



The Business Value of Adobe Target

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BUSINESS VALUE HIGHLIGHTS



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651%

three-year ROI

6 months

to payback

\$60.5 million

higher revenue per year per organization

\$238,500

higher revenue per year per 1 million monthly page views

5% average

revenue gain per organization

58% higher

productivity — core teams using Adobe Target

Executive Summary

In today's era, digital marketing may sound challenging, filled with constant change and complex systems. Personalization is a burning topic in the digital world that helps companies target the market on a global scale across the full customer lifecycle. The role of personalization is not limited to delivering what your business wants; rather, it focuses on allowing every visitor to consume the experience the way they prefer and helping them achieve their goals from moment to moment. Customers expect a personalized experience when they deal with a business, and according to IDC research, over 75% of customers are more likely to make a purchase when businesses provide a personalized experience. Personalization improves the customer's experience, helps drive sales, and increases customer loyalty.

As per IDC's *Industry AIPath Study* (global survey of n = 1,920 organizations) conducted in August 2021, approximately 32% of the respondents are currently investigating deploying or deploying personalized recommendations in their digital commerce process.

However, the path to personalization is not easy. Even though personalization is an increasingly hot topic, most businesses are still facing issues in the initial stages of the personalization. Nowadays, most of the personalization efforts are done around the fringes of the website, with one tool running product grids, another running A/B tests on banners, and another targeting content by location. When added to the experience, these solutions don't allow data to talk, and personalization is fragmented and doomed to stay on the fringes.

Machine learning (ML)–based personalization provides a more scalable and accurate way to achieve unique experiences for individual users. Rather than segmenting users with rule-based personalization, it allows you to utilize algorithms to deliver these one-to-one experiences, typically in the form of recommendations for products or content. Artificial intelligence (AI)–based personalization aims to deliver optimal customer experiences in real time and helps organizations increase engagement, improve customer loyalty, increase sales, and better understand their customers. Adobe Target is an example of an AI-based automated personalization solution.

IDC interviewed organizations about their use of Adobe Target to tailor and personalize experiences and recommendations for customers and prospects. Study participants reported achieving strong value with Adobe Target through robust testing and optimization of their marketing efforts through automated and omni-channel personalization, which improves customer response to their campaigns and recommendations.

Based on interviews with Adobe customers, IDC calculates that they will realize benefits that will yield an average three-year ROI of 651% by:

- ▶ **Making relevant and timely personalized recommendations** based on impactful analytical insights and A/B testing capabilities
- ▶ **Increasing revenue and establishing competitive differentiation** by winning more new business, selling more to existing customers, and limiting customer churn
- ▶ **Improving the effectiveness and productivity** of teams responsible for delivering customer experiences and recommendations, including digital marketing teams

Situation Overview

Consumers demand more personalized experiences, but business has been slow to deliver. Most marketing efforts are starting along that path, but it's still not obvious what to do. Acceleration is slower than either customers or businesses would like. The challenge lies in building toward maturity: putting the tools and processes in place for delivering personalization where it is warranted at enterprise scale and for each critical digital touch point. What's needed is both a blueprint and having the necessary tools and processes in place.

One of the key issues that businesses face is that there is no single tactic that defines personalization. **Table 1** (next page) lists some of the commonly used personalization technologies, along with their limitations. The only way to move forward is to realize the promise of personalization for which the setup needs to be changed. In other words, personalization is required to be built into the core of the experience and impact every point of interaction. For, say, site search, browsing data, landing pages, product recommendations, and other interaction points should work together as a unit to build a complete picture of each visitor across their journey.

TABLE 1
Commonly Used Personalization Technologies

	Wisdom of the Crowd	Semantic Understanding	Segmentation/ Targeting	1:1 Personalization
Technology	Leverage the behavior of many to provide an experience	Identify and recommend products/ services based on content similarity	Produce different experiences for defined user segments	Create a profile for each user and uniquely tailor the experience
Example	People who viewed X also viewed Y	Understanding search queries	Targeting messaging and calls to action	Providing individual recommendations such as product grids
Limitation	Does not adapt to the individual context of the user/consumer desire	Does not factor visitor history and preferences into search results	Does not create unique experiences for individual users	Requires large amount of data and is difficult to scale

Source: IDC, 2022

Without AI and mature processes, you can personalize some parts of some customers' experiences, some of the time. You spend your resources to chase down how customers are responding and what to do about it. However, you could spend your time focusing on high-value tasks like campaign creation, ideation, and organization.

