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Experience Index

2020 Digital Trends

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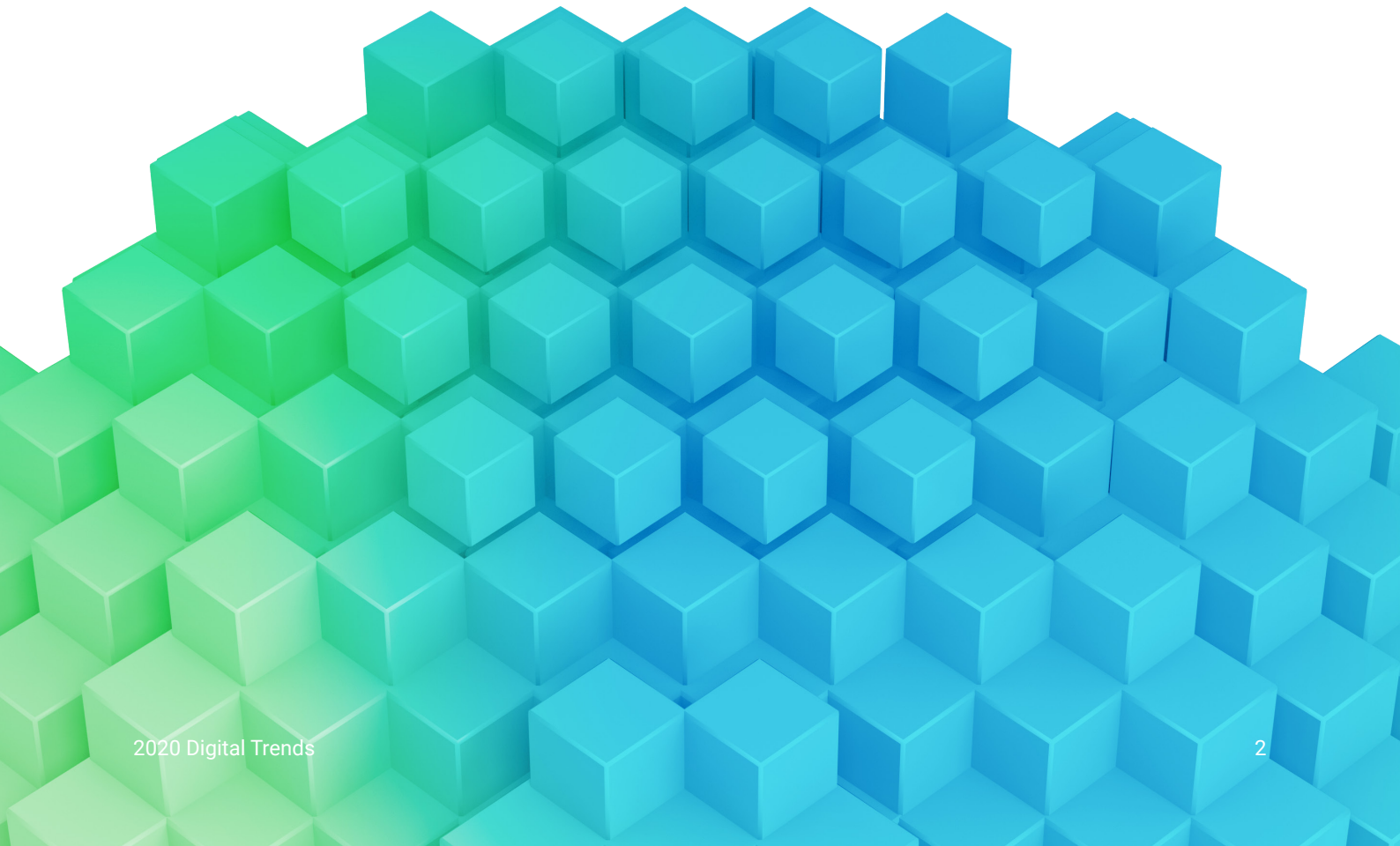


Foreword

Alvaro Del Pozo
Chief Marketing Officer, Adobe EMEA & APAC

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.

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 are explored in detail in the report.

Fundamentally, Digital Trends 2020 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.

Introduction

A Decade of Insights From 75,000 Marketers

Ten years ago, Econsultancy published the first Digital Trends Report in partnership with Adobe. Over 900 marketers participated in the survey, making it one of the larger studies of digital marketing at the time.

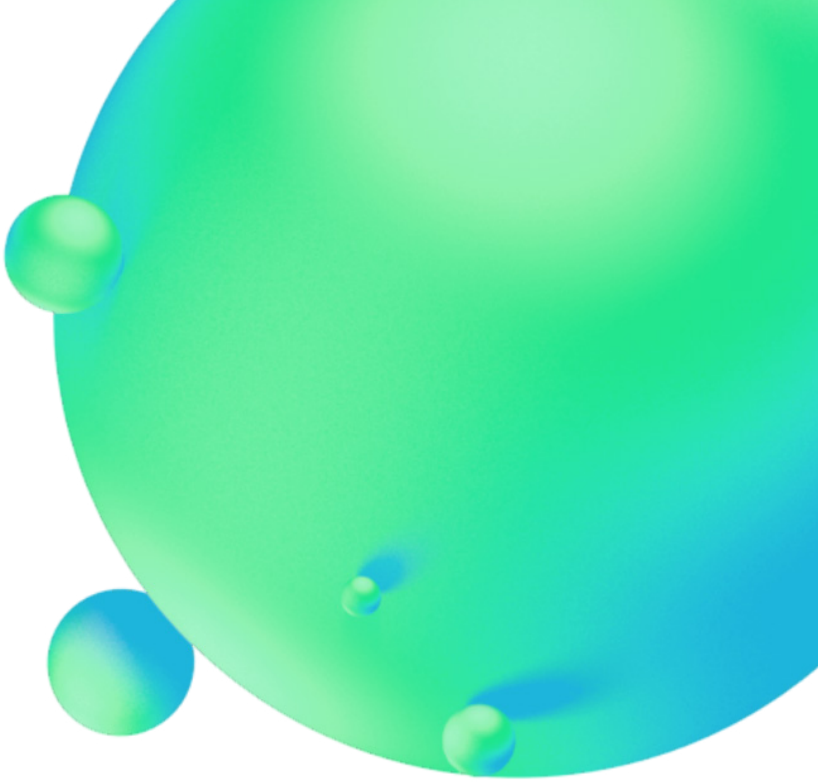
Since then, over 75,000 executives have shared their opinions as part of the largest digital marketing research series in history.

On the cusp of a new decade our obsession as marketers has shifted to the customer and the experience we can offer them. This trend first emerged in the survey in 2014, when 20% of marketers said that capitalising on customer experience was the most exciting opportunity for their organisation

The 2020 Digital Trends report, is based on a global survey of almost 13,000 marketing, advertising, ecommerce, creative and IT professionals working for both brands and agencies.

The research looks at the most significant trends that are driving marketing strategies in the short to medium term, with a focus on understanding where companies are investing, what they prioritise and what they see as their greatest challenges.

This year's study focuses on customer experience excellence and uses the companies leading in CX as a benchmark for comparison and inspiration.



1

Digital Inequality

The companies leading in customer experience are more successful than their peers. They are three times more likely to have significantly exceeded their 2019 business goals.

