as a 'critically important' (49%) followed by 'easier measurement and clearer ROI' (48%) and 'better targeting' (48%) (Figure 5). Indeed, our research found that seven in 10 (70%) high-tech sector respondents already use this approach, with 45% having used it for more than a year.

Figure 5 **Thinking about the value of account-based management (marketing and sales) to your organisation, what are the most important outcomes?**



Respondents – 434

¹³ <https://www.adobe.com/experience-cloud/glossary/account-based-marketing.html>

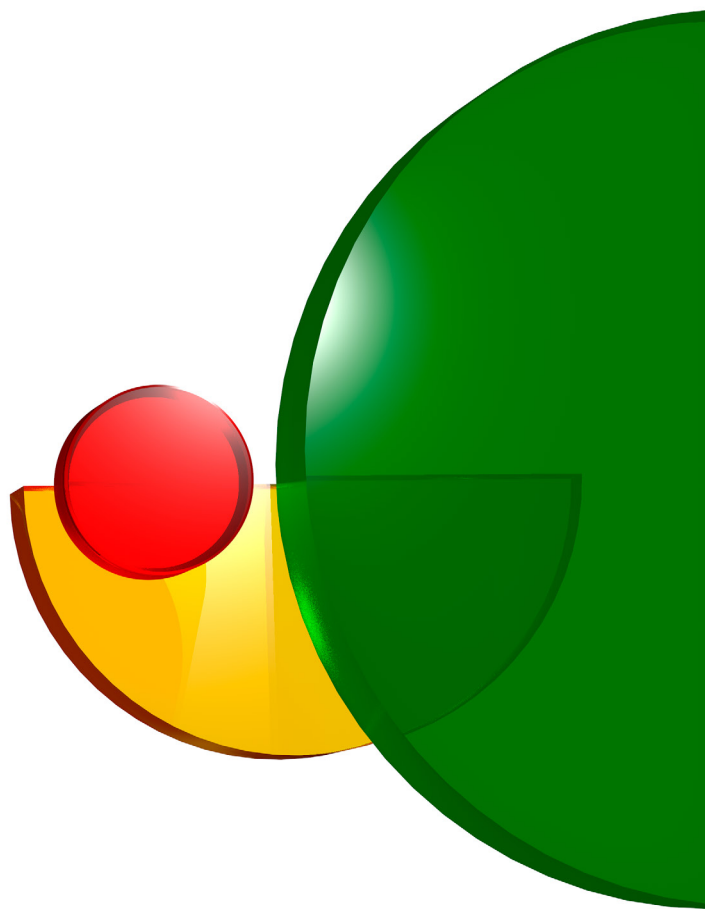
A sector in flux

All these research findings should be seen in the context of a rapidly changing sector. Beyond AI, a number of other innovations, including 5G, AR/VR and the Internet of Things, are approaching the point at which they will make a significant difference to the way companies do business. These technologies, and the applications they enable, will fuel the future revenues of the sector, while changing the way it operates in unforeseen ways.

Other aspects of technology – such as security – have become more important as a result of the pandemic. The number of cyberattacks on cloud servers increased by 600% between January and April 2020,¹⁴ while the increase in home working has also increased companies' vulnerability to hacking.

The structure of the industry itself is changing. Cloud computing and XaaS (everything-as-a-service) are blurring the distinction between software and hardware, while the rise of more consultative approaches to sales is bringing software companies, in particular, into increased competition with professional services.

All these changes will increase competition in the high-tech sector. They will also increase the need for companies in the sector to collaborate.



¹⁴ <https://www.forbes.com/sites/danielnewman/2020/09/21/top-10-digital-transformation-trends-for-2021/?sh=5e5393adc6f4>

How high tech's top performers are navigating change

This report has so far highlighted how the pandemic has changed customer behaviour, in many ways permanently, forcing high-tech companies to adapt if they want to thrive both during and beyond this period of profound uncertainty. But what attributes separate the best performers from the rest?