AI-powered personalization solutions are rapidly evolving. You get automated logic that you can tweak, customize, and fine-tune to achieve your desired result. You are in control, with transparency on how AI is providing guidance on decisions. Machine learning–powered personalization helps companies provide a scalable way that helps them personalize all aspects of their website. Machine learning algorithms work on the principle that automatically identifies the relationships between data and learn the best experiences to show based on that data. You are spared from time-consuming manual processes — monitoring, babysitting, and sifting through results. These manual processes open the door to human error.

Machine learning offers a set of different techniques that can help in the personalization of the business services for the end user. It is no secret that user experience and conversion are the prime goals of a business. Therefore, being a marketer, you are required to keep yourself abreast of the latest innovations in machine learning algorithms that will help you in achieving personalization and eventually staying ahead of the competitors present in the market.

By building more personalized profiles, companies are now able to provide more personalized and targeted messages to their users and customers. For example, if my bank knows that I am moving, it can provide me with targeted messaging around mortgage rates and deals. Or, if a home improvement company knows that I recently purchased a home, it can use personalized customer data to tailor email content to the individual, leading to a higher likelihood of conversion than sending me more general messaging.

Machine learning is helping companies place better, more targeted ads based on a variety of factors in near real time. These factors include demographics, buying history, and behavior and can help appropriately match advertising requests to the right audience at the right time at scale. Without the help of AI and machine learning, this is borderline impossible.

With the help of machine learning algorithms, companies can move away from rules-based recommendation systems to more intelligent systems. By looking at data points, such as which products a customer added to their cart or previous purchases, brands are better able to suggest related or relevant product recommendations in real time. Amazon recently made its ML-based recommendation system available for purchase to help companies of all sizes create real-time, personalized user experiences at scale. Named Amazon Personalize, this service makes it easy for developers to build applications capable of delivering a wide array of personalization experiences, including specific product recommendations, personalized product re-ranking, and customized direct marketing.

For companies that are driving traffic to their website, they understand that not every user benefits from the same content. Sites that are using big data and machine learning can change website content depending on which visitor is on the site. Considering a variety of data points, including purchase data and other live or past behavior on the site, they can dynamically change content displayed on the screen.

Adobe Target

Adobe Target is a personalization solution that makes it easy for an organization to identify the best content through tests that are easy to execute so that it can deliver the right experience to the right customer. The primary benefits of Adobe Target are:

- ▶ **Omni-channel personalization:** Adobe Target helps you build profiles and then use them to give personalized, cross-channel, and engaging experiences that keep customers coming back for more. Omni-channel personalization creates omni-channel loyalty.

Customer expectations have changed. If they are served a generic, one-size-fits-all experience, they'll resist. And they'll leave. That's why businesses need to reach across all marketing touch points to serve the right, targeted experience; to show customers that you know who they are—or who they want to be; and to give them relevant recommendations, offers that resonate, and personalized journeys that lead them to satisfying destinations. The problem is that you may not be equipped to build that kind of experience. While the data may be gathered from all channels, data remains siloed, each set giving businesses only a partial view of each customer. You lack the technology to stitch insights together and use these holistic profiles to give one-to-one, personalized experiences. So your customers head for greener, more personalized pastures. Adobe Target helps break down data silos and build up meaningful personalization. It also helps put the right mix of automation and control in your hands, allowing you to take full advantage of all customer behavior data while deploying

strategies that help you meet your business goals. Adobe Target's personalization engine lets you deliver personalized content based on a combination of rules-based and machine learning approaches. And the personalization approach uses algorithms to determine the right digital experience to serve an individual in real time—regardless of where that interaction takes place. No two consumers are exactly alike. With the right data and right tools pulled together in Adobe Target, you'll show each customer the experience they're looking for across all channels.

- ▶ **A/B and multivariate testing:** Because of the dynamic nature of businesses, organizations can never remain idle or rest on the laurels of past success. Your customers constantly evolve, and competitors emerge and improve. The more things change, the more you need to test. So the pressure is on to keep a pulse on what's working and what's not, certainly on your website but also across your whole customer experience.