Their progression toward customer-centricity has deep effects, pushing them to eliminate the structural, cultural and technological barriers that prevent most companies from effectively managing data and providing great experiences.

Most companies struggle with change, while leaders embrace it. The most advanced CX-Led businesses are obsessed with talent, while the mainstream fears recession.

2

Putting The Customer In Context

A top priority for CX leaders is customer journey management and everything it entails.

Today's consumers expect easy, valuable experiences that marketers in 2010 could scarcely imagine. The modern customer journey is complex and unpredictable; it can only be understood and managed in real time, putting customer data at the centre of marketing.

Personalisation to the individual is the parallel priority, challenging marketers to evolve not only their ability to manage customer data, but use it to deliver experiences in real time that are matched to the consumer and their context. The infrastructure is in place at only 38% of the largest companies, and the strategy to take advantage at fewer still.

3

Cultural Transformation

Speed is the most powerful advantage of CX leaders. Most businesses in the study are encumbered by outdated workflows and internal barriers to communication and collaboration.

Leaders have overcome these challenges to focus on rapid learning and innovation of the customer experience.

While technology enables great experiences, they are designed by marketers, technologists and data scientists working together. Leaders are more likely to prioritise adding the right talent and ongoing training for their existing workforce.

4

Consumer Data Management Defines Our Digital Future

The past few years have seen consumers becoming increasingly aware of their data and how it is being used. Today, a changing regulatory environment and consumer technologies are further defining digital relationships. Leading companies are attempting to adapt to a new marketing dynamic, demanding that they lean into privacy, demonstrate transparency and continue to build trust with consumers.

First movers are focusing on governance and technology. They are examining the data supply chain to understand the ebb and flow of data and increasing their focus on collecting first-party data. They are also investing in technologies that unify customer profiles, making it easier for marketers and privacy specialists to manage data and consent in concert. The research showed that organisations with a highly integrated, cloud-based technology stack are 65% more likely than their peers to suggest that the focus on data protection has had a positive impact.

5

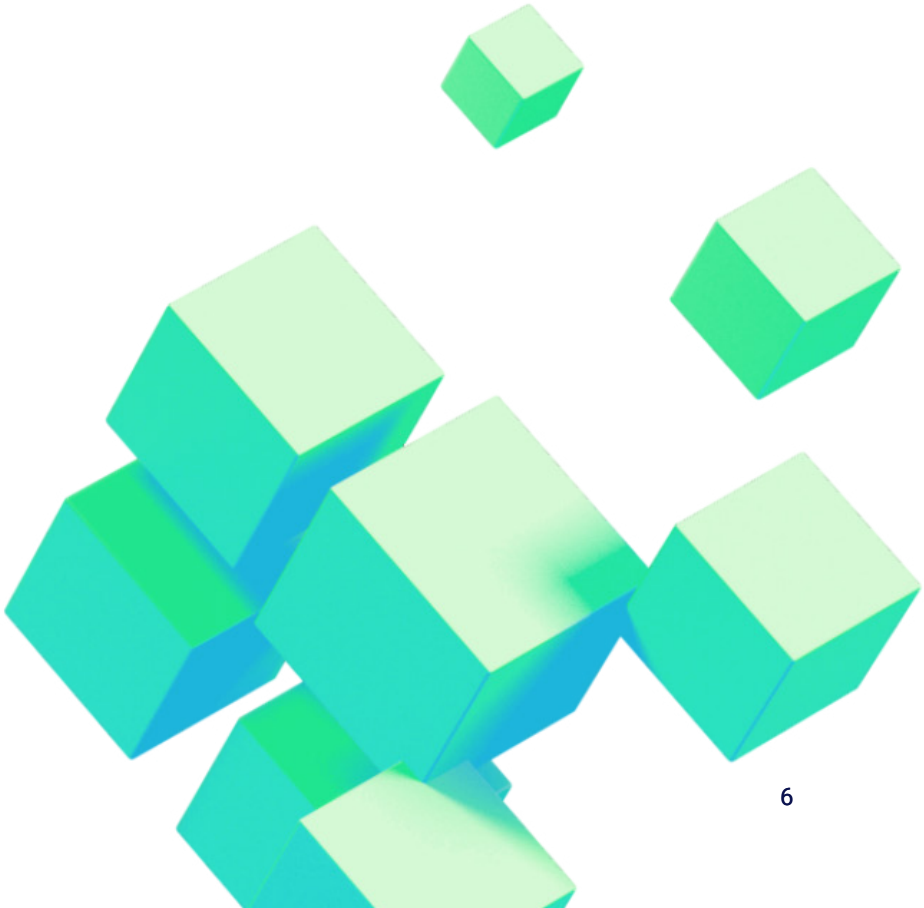
AI Gets Marketers Back Into Marketing

Artificial intelligence is rapidly being integrated into the systems and platforms of marketing, much of it happening invisibly, powering new features or streamlining existing ones. But leading and large companies are also actively exploring where smart technologies can maximise efficiency, solve difficult problems and offload repetitive tasks from marketers to machines.

The ability to rapidly analyse and act on data defines the ceiling for customer experience. Large organisations' use of automation for data analysis jumped by nearly 20% in this year's study, rising from 55% to 64%.

From the early days of the digital revolution, marketers have found themselves overwhelmed by the proliferation of processes related to their expanding responsibilities and capabilities. The most profound effect of artificial intelligence is to free human beings from the minutiae, giving them more time to think, create and add value.

The ultimate benefit to leading in CX is financial; these companies are three times as likely to have significantly exceeded their top business goal in 2019.



1 Digital Inequality

Customer experience divides marketing

Take two companies of similar size that serve the same sector. Their audience and product sets are nearly identical. Yet they face different threats to growth because they made different choices in strategy and investment.

The first company is still working through digital transformation and its evolution to a customer centric organisation. Externally, it fears possible economic turbulence and competition from digitally native companies. It fears the future.

The second company has invested the resources and organisational capital into becoming a leader in customer experience. Its chief concerns are finding and retaining the best digital talent and keeping up with innovation. It fears getting stuck in the past.

These two world views are a philosophical difference, but the gap between CX leaders and the mainstream is tangible across the quantitative trends and benchmarks in this year's study.

The definition of a leader is simple; they have advanced customer experience management in place that's aligned across strategy and technology. But throughout these findings, we'll explore what it means in practice, how the leaders approach differs from the mainstream and why a business at any stage in its development can benefit from their example.