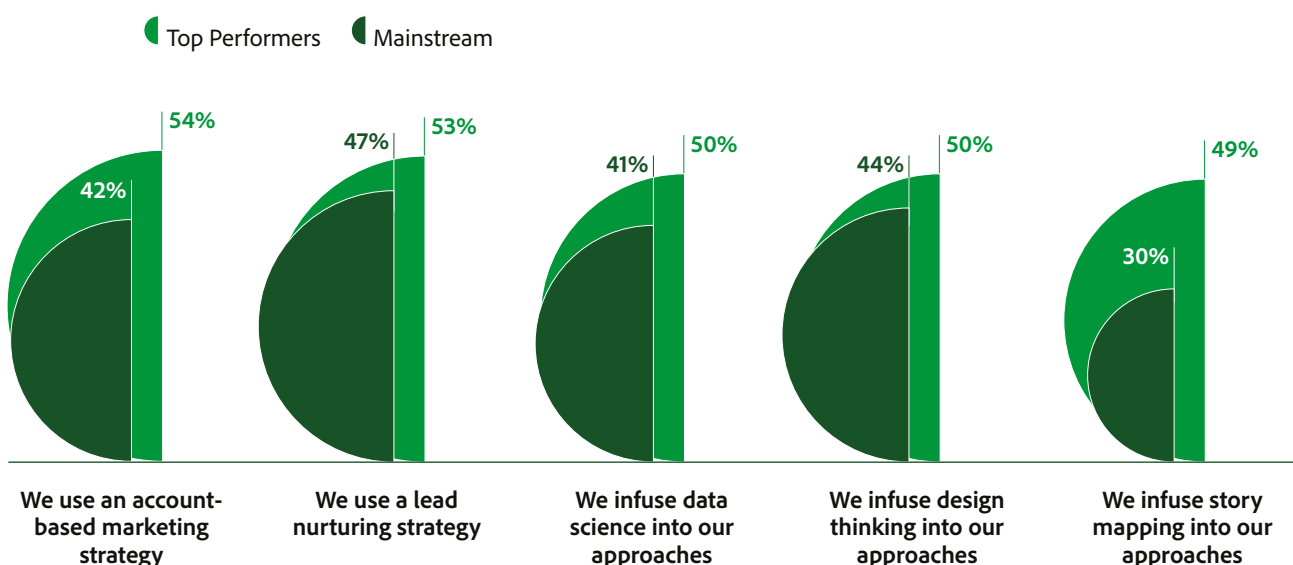
To identify the unique characteristics of top-performing businesses we compared executives working in high-tech organisations that had significantly outperformed against their primary competition over the last six months of 2020 ('top performers') with those that had either slightly outperformed, kept pace or underperformed (the 'mainstream').

At first glance, a defining characteristic of top performers relates to their perceived CX maturity, with 56% of leaders rating their strategy and technology alignment to be 'very advanced' compared to 19% of the mainstream.

Earlier in the report we noted that the majority of high-tech respondents (70%) are currently using Account-Based Marketing. Given its many positive advantages, it's unsurprising that top performers are more likely to have embedded such strategies into their organisation – being more likely to have used it for more than one year (54% vs. 42% of mainstream executives, *Figure 6*).

Across the wide-ranging capabilities tracked by our survey, it is clear that this is a common trend. For example, top performers are significantly more likely than the mainstream to have been infusing data science into their approaches for more than a year (50% vs. 41%) and story mapping (49% vs. 30%).

Figure 6 **Please indicate your organisation's capabilities in the following areas when it comes to optimising the customer experience (Yes – for more than one year)**



Respondents – Top Performers: 191, Mainstream: 525

Understandably, as a result of having these capabilities, top performers know more about their customers' journeys and behaviours than do their mainstream counterparts. Elsewhere, our survey found that more than two-fifths (44%) of top performers say they have 'significant insight' into the mindset of their customers throughout their journey, compared to a quarter (25%) of mainstream firms.

Great marketers excel at empathizing with their audiences and creating advertising that fosters an emotional bond with their brand. Applying that skill throughout the customer experience is how brands that cannot compete on convenience alone will thrive in their markets.

Partnerships dominate the strategic agenda

Despite the differences between top performers and their mainstream counterparts, there is strong agreement on the most important strategic move for 2021 (Figure 7). Almost half the members of both groups say that the strategy that will enable their organisation to hit its growth objectives for the year is developing strategic partnerships and multi-player alliances.