And while no one knows your business better than you do, you're still going to have biases and blind spots that may interfere with your ability to see changes to your experience that you need to make. This is where optimization through detailed and constant testing helps keep you honest. And while focusing on your website is a good place to start, today, that's probably not good enough. Your customers aren't limited to the web, and you shouldn't be either. Because the truth is, testing through any channel is liberating. It removes pressure from you, hoping that your gut instinct perfectly aligns with the latest whims of your customers. You can just observe them. Give them choices and see what they do—with unbiased, factual, and real-time tests. Get insights about everything, from your overall experience layout down to the color of the button your customers click. The way you'll know what's best is by asking and letting the results roll in.

For a lot of marketers, conducting A/B and multivariate tests is a daunting and complicated process. With the help of Adobe Target, you can know which experiences make not only web but all of your critical customer touch points—across all of your digital channels—better. You can use Adobe Target's A/B and multivariate testing to find the best experience to offer your customers faster. As part of the Adobe Experience Cloud, Adobe Target is also designed to complement your other digital marketing efforts—letting the test results inform other marketing efforts and letting data and other insights inform the tests you run.

Adobe Target lets you decide if you want to run A/B tests or multivariate tests. You create test variations by selecting and swapping out, modifying, or dragging and dropping content. Serve the test to all visitors, an audience you define, an existing audience from Adobe Target, or a shared audience from Adobe Experience Cloud. Select your metrics for success, set your sample size, and launch the test. Adobe Target walks you through each step, so there's no question about how to do it. It tells you which combination works best and how much each element contributed to the winning experience. When your test concludes, review your results, understand with confidence how each element contributed to the winning experience, and serve the best experience to the entire audience.

- ▶ **AI-powered automated personalization at scale:** Your customers want personalized experiences. You know this, but you may struggle to do it because delivering that experience requires you to make a lot of decisions, constantly, right as your customer's wants and needs change. And, naturally, there's little room for error—the moment a customer feels like they're not being served, they head elsewhere. That's the challenge you face with just one customer. Now apply that strain across your thousands, or even millions, of customers. Keeping up is impossible.

To accomplish personalization for every customer, you must move beyond manual approaches. The kind of heavy lifting we know you need requires help from technology that can be everywhere you can't be—serving your customer's unique and evolving needs right as they change. It requires artificial intelligence.

The enterprise-level personalization engine in Adobe Target, powered by Adobe Sensei, uses the powerful algorithms of machine learning and AI to determine the right experience to serve every individual customer—no matter where and when that interaction takes place. Features like personalized recommendations learn over time and take context into consideration when deciding what, when, and how to present the right experience.

The Adobe Target personalization engine is integrated with other Adobe Experience Cloud solutions, providing the ability to drive personalized experiences across all touch points and letting this optimization inform your other digital marketing efforts, like campaign management and content management.

Adobe Target enables test and personalization at a scale well beyond manual optimization and rules. With artificial intelligence and machine learning built into Adobe Target, you can make everything personal for everyone—with one click.

The Business Value of Adobe Target

Study Demographics

IDC interviewed seven organizations using Adobe Target to understand their experiences. Interviews were in-depth in nature and focused on obtaining both quantitative and qualitative information about the impact of Adobe Target on digital marketing activities, digital customer experience, and business results. As shown in **Table 2** (next page), interviewed organizations had an aggregate profile of a very large enterprise, with over 100,000 employees and \$28.8 billion of annual revenue (medians of 100,000 and \$6.0 billion, respectively). Interviewed Adobe customers provided the experience of a cross section of industry verticals, including financial services, manufacturing, communications and media, healthcare, and retail, but shared the need to establish and maintain competitive differentiation in fluid and dynamic markets through targeted digital marketing and enhanced digital customer experiences. Study participants were headquartered in both the United States (4) and EMEA (3), with several organizations having worldwide operations in tens or even hundreds of markets.