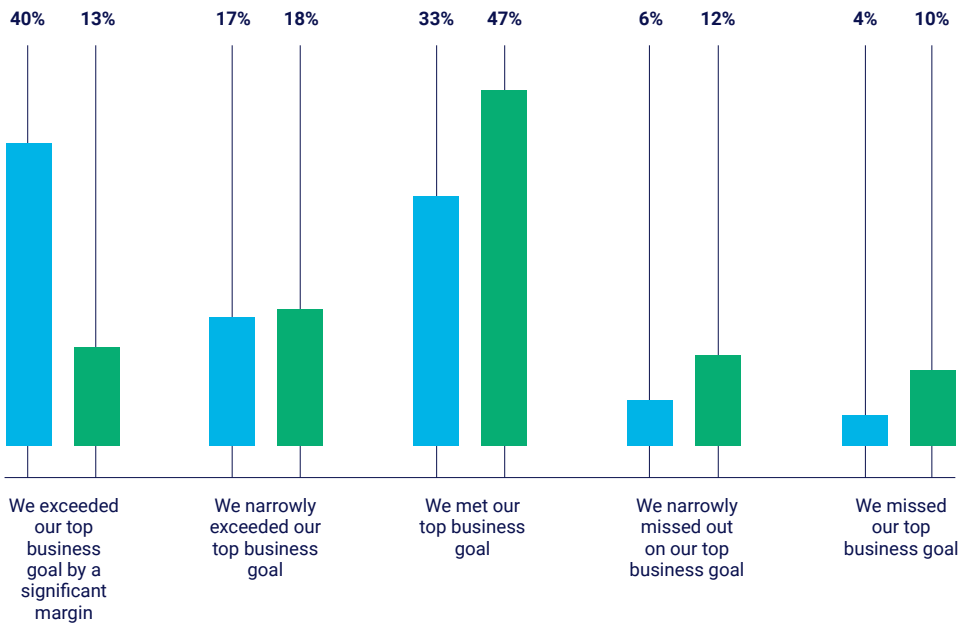
Figure 1

Thinking about the past year's performance (i.e. 2019), which statement best describes how your department performed against its top business goal?

CX Leaders

Mainstream

Respondents: 5,315



CX leadership reaps financial rewards

The ultimate benefit to leading in CX is financial; these companies are three times as likely to have significantly exceeded their top business goal in 2019.

Their success supports the essential case for a customer-led approach; good experience leads to higher retention and advocacy. In turn marketing can point to a higher revenue contribution that's more profitable and predictable because repeat customers are less expensive and easier to predict.

Strategy, investment and culture shift is key

The move to a customer-first model involves more than any single initiative or technology can accomplish. It requires a fundamental shift in strategy, investment and culture, supported by the right tools and processes.

The strategic and cultural differences between the mainstream and CX leaders are the most significant, because real change requires buy-in from the top and across an organisation.

But the rewards are there for those that make the shift. For the mainstream, looming recession is the top concern, but market conditions recede into the pack for CX leaders, whose differentiation and success are built on offering a great experience.

In the drive to maintain that advantage, they are focused on their organisation and a factor they can control; obtaining and developing great talent.

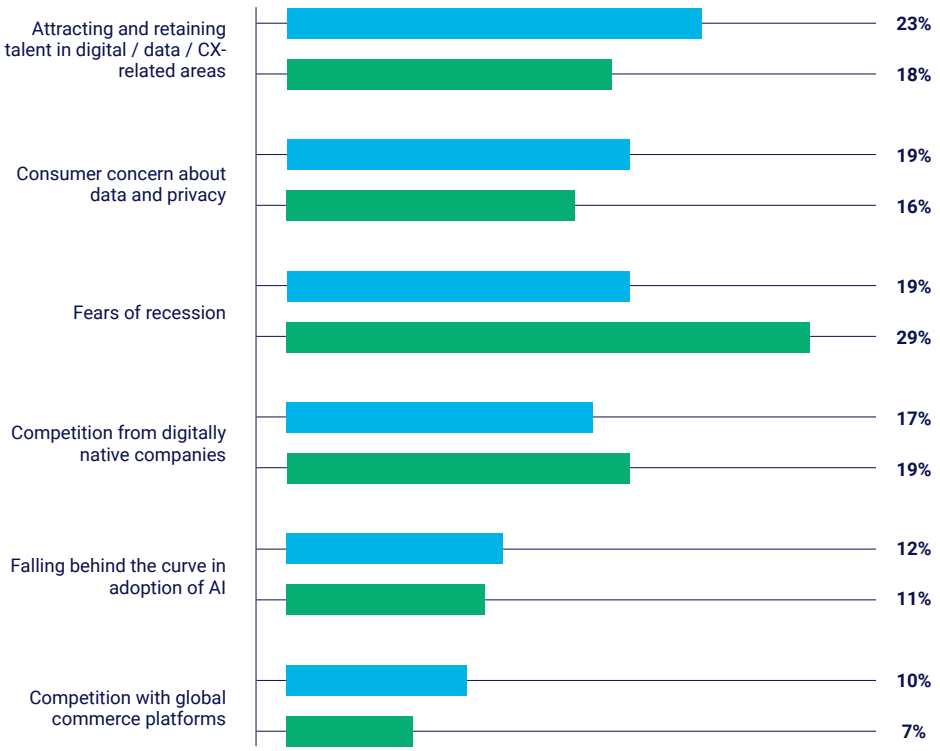
Figure 2

Thinking about your business more broadly, which of the following pose the most significant concern for 2020?

CX Leaders

Mainstream

Respondents: 1,203



Leaders aren't inherently different from the other companies in the study. They aren't any more likely to be digital natives, they come in all sizes and they're found in every sector. What they share is a top-down commitment to investing in the people, technology and structures that contribute to effective customer experience.

2 Putting the Customer in Context

Marketing in 2020 - understanding and serving every individual

Ten years ago, the industry was trying to figure out how to tailor content to mobile devices and use social as a sales channel. 'Earned media' still needed quotation marks and the television vs. digital debate raged.

The topics sound antique but the promise of digital was the same. Interactive channels could give people what they wanted, wherever and whenever they wanted it.

Today, that promise is much closer to reality, as the strategy, technology and processes for customer experience and marketing have matured and aligned.

The challenge today is managing the complexity of marketing to the individual. Many companies still lack a unified customer profile as they struggle to manage disparate data sources.

Without that ability to centre easily on the individual, the top priorities of 2020 are likely to be challenges as much as opportunities. Journey management and valuable personalisation depend on identifying and serving the individual, in real time and at any scale. These are the superpowers of marketing, but they are hamstrung without easy access to a robust customer data profile.

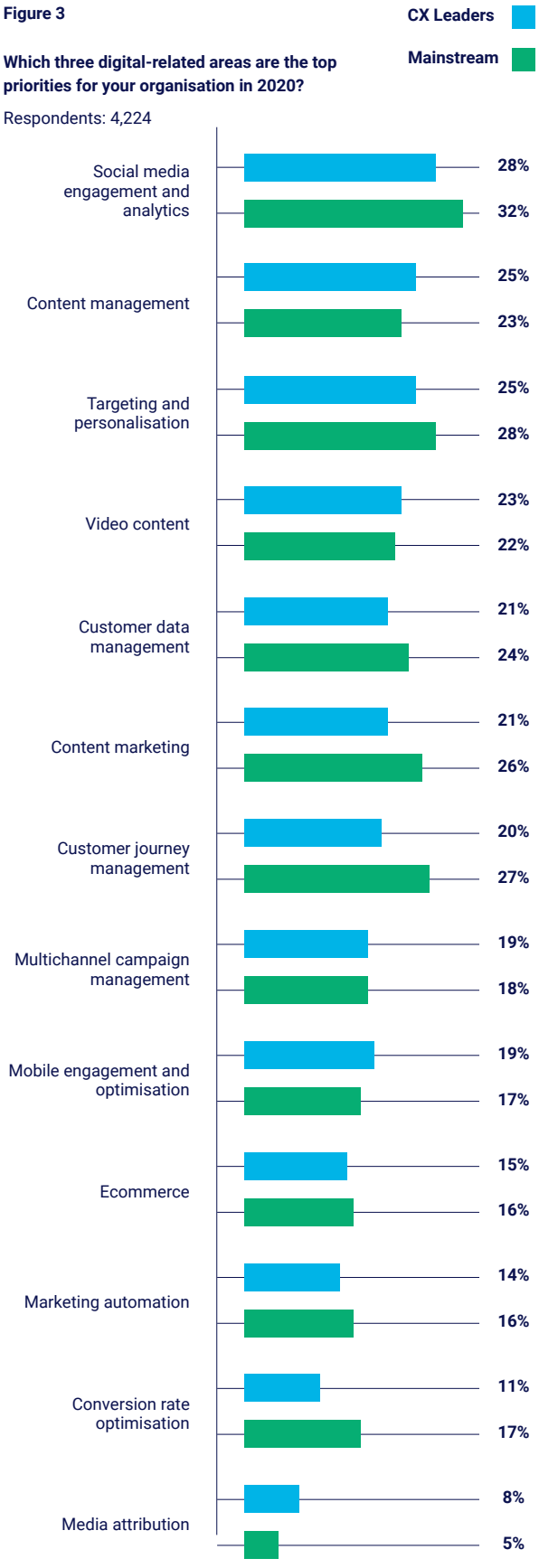
Customer journey mapping coupled with content leads to growth