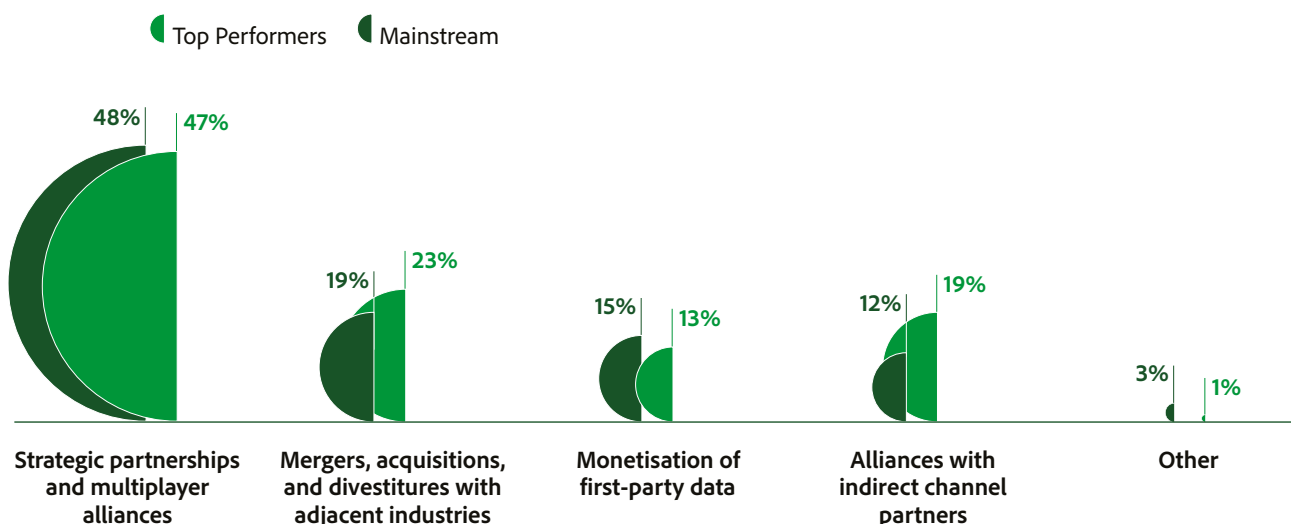
High-tech companies look to partnerships to round out their offerings, penetrate new markets and differentiate themselves from the competition.

For small companies, partnering with a big supplier means they can get in front of larger clients. It could also mean their churn would be reduced, because, if they go in as part of a complete martech ecosystem, they are likely to be replaced only if the client revamps their entire stack.

As for customers, partnerships can help ensure every element of their ecosystem will be best-of-class, without the need to search through the 8,000+ solutions that now exist,¹⁵ and will be properly integrated without the need for involvement from IT.

As Deloitte succinctly states in its 2021 Technology Industry Outlook:¹⁶ 'Until recently, strategic discussions typically began with the following question: 'Should I buy or build?' As we head into 2021, that question should be modified to: 'Should I buy, build, or partner?'

Figure 7 **What one strategy will enable your organisation to hit its growth objectives in 2021?**



Respondents – Top Performers: 189, Mainstream: 504

¹⁵ <https://chiefmartec.com/2020/04/marketing-technology-landscape-2020-martech-5000/>

¹⁶ <https://www2.deloitte.com/us/en/pages/technology-media-and-telecommunications/articles/technology-industry-outlook.html>

Conclusions – Five key takeaways for the high-tech sector

1. Plan for the new normal.

It is tempting to think that mass vaccinations will take the world back to the way things were before Covid-19. However, customer research suggests that much of the change brought about by the pandemic is actually an acceleration of pre-existing trends. The combination of increased remote working and the digitisation of marketing and sales, for example, are unlikely to be reversed. Companies need to plan for this new normal, and not hope for the return to the old ways of doing business.

2. Build for agility.

The firms that move fastest are the ones that will thrive. Every change made by a business – whether to its structure, technology, or go-to-market strategy – should be driven by the need to deliver greater agility.

3. Embrace the AI-enabled future.

The quality of customer experience remains paramount and is one that needs to constantly improve. And, increasingly AI is the way to deliver that improvement. While not all businesses are ready to embrace the use of AI today, every business should be taking the steps necessary to achieve that readiness by focusing on what data it collects, how it's integrated and how it can be augmented.

4. Embrace collaboration.

High-tech companies of every size should look to build partnership ecosystems to ease the purchase process for their customers and simplify the complex integrations involved in building a modern martech stack. Partnerships can also create new business opportunities and reduce a company's own vulnerability to competition.

5. Prioritise data security.

Cyber-security is a constant arms race, and the pandemic has handed a distinct advantage to the criminals in the form of remote working. The high-tech sector needs to address this immediate threat to its own security and that of its customers. Beyond that, a reputation for best practice in how data is stored, protected and used will be a key element in brand trust in the future.

Methodology

Digital Trends 11th Edition is based on an online survey fielded to select Adobe and Econsultancy lists in the fourth quarter of 2020. The survey closed having collected 1,081 qualified responses from the high tech sector.

Demographics profiles

- Seventy three percent of all the responses were at manager level or above.
- In terms of business function, IT held the largest share of respondents (37%), followed by marketing (25%), and creative/design (13%).
- As defined by target market, B2B accounted for 56%, followed by those addressing both markets equally with 33%, and B2C (11%).
- The sample is global, with Europe providing the largest share of respondents (38%), followed by North America (33%) and the Asia-Pacific region (14%). The survey was translated into French, German, and Chinese.