TABLE 2
Demographics of Interviewed Organizations

	Average	Median
Number of employees	107,357	100,000
Number of customers	74.0M	1.0M
Revenue per year	\$29.0B	\$6.0B
Countries	United States (4), United Kingdom (2), and Denmark	
Industries	Financial services (2), manufacturing (2), communications and media, healthcare, and retail	

n = 7, Source: IDC Business Value Research, November 2021

Choice and Use of Adobe Target

Study participants described their decision to use Adobe Target in the context of realizing that their businesses required more robust and effective digital marketing activities and capabilities. They viewed Adobe Target's ability to deliver automated personalized recommendations through strong A/B testing capabilities and leveraging cross-operational analytics across their omni-channel business activities as key to engaging customers and ensuring top-notch digital customer experiences.

They realized that they could not accomplish these objectives in an efficient or sustainable way without a solution with Adobe Target's capabilities. Interviewed Adobe customers described their considerations:

▶ **Means of meeting specific business priorities related to customer conversion and marketing:**

"First, we wanted to establish a conversion rate optimization program with Adobe Target, which continually improves our digital platform through testing, particularly through A/B testing. The second priority is that we have a program called 'always-on marketing,' which is the delivery of personalized experiences to customers and digital channels."

▶ **Enablement of testing and personalized product recommendations capabilities:**

"The two main reasons we chose Adobe Target were for multivariate testing and product recommendations. ... It facilitates our customer experience activities, which is worth billions of dollars."

▶ **Ability to personalize company website:**

"We chose Adobe Target because we wanted to personalize more on the website in our digital solution. At that time, Adobe Target was one of the leading products, and it still is."

Table 3 provides information about interviewed organizations' use of Adobe Target. It reveals the significant extent to which their business activities leverage Adobe Target, especially in terms of digital customer engagement, with over 250 million monthly page views and 31 million unique monthly visitors on average (medians of 6 million and 2 million, respectively). This Adobe Target–supported customer interaction ties to study participants' business activities for an average of 17 brands, 94 sites, and over 100,000 web pages, across 35 countries, with eight languages supported on average. These metrics are indicative of the very substantial amounts of business for which interviewed organizations rely on Adobe Target for both B2C and B2B operations to deliver personalized recommendations and strong digital experiences for their prospects and existing customers.

TABLE 3
Adobe Target Use by Interviewed Organizations

	Average	Median
Number of brands	17	6
Number of countries	35	2
Number of languages	8	1
Number of sites	94	15
Number of microsites	2,013	12
Number of web pages	109,625	92,000
Number of applications	82	4
Number of monthly page views	254.0M	5.9M
Number of unique monthly visitors	31.1M	1.7M

n = 7, Source: IDC Business Value Research, November 2021

Business Value and Quantified Benefits of Adobe Target

Interviewed organizations reported that they have leveraged Adobe Target to competitively differentiate themselves by offering automated, personalized, targeted, and relevant experiences and recommendations to customers and prospects. As a result, they have increased revenue associated with omni-channel digital marketing activities by increasing sales to existing customers and winning more new customers.

Interviewed Adobe customers provided examples of the substantial impact on their business success:

▶ **Drive personalized marketing:**

“We have really tapped into leveraging rule-based personalization and campaign effectiveness with Adobe Target. ... When we send out an email, Adobe Target optimizes the landing page.”

▶ **Deliver omni-channel personalized experiences:**

“We do a lot of machine learning and back-end modeling with Adobe Target, and we’ve integrated a platform for our existing customers. ... We are using Adobe Target to deliver personalized experiences driven by our back-end systems, which is our number 1 benefit.”

▶ **Personalization at scale:**

“We would never be able to do personalization at this scale without Adobe Target. ... [Our B2B customers] have very different needs, very different services, and very different communication they need accessible. We can target all different types of customers with Adobe Target, and that’s phenomenal.”

▶ **Improved customer acquisition through personalization:**

“By doing more targeted and personalized campaigns with Adobe Target, we’re getting a better acquisition rate by tracking what products customers are most interested in.”

Interviewed Adobe customers are capturing substantial value by better engaging and serving their prospects and customers through much-enhanced personalization capabilities. They leverage Adobe Target’s strong A/B testing and analytics capabilities to meet customers where they are, which results in both business gains in the form of higher revenue and operational efficiencies in the form of higher productivity for digital marketing and other teams. Overall, IDC calculates that interviewed Adobe Target customers will realize annual benefits worth an average of \$8.3 million per organization (\$32,700 per 1 million page views per month).