Although the overall movement is in the same direction – towards better understanding and service to the customer – there are intriguing differences in how companies are evolving, investing in customer experience and putting data to work.

Figure 3

Which three digital-related areas are the top priorities for your organisation in 2020?

Respondents: 4,224



- Understanding a person means understanding their context; if you can see the world through their eyes you can predict and serve their needs. Managing the customer's journey has risen to become a top priority for CX leaders (*Figure 3*). Used in concert with personalisation (a top three priority for both), journey management allows marketers to influence the process of being a customer, and in a world where instant, responsive service is the standard, it is often the case that the process is the product.

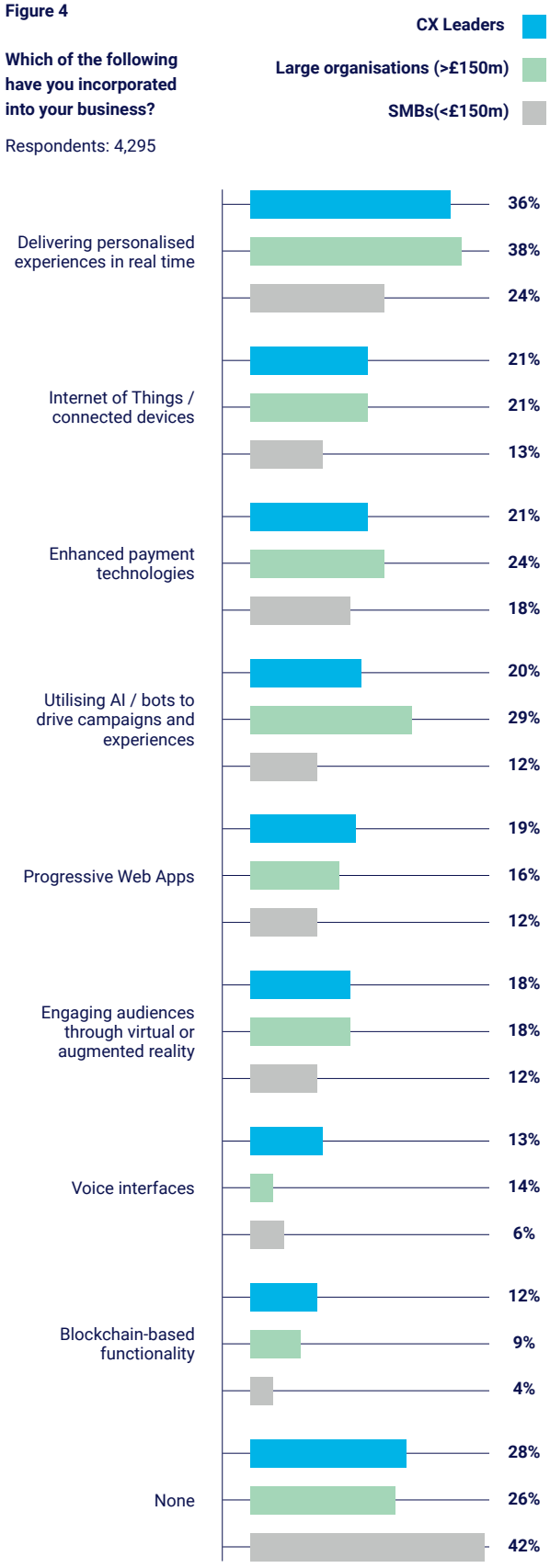
- For the mainstream, content management is ranked sixth. For all the attention that content has received in recent years, it is still an area where marketers recognise that they have true influence over the sale and overall experience.

[1] Econsultancy, *How Marketers Learn*, 2019

Figure 4

Which of the following have you incorporated into your business?