Business Gains Through Personalized Recommendations and Improved Customer Digital Experiences

Study participants consistently connected use of Adobe Target to their ability to deliver relevant and personalized recommendations to prospects and customers and to improve their overall customer digital experience. As a result, they reported winning more new customers, increasing customer spend, and limiting customer churn. Business gains in the form of higher revenue related to these improved customer engagement results made up a strong majority of the overall benefits IDC quantified for this study; IDC calculates that interviewed Adobe Target customers will realize average total revenue gains of \$60.5 million per year over three years, which is worth \$9.1 million per year with a 15% assumed net profit margin applied.

Providing Meaningful and Relevant Personalized Recommendations and Strong Digital Experiences

The core value of study participants' use of Adobe Target is the ability to turn data into automated personalized recommendations that effectively resonate with prospects and customers. Whether their core business is B2C or B2B in nature, study participants must find ways to break through the noise inherent to digital communications and engagement. Prospects and customers must generally wade through huge volumes of digital marketing content to find products and services that best match their needs—or, even worse, they receive inapplicable or incorrect recommendations. When this occurs, they are far less likely to become and then remain customers.

Interviewed organizations described how Adobe Target enables them to automate the creation and delivery of meaningful personalized recommendations and digital experiences through robust A/B testing capabilities, AI-driven automation, and delivery via a unified platform. They spoke to how these functionalities of Adobe Target help them meet prospects and customers where they are and change the nature of how the organizations engages with them with them from an omni-channel perspective through proactive, relevant, and timely personalized recommendations.

Several interviewed organizations spoke in detail about the impact Adobe Target has had on their ability to deliver personalized recommendations:

▶ **Deliver meaningful customer recommendations:**

“We’ve got this incredible ability with Adobe Target to create next best actions for customers, and the next best action is recommending a product. ... Adobe Target enables us to deliver that at scale very quickly—we use it to deploy those experiences to the customer in digital channels. We configure them and Adobe Target actually communicates with the platform.”

▶ **Drive product recommendations that meet customer needs:**

“We use Adobe Target to split up our experiences and audiences. It’s the decision engine to decide which products we share with our customers. We have a catalogue of 1 million products and customers. We need Adobe Target to match the customers to the products.”

Study participants also mentioned that Adobe Target helps them better tailor their customer communications. For example, one interviewed Adobe customer describes how it can now better communicate with its full range of customer types: *“We have many different customer segments. We’re a B2B company, so we serve customers that range from what we call one-person companies to big industrial companies with several hundred employees, and they have very different needs, very different services, and very different communication they need accessible. With Adobe Target, we can target all these different types of customers, and that’s phenomenal.”*

Further, interviewed organizations described how Adobe Target has helped them optimize their marketing efforts through enhanced quality and consistency. One study participant linked this to enhanced A/B testing capabilities that allow it to identify discrepancies in the look and feel of marketing assets and campaigns, which ultimately helps it establish more cohesive and effective marketing: *“In a lot of the A/B testing we’ve done with Adobe Target, we’ve noticed a specific section of our site has a lot of pages that don’t look like one another. We’re trying to standardize them, so they eventually turn into leads, but [we] also ensure that we have a strong, well-branded website. I think that brand consistency and brand authority can be added to the marketing value.”*

Enhanced Use of Analytics to Drive Digital Marketing Activities

Study participants attributed specific enhancements to their digital marketing activities and experiences to their ability to better leverage operational data and analytics with Adobe Target. They described having access to more robust and usable data about marketing campaigns, which in turn enables better and more actionable understanding of campaign implementation and results. Ultimately, this results in more valuable digital marketing campaigns for study participants, which translates into higher revenue.

Interviewed Adobe Target customers provided specific examples of these marketing benefits:

- ▶ **Having access to robust campaign analysis, including having clear insight into the effectiveness of specific marketing campaigns:**
“With Adobe Target, we can do a simple analysis of a campaign afterward, like looking into how it has performed, including click-through rates (CTRs) and revenue from the campaign.”
- ▶ **Understanding A/B test results in a timely way, which allows for implementation of testing results in a timely fashion and thus makes them more likely to positively affect marketing activities:**
“We have a specific use case that yields a valuable result for analytics by implementing test suggestions. Without Adobe Target ... it would be much more complicated, and we probably wouldn’t be doing that as much.”

▶ **Improving analytics documentation of results, which allows for better understanding and controlling of digital marketing activities:**

“We put together documentation for every single test that we run with Adobe Target. ... Once a test wraps up, we do the analysis piece in the Adobe Target dashboard, and we put all our insights, findings, and recommendations in the same test plan format and present to our business stakeholders.”

Ultimately, these examples show how study participants are leveraging Adobe Target to create more value through their digital marketing activities with analytics. Improved marketing effectiveness along with robust personalization and recommendations provides a solid foundation for improving business results. One study participant linked analytics enablement to higher revenue: *“Our analytics teams are our main users of Adobe Target, and analytics and optimization and personalization are all tied together. They are responsible for the identification of experiences, potential personalized experiences, and delivery of that value for customers. ... We have a use case with Adobe Target where 20 analytics analysts generate tens of millions of dollars of incremental revenue.”*

Improved Business Results and Higher Revenue

Study participants expressed a common conclusion that use of Adobe Target has resulted in improved business results in the form of significant revenue gains. Interviewed organizations use Adobe Target to support many millions of page views and unique visitors each month, which makes it imperative that they establish and maintain competitive differentiation by converting as many of these customer interactions as possible into business and then maintaining and growing these customer accounts. They linked their ability to do this to their use of Adobe Target.

Study participants provided specific examples of how they have used Adobe Target to better interact with prospects and customers and how this links to improved business results:

▶ **Higher customer engagement through automated personalization:**

“The biggest benefit we’ve seen with Adobe Target is more customer engagement. We went from a home-page click-through rate of 0.25% to over 1.5% with Adobe Target and automated personalization.”

▶ **Relevant recommendations lead to revenue:**

“We didn’t have recommendations before Adobe Target. Having them has increased sales in the business. Every study we customize shows relevant content to a user, and often they will convert more frequently. If we didn’t have Target, we would be very limited in our options.”

▶ **Limit customer churn through targeted recommendations:**

“To give an example of the impact on churn, we deliver people compelling offers as they approach the final three months of their contract that’s delivered through Adobe Target. ... It has improved customer satisfaction, and we have that data in each individual market.”

▶ **Simplicity in delivering the right experience:**

“The benefit of Adobe Target is the simplicity of not having to go through a development team to add simple touches that users expect. ... The AI and machine learning piece of it make sure that we’re serving up the right experience for the right customer at the right time based on data.”

▶ **Increased marketing effectiveness reflected in business results:**

“We have a lot of marketing team members using Adobe Target. I wouldn’t say it’s making them more productive per se, but it gives them the ability to deliver personalized experiences, which in turn delivers better digital performance. As a result, it does generate more revenue. One example is a market with 1.5–2% higher revenue, which with the volume we’re doing, it’s pretty significant.”

Study participants provided unique examples of how their use of Adobe Target has enabled specific improvements in key metrics that reflect the increased success and efficacy of their digital marketing activities. These include the following customer-specific examples:

- ▶ Improving net promoter score (NPS) by 3 percentage points
- ▶ Increasing conversion rate by 25%
- ▶ Improving click-through rate by 1.25 percentage points
- ▶ Raising customer engagement levels by 15%
- ▶ Completing 15% more business intake

Table 4 (next page) demonstrates the extent of business enablement for interviewed Adobe Target customers. On average, interviewed organizations attributed \$60.5 million per year in higher revenue to their use of Adobe Target (\$238,500 per 1 million monthly page views per year). Given the differences in scale of study participants’ business operations, the relative revenue impact diverges by organization: As a calculated average, this equates to a 0.2% revenue gain. However, on an average organization basis, interviewed Adobe Target customers linked their use to average revenue gains of 5%, which reflects the significant extent of business enablement across the study sample.