Respondents: 4,295



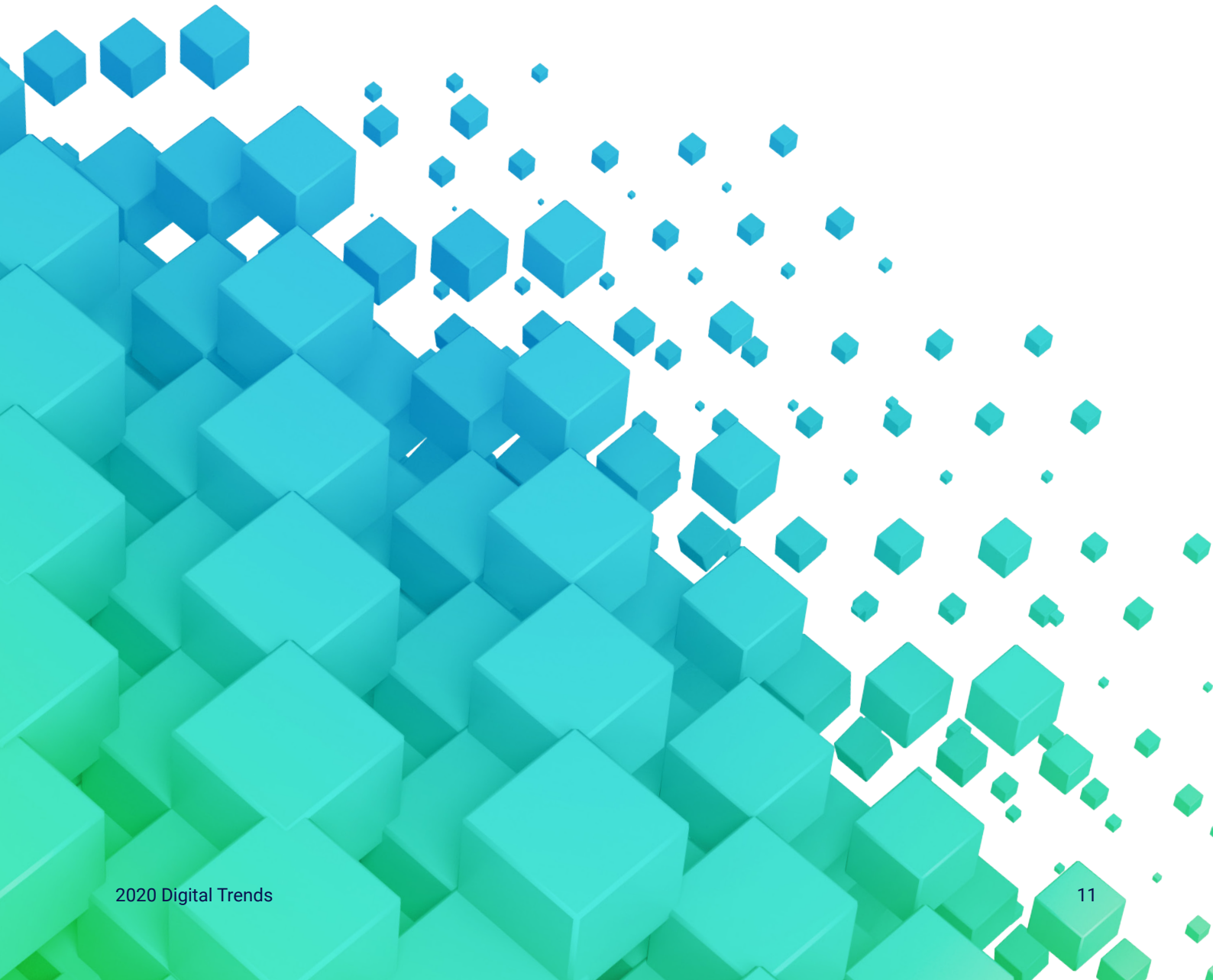
CX leaders invest in emerging tactics

Where do we place our bets for the future? That's the question that marketers should ask themselves at budget time, but most simply incrementally invest in what's come before. This ignores the lessons of a recent past when so many companies failed to evolve as quickly as their customers' behaviour.

This is especially true for SMBs, which under-index across most emerging areas of digital marketing and experimentation. In fact, over 40% of organisations with annual revenues below £150m haven't invested in any.

The takeaway from the CX leaders of all sizes is to make bets across the board; in most categories they equal or surpass enterprise organisations in their use of emerging tactics.

CX leaders are prioritising content that's linked to the customer journey, offering more dynamic and secure experiences and engaging with customers in new arenas like voice where they have the greatest opportunity to get ahead of the market.



3 Cultural Transformation

Culture kills transformation unless culture is transformed

Large organisations envy agility, small companies long for more resources. It's a natural tension that appears inevitable, but CX leaders have cracked the cultural codes to break that inertia and take advantage.

Outdated workflows slow digital transformation

Internal issues can kill efficiency, slow product evolution can stand in the way of digital transformation.

Workflow is where marketers spend their days and inefficiencies can slow the entire organisation. It's striking that half of respondents at larger companies, those with over £150m in 2019 revenues, report that outdated workflows slow their processes, in comparison with only 32% of CX leaders.

Inadequate budgets and lack of collaboration also key barriers

Budgeting is a reflection of strategy and executive support. Nearly one-third of CX leaders report that inadequate budgets are a barrier to creating digital experiences, but that's significantly lower than at other companies, large and small.

Collaboration is essential to excelling at customer experience

CX comprises the entire journey, touching directly on product, service, marketing, technology and sales, all of which have to be supported strategically by leadership and finance.

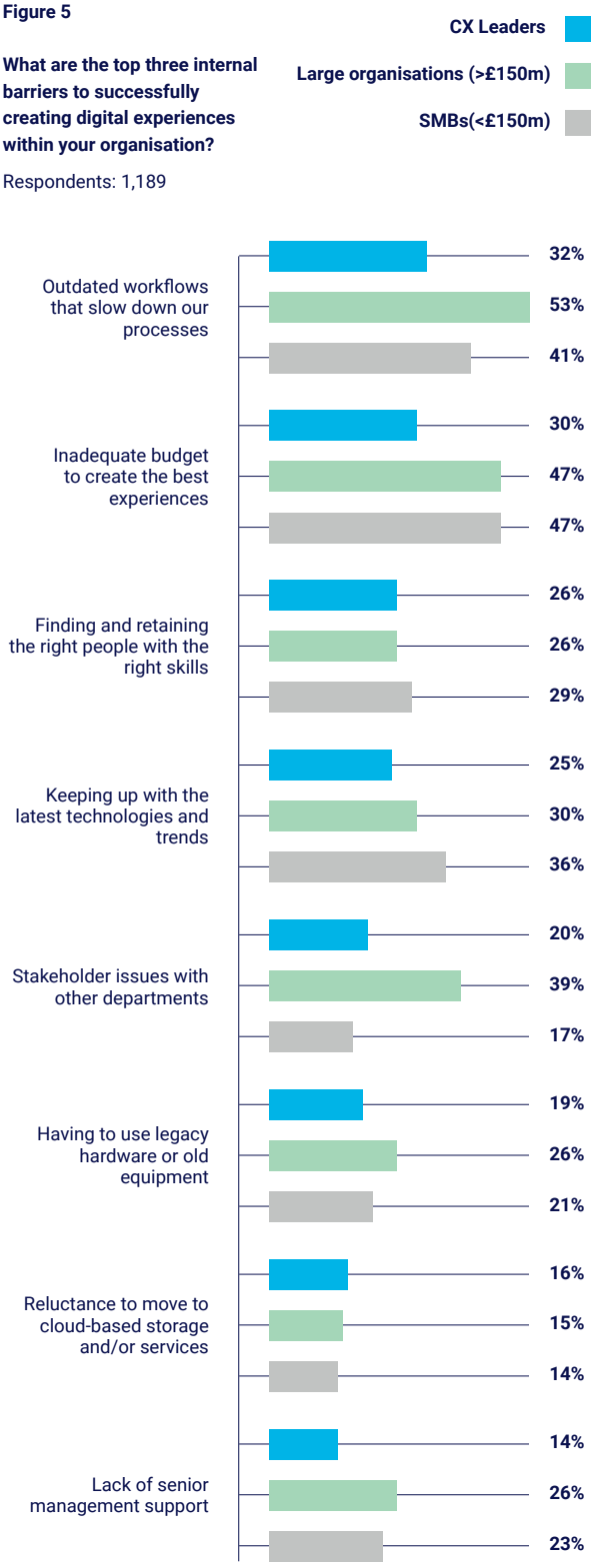
In organisations where stakeholders don't share expertise, data and resources, customer experience can't evolve at the speed of the market.

The organisations that are most successful in managing customer experience have remade themselves in the image of the customer journey. They have restructured to eliminate internal silos, often based on channels, to build teams and align resources across the journey. They take a test-and-learn approach, and apply agile methodologies to learn and take action quickly.

Figure 5

What are the top three internal barriers to successfully creating digital experiences within your organisation?

Respondents: 1,189



Talent sourcing and retention challenges

For CX leaders, a top-three issue is talent (*Figure 5*). They see finding and keeping the right people with the right skills as a challenge to their ability to create great experiences.

This emphasis on people drives CX leaders to look at learning as a strategic function that can add capabilities and feed into change management.

The traditional approach to adding talent is often to hire it directly or as part of an agency relationship. But as first-party data is increasingly viewed as a key strategic asset that defines and how to serve them, organisations have brought customer experience related functions in-house, building teams that take advantage of institutional knowledge and shared data.

Many organisations have built centres of excellence to better manage digital capabilities and align resources with strategic transformation. Often these structures begin with a focus on operational excellence, consolidating digital and customer experience related capabilities. Over time, however, digital capability and execution is distributed across functions and regions, with the centre of excellence focusing on strategic governance, promoting best practice and innovation.