TABLE 4
Business Operations Impact – Revenue Gains

	Per Organization	Per 1 Million Monthly Page Views
Higher revenue per year	\$60.5M	\$238,500
Assumed operating margin (%)	15	15
Higher net revenue per year	\$9.1M	\$35,800
Calculated percentage of higher revenue	0.2%	
Average percentage of higher revenue by organization	5%	

n = 7, Source: IDC Business Value Research, November 2021

Higher Productivity of Digital Marketing and Other Teams

In addition to the revenue gains discussed previously, study participants attributed value to their use of Adobe Target in the form of operational efficiencies via more productive digital marketing and other marketing-related teams. With Adobe Target, these teams not only increase the quality of the digital marketing activities but can often also increase the frequency with which they can run campaigns.

Interviewed organizations provided examples of this type of impact of using Adobe Target:

▶ **Run multiple overlapping marketing campaigns:**

“We’re showing our customers more relevant products on our sites with Adobe Target and developing more personalized marketing campaigns. We used to only do one generic campaign each month, and now we are doing two or three personalized campaigns per month.”

▶ **Reduce rework; better alignment with development:**

“Adobe Target helps us reduce rework. ... We’re more aligned with the development teams and we can essentially hand code from our activities to the development teams when they’re working on implementing ideas and concepts. ... I would guess that we are two times more efficient.”

▶ **More timely delivery:**

“Our development lead time is a lot shorter because we can use Adobe Target as a development platform. Then QA as well, because with Adobe Target we don’t have to go through the standard release schedule. Our main development teams have a three-week sprint time, but we can usually turn things around in two weeks with Adobe Target.”

► **Much faster to implement changes:**

“We have staff cheering because we can determine what needs to be done with Adobe Target. Previously, everything would go to our web publishing team, even just a headline change, and it would take about five days to turn something around. Now, we take that off their plate and can turn something around in hours.”

Table 5 shows the impact for study participants of using Adobe Target on digital marketing and other affected teams. On average, these teams are 58% more productive, representing a substantial gain for these organizations that rely on these teams to fuel these business-critical marketing activities.

TABLE 5
Impacted Team Productivity Gains

	Before/Without Adobe Target	With Adobe Target	Difference	% Productivity Gain
FTEs per Organization				
Equivalent productivity level in FTEs	5	8	3	58%
Value of equivalent FTE time required (cost per organization per year)	\$338,300	\$535,700	\$197,400	58%

n = 7, Source: IDC Business Value Research, November 2021

ROI Summary

Table 6 (next page) provides IDC’s analysis of the benefits and costs related to study participants’ use of Adobe Target. IDC projects that these organizations will realize discounted benefits through higher net revenue and improved employee productivity worth an average of \$19.7 million over three years (\$77,600 per 1 million monthly page views). These financial benefits compare with total average discounted investment costs of \$2.6 million per organization over three years (\$10,300 per 1 million monthly page views). These levels of benefits and investment costs would result in a strong three-year ROI of 651% for interviewed Adobe Target customers, with breakeven on their investment occurring in an average of six months.

TABLE 6
Three-Year ROI Analysis

	Three-year average per Organization	Three-year average per 1 Million Monthly Page Views
Benefit (discounted)	\$19.7M	\$77,600
Investment (discounted)	\$2.6M	\$10,300
Net present value (NPV)	\$17.1M	\$67,300
Return on investment (ROI)	651%	651%
Payback period	6 months	6 months
Discount rate	12%	12%

n = 7, Source: IDC Business Value Research, November 2021

Challenges/Opportunities

The promises of personalization are significant. To make products and services better and more targeted to their ideal customer base and to streamline and scale personalization efforts, organizations need to switch from a manual personalization strategy to one powered by AI.

However, one of the challenges of using AI for personalization is the cost and complexity of setting up AI-based personalization systems. The need for data, compute power, and complicated systems can entail significant costs, given the complexity of engineering that goes into building these systems. In addition, these smart systems require investment in data, tools, and content.

As organizations begin to make messaging and offerings more personal, they need to watch out for user pushback against personalization features. When organizations and marketers are applying personalization to customers, they need to constantly be monitoring customer sentiment to make sure they provide just enough information to be beneficial without providing too much information or personalization to start to become creepy or make the customer feel uneasy using their product or service.