All of these approaches require businesses to add and improve skills on an ongoing basis, and CX leaders are significantly more likely to invest in learning to accomplish these goals.

Two trends stand out:

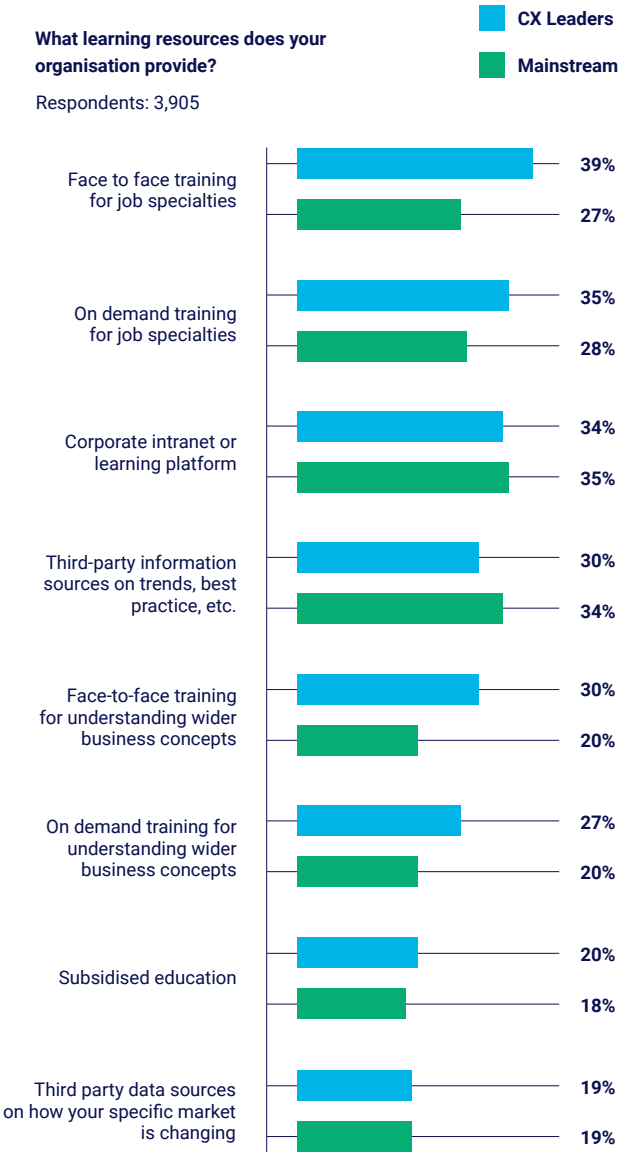
- CX leaders understand that people learn differently and not every topic lends itself to digital-only training, so they're more likely to offer both face-to-face and on-demand options (*Figure 6*).
- They are more likely to invest in training on business concepts beyond a narrow definition of marketing. In a recent Econsultancy study, over 90% of executives said that it was essential that marketers understood the metrics and strategies of the wider business.[2]

[2] Econsultancy, *How Marketers Learn*, 2019

Figure 6

What learning resources does your organisation provide?

Respondents: 3,905



Speed is the most powerful attribute of the modern marketing organisation. CX leaders are able to react to changes in their customers and markets more quickly than their peers because their culture reduces barriers. They invest in the capabilities to deliver digital experiences and emphasise continuous learning.

4 Consumer Data Management Defines Our Digital Future

Effectively managing consumer data is a mission critical capability in marketing

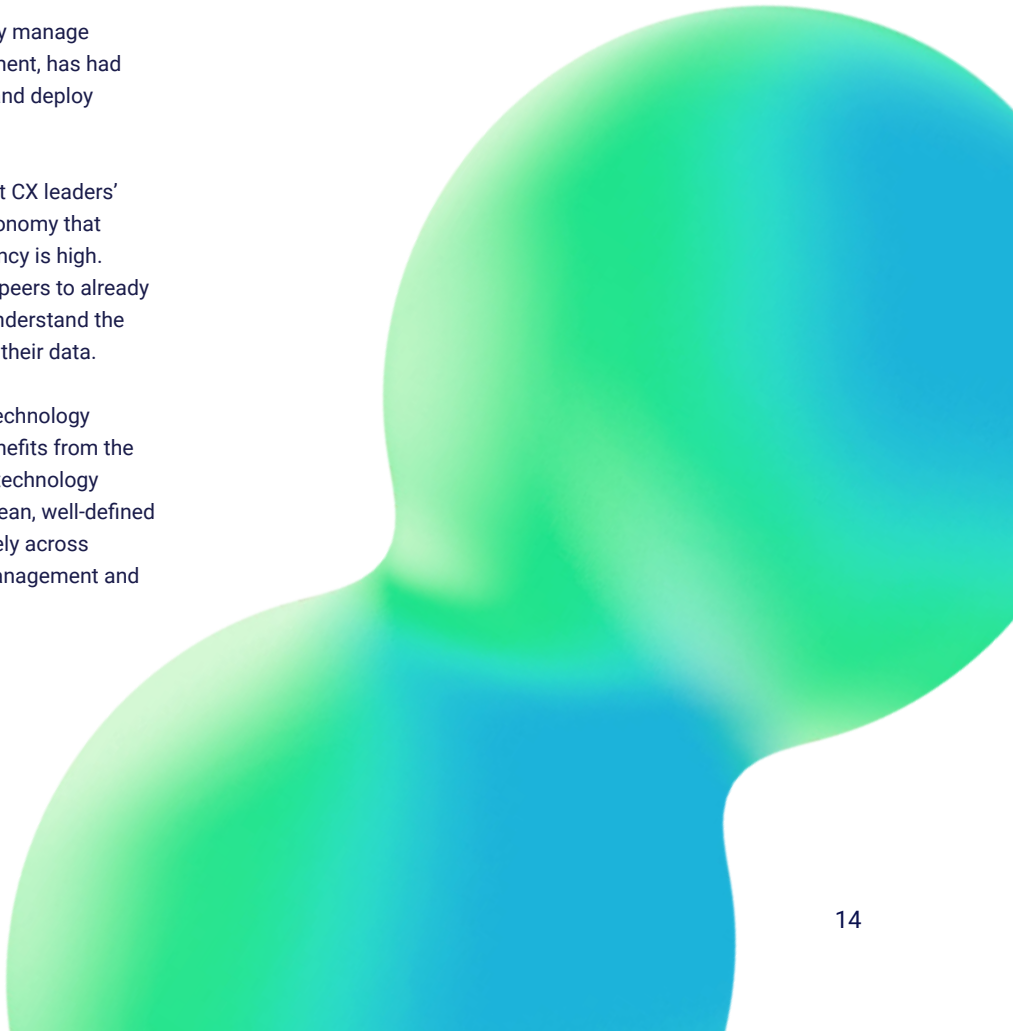
As the internet continues to evolve, so do consumer attitudes and expectations as well as regulations when it comes to security and privacy of personal information. The prevalence of new technologies and the ability to collect and use data in new and different ways has helped to fuel the focus on consumer data management.

In the early phases of the digital evolution, consumer technologies gave the customer control over their brand relationships in terms of researching and buying products and services. This access to new and powerful information gave rise to the increased focus on customer experience.