Conclusion

Personalized customer experience is no longer a debatable goal—it's necessary for customer relationships and experience. As per IDC *FutureScape: Worldwide Future of Digital Innovation 2022 Predictions* (IDC #US47148621, October 2021), “By 2026, enterprises that successfully generate digital innovation will derive over 25% of revenue from digital products, services, and/or experiences.”

IDC's study demonstrates the value and important competitive differentiation that organizations can already achieve by using Adobe Target to enable their digital marketing and customer experiences. Study participants described how they can offer automated, personalized, and targeted experiences and recommendations to customers and prospects across their omni-channel marketing and business environments with Adobe Target. As a result, they win

more new customers and increase the lifetime value of existing customers, both of which contribute to substantial revenue gains. These business gains form the core of the strong value proposition for these organizations of using Adobe Target, which IDC calculates will result in a three-year ROI of 651% and breakeven on their investment in an average of six months.

Appendix

Methodology

IDC's standard Business Value/ROI methodology was utilized for this project. This methodology is based on gathering data from organizations currently using Adobe Target as the foundation for the model.

Based on interviews with organizations using Adobe Target, IDC performed a three-step process to calculate the ROI and payback period:

- 1. Gathered quantitative benefit information during the interviews using a before-and-after assessment of the impact of using Adobe Target.** In this study, the benefits included higher revenue and employee productivity gains.
- 2. Created a complete investment (three-year total cost analysis) profile based on the interviews.** Investments go beyond the initial and annual costs of using Adobe Target and can include additional costs related to migrations, planning, consulting, and staff or user training.
- 3. Calculated the ROI and payback period.** IDC conducted a depreciated cash flow analysis of the benefits and investments for the organizations' use of Adobe Target over a three-year period. ROI is the ratio of the net present value (NPV) and the discounted investment. The payback period is the point at which cumulative benefits equal the initial investment.

IDC bases the payback period and ROI calculations on a number of assumptions, which are summarized as follows:

- ▶ Time values are multiplied by burdened salary (salary + 28% for benefits and overhead) to quantify efficiency and manager productivity savings. For purposes of this analysis, based on the geographic locations of the interviewed organizations, IDC has used assumptions of an average fully loaded salary of \$100,000 per year for IT staff members and an average fully loaded salary of \$70,000 per year for non-IT staff members. IDC assumes that employees work 1,880 hours per year (47 weeks x 40 hours).
- ▶ The net present value of the three-year savings is calculated by subtracting the amount that would have been realized by investing the original sum in an instrument yielding a 12% return to allow for the missed opportunity cost. This accounts for both the assumed cost of money and the assumed rate of return.
- ▶ Because IT solutions require a deployment period, the full benefits of the solution are not available during deployment. To capture this reality, IDC prorates the benefits on a monthly basis and then subtracts the deployment time from the first-year savings.

Note: All numbers in this document may not be exact due to rounding.

About the Analysts



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Ritu Jyoti is responsible for leading the development of IDC's thought leadership for AI research and management of the Worldwide AI Software research team. Her research focuses on the state of enterprise AI efforts and global market trends for the rapidly evolving AI and machine learning (ML) innovations and ecosystem. Ms. Jyoti also leads insightful research that addresses the needs of the AI technology vendors and provides actionable guidance to them on how to crisply articulate their value proposition, differentiate, and thrive in the digital era.

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Dave Schubmehl is Research Vice President for IDC's Conversational Artificial Intelligence (AI) and Intelligent Knowledge Discovery research. His research covers information access and artificial intelligence technologies around conversational AI technologies including speech AI and text AI, machine translation, embedded knowledge graph creation, intelligent knowledge discovery, information retrieval, unstructured information representation, knowledge representation, deep learning, machine learning, unified access to structured and unstructured information, chatbots and digital assistants, and rich media search in SaaS, cloud, and installed software environments. This research analyzes the trends and dynamics of the Text and Audio AI software markets and the costs, benefits, and workflow impact of solutions that use these technologies.

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Matthew Marden is responsible for carrying out custom business value research engagements and consulting projects for clients in a number of technology areas with a focus on determining the return on investment (ROI) of their use of enterprise technologies. Matthew's research often analyzes how organizations are leveraging investment in digital technology solutions and initiatives to create value through efficiencies and business enablement.

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