This new era of customer experience and expectations, together with evolving laws and infrastructure, is influencing digital marketing and advertising and further shifting the focus to greater trust and transparency.

- The implementation of GDPR in 2018 was an inflection point with its emphasis on compliance and transparency. It continues to accelerate thanks to changes in consumer-facing technology.
- Companies have indicated that how they manage data, such as list creation and management, has had a positive impact on how they develop and deploy customer facing campaigns.
- The research in this report indicates that CX leaders' commitment to making strides in an economy that emphasises greater trust and transparency is high. Notably, they are twice as likely as their peers to already have new strategies in place to better understand the value exchange when consumers share their data.
- Organisations with a highly integrated technology stack have enjoyed disproportionate benefits from the requirements of data governance. The technology strategies have reflected the need for clean, well-defined data and enabled them to work effectively across multiple data sources to improve list management and campaign performance.

CX leaders are turning to integrated technology stacks to unify data, improve governance and give greater control to both the customer and the organization.



5 AI Gets Marketers Back Into Marketing

Artificial intelligence frees marketers from daily minutiae

A decade ago, consumers met artificial intelligence (AI) in the wild for the first time when Siri went live on the iPhone.

Marketing, like most disciplines, was vaguely aware of AI, with computers beating chess champions and the first autonomous car experiments hitting the road.

But the industry wasn't thinking selfishly about AI in 2010. Today, that's changed for many organisations. Companies of some scale are already benefiting from artificial intelligence, although it may be invisible to many who benefit.

Machine learning (ML) and other types of AI reside within existing systems, identifying fraud, suggesting keywords and simplifying scheduling. That kind of practical, everyday AI is being integrated constantly and inevitably, if largely unnoticed.

Businesses are also interested in applying AI/ML to specific goals in customer experience and marketing.

AI investment set to rise amongst CX leaders

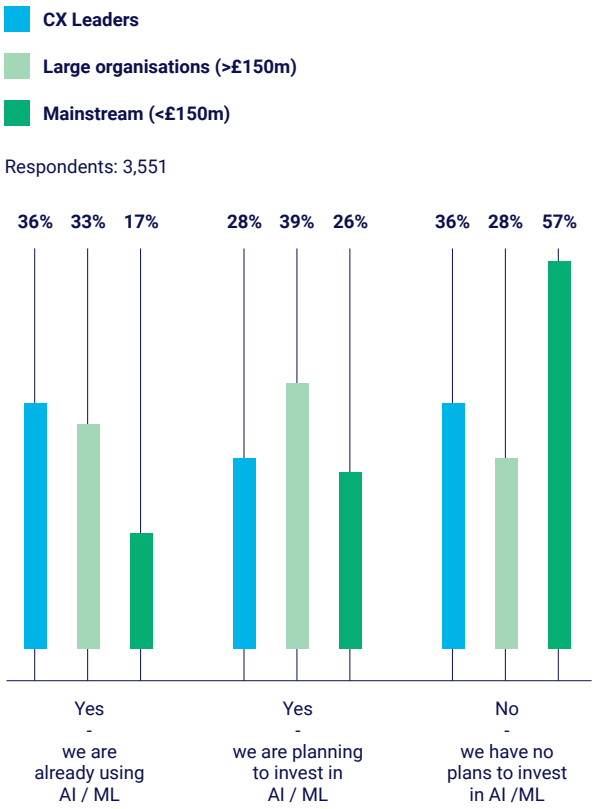
Implementing AI/ML is a high priority for a majority of CX leaders and large companies. While significant segments of both have no set plans for AI adoption, top performers and larger companies are already more likely to benefit from AI integrated into their martech platforms. For SMBs, there's danger in lagging the market. They risk losing further ground in areas that are especially important when resources are scarce. It can be expensive to invest in new, smart technologies, but it may soon prove more so to abstain.

AI investment brings wide-ranging benefits

- The underlying rationale for investment is obvious. Marketing leaders want to use artificial intelligence to continuously improve the experience and make business decisions in real time.
- They also want to reallocate human resources from anything that can be automated to more valuable activities.
- Data analysis is the overarching need of modern marketing, and much of it has to happen in a millisecond. AI/ML based technologies not only process data for easier human consumption, but they can learn and adapt from the data they process.

Figure 7

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

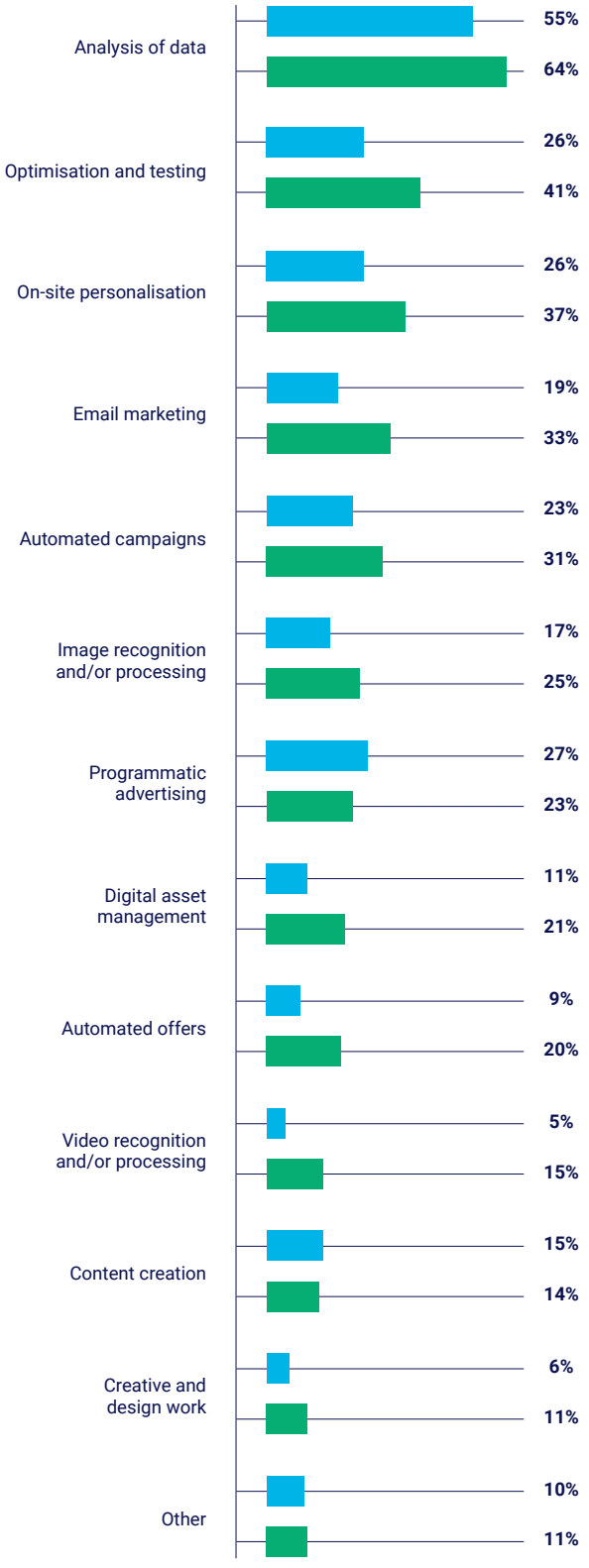


- Optimisation and testing in a digital environment shouldn't and often can't be manual. Human strategy can define goals, but when thousands of customers need to see unique content, it's a job for automation. AI/ML take automation further, constantly testing what works, learning and making smarter assumptions for future experiments.
- These capabilities are essential for on-site personalisation, where the mix of customer information and contextual data can power AI/ML systems to provide a unique experience at the individual level. Many companies are using this technology to improve fundamental commerce applications from product recommendation, dynamic pricing and retention marketing. The movement from one year to the next is striking, with emerging areas such as video recognition and automated offer management seeing 100% growth or more.

Figure 8

With regards to automation of specific marketing-related activities, what is your organisation currently using AI for? (Organisations with revenues of over £150M)

Respondents: 2020=169, 2019=175



Using machines to empower people

The companies that embrace automation have a clear advantage moving forward, whether AI/ML is introduced as part of a system or as the core of a new initiative.

The simplest argument for machines is to empower people. Marketers live in a world of processes built on data. Every day they spend time laying out emails, building reports and analysing campaign metrics, to name a handful of the repetitive but essential building blocks. There's no question that these types of tasks will be almost entirely automated in five or 10 years' time.

Today's leaders have to weigh investment, opportunity cost and efficiency, but the lesson of CX leaders is to err on the side of whatever solution makes marketing faster and smarter.

Artificial intelligence is coming inevitably to all businesses as it is integrated into marketing systems. But CX leaders are more likely to actively apply thinking technologies to their key challenges and free up their human resources to focus on creative and strategic goals.

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 on November 8th having collected 12,740 qualified responses.

Demographic profiles

- Sixty percent of all respondents (7,531) are client-side marketers. The remaining sample is made up of consultants, executives at agencies and marketing technology/services vendors.
- Eighty-two percent of client-side responses were at the manager level or above.
- As defined by target market, the sample is almost evenly split between B2B (34%), B2C (32%) and those addressing both markets equally (34%).
- Organisational revenues run the gamut from SMBs (31% have revenues under £50M) to larger organisations (26% have revenues between £50 and £1 billion) and the world's largest organisations (15% have revenues over £1 billion).
- The sample is global, with EMEA providing the largest share of respondents (46%), followed by North America (38%) and the Asia-Pacific region at 10%. The survey was translated into French, German, Chinese and Japanese.
- Every business sector is represented, with concentrations in Technology (11%), Media (8%), Financial Services (8%) and Manufacturing (8%).

About Econsultancy

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

Founded in 1999, Econsultancy has offices in New York, London and Singapore.

Econsultancy is used by over 600,000 professionals every month. Subscribers get access to research, market data, best practice guides, case studies and elearning – all focused on helping individuals and enterprises get better at digital.

The subscription is supported by digital transformation services including digital capability programs, training courses, skills assessments and audits. We train and develop thousands of professionals each year as well as running events and networking that bring the Econsultancy community together around the world.

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Adobe Experience Cloud is a comprehensive set of cloud services designed to give enterprises everything needed to deliver exceptional customer experiences.

Comprised of Adobe Marketing Cloud, Adobe Advertising Cloud and Adobe Analytics Cloud, Experience Cloud is built on the Adobe Cloud Platform and integrated with Adobe Creative Cloud and Document Cloud.

Leveraging Adobe Sensei's machine learning and artificial intelligence capabilities, Adobe Experience Cloud combines world-class solutions, a complete extensive platform, comprehensive data and content systems, and a robust partner ecosystem that offer an unmatched expertise in experience delivery.

To learn more about Adobe Experience Cloud, visit http://www.adobe.com/uk/experience-cloud.html.

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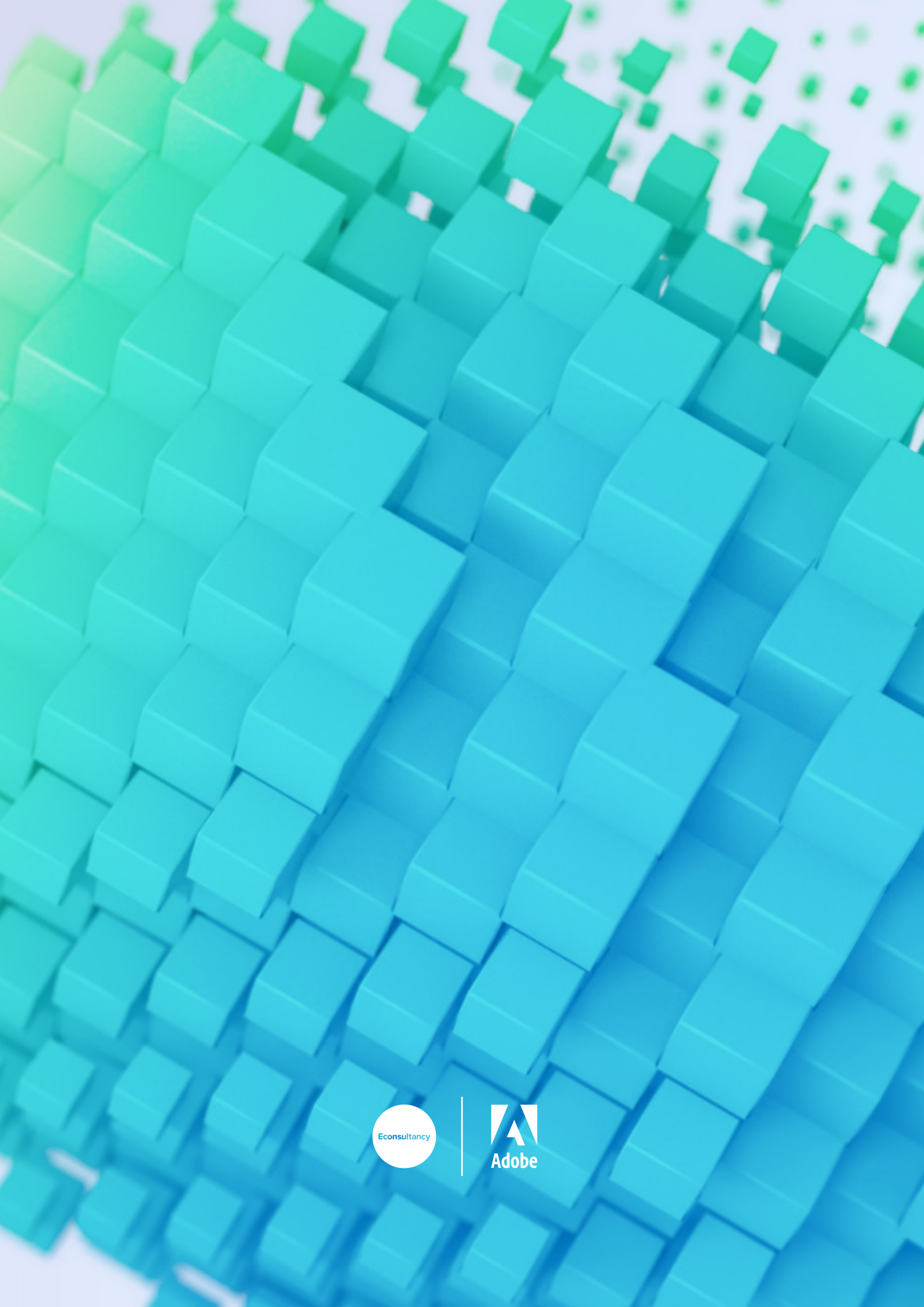
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