Econsultancy ✕ Adobe

2021 Digital Trends
Experience Index

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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, e-commerce, 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 led to the most innovative period in the history of marketing, essentially rewriting the rule book for many businesses.

Instead of deviating from predicted trends, the dramatic events of 2020 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 behavior and added to 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 personalization as we enter the new era in experience. As business leaders look toward 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.

Introduction

For brands and marketers, 2021 will be a year of recovery, making difficult decisions and turning the lessons of 2020 into plans for growth.

The more than 13,000 respondents to the 2021 *Digital Trends Survey* see their businesses as focused on the customer as a human being, their employees as integral assets, and the digital customer experience as the driver of growth and strategy.

This year's *Digital Trends* report is a departure from previous editions. It delves into new areas and examines areas that feel particularly important. These areas include the impact of a *distributed workforce*, *empathy* as the driver of experience, and how we can put customers first by having a brand purpose that resonates with employees.

Your new customer
New customers arrived in record numbers to sites and apps, creating new journeys and behaviors to be understood. At the same time, *existing customers* behaved less predictably. In their own ways, both groups *proved the CX proposition*, helping some companies flourish and challenging those that were slow to move. Businesses of all kinds realized that they needed to develop insights faster to **catch up to their customers**. The shift online **pulled marketing into the boardroom** at an unprecedented rate as strategies were reworked and digital experience became the lever for growth.

Working together, apart
The shift to remote work is one of the most profound changes to come out of 2020, as remote employees and customers **bring their own office**. Brands will be confronted by **a new competition for digital talent** that is not constrained by geography, and where traditional attitudes will have to modernize or lose out.

Reorganization
Speed to insight and action are vital to success in a fast-changing environment, making workflow, legacy tech, and a lack of digital skills the **top-3 barriers to great digital experiences**. Addressing the issue of legacy systems means **moving to more flexible technologies**, using cloud-based platforms alone or as a management layer to disparate solutions. The necessity of standing out in the digital crowd has organizations asking which are the most meaningful **opportunities in emerging experience and marketing capabilities**. The technical complexity of customer experience management challenges every business and is why **MOPS is the acronym for 2021**.

Guiding principles for 2021
Convenience on digital platforms is a commodity, not a unique selling proposition. To differentiate their experience, brands must first think of their customers as people, not as datasets, and make **empathy the future of experience**. Second, even as the world returns to a new kind of normal, **the customer is not slowing down**, with multiple disruptive factors in view for businesses. Last, but not less important, the brands that will provide great customer experience are those whose employees are enthusiastic about their brand and its purpose, but, as will be discussed later in this report, **purpose only matters if it matters**.

Your new customer

## 1. Digital, unpredictable, and easy to lose

For brands in every sector, 2020 brought the loss of predictability. Customers of all kinds were driven online at a rate that amounted to a jump of five to 10 years in projected adoption.

This shift represents an opportunity from new (and often newly digital) customers. Nearly half of consumer-facing companies report a burst of customers that were previously unknown to them and an unusual growth in digital and mobile visitors is reported by almost two-thirds of these companies.

At the same time, the move of previously offline shoppers to sites and apps reinforces the lesson that the customer has more power in a digital relationship. Over one-third of respondents say that customers are less loyal to products or brands and half say that their existing customers have exhibited new buying behaviors, with changes to average basket sizes and new product interests.

At the same time, the journeys of existing customers have changed rapidly, with 56 percent reporting new paths to research and purchase.

The digital shift was dramatic and ubiquitous, even among B2B industries, like manufacturing, that traditionally have been comparatively slow to digital transformation.
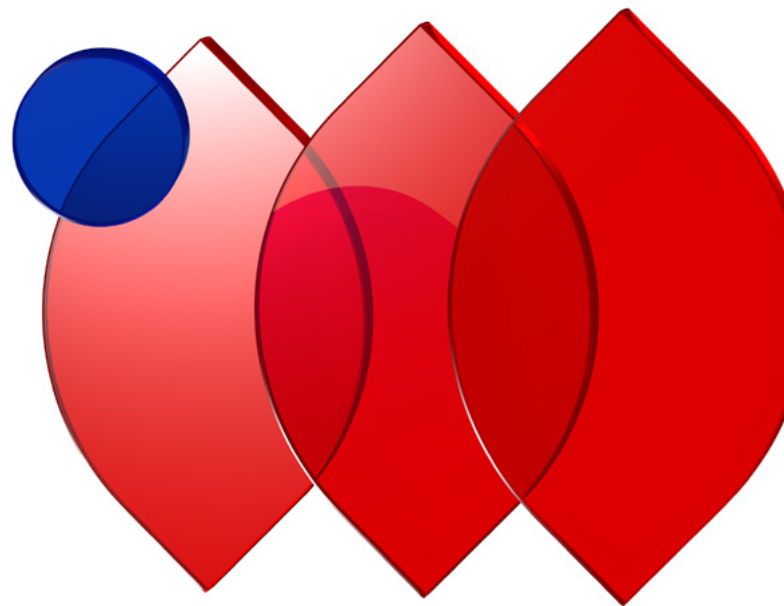
Long before the pandemic drove them to their home offices, businesspeople were already behaving more like consumers, with expectations of convenience that often outpaced a brand's ability to deliver. The wave of digital customers in 2020 accelerated the trend toward convenience.

The world will eventually return to a recognizable normal—but that normal will be digital. With few exceptions, brands must now view their digital strategy not as a component of marketing, customer service, or product, but as the core driver of customer experience and business growth.

Figure 1   **Changes in customer behavior affected every sector**

	Unusual growth in digital customers	Unusual customer churn	Unusual buying behavior from existing customers
B2C	63%	35%	49%
B2B	57%	32%	51%
Consumer goods	72%	39%	69%
Manufacturing	56%	32%	51%

Digital Trends Survey, Q4 2020, n – B2C = 665, B2B = 626, Consumer goods = 152, Manufacturing = 197

2. 2020 proved the customer experience (CX) proposition

Previous editions of the *Digital Trends* series have charted a growing disparity between companies based on their adoption of a customer experience focus.

2020 threw that distinction into sharp relief, proving that not only are companies with strong CX more likely to achieve long-term growth than their competitors, but they are also better positioned to adapt to changeable customer behavior, markets, and external conditions.

The effects of the digital shift vary considerably by sector, and dramatically so, for individual brands. While the shift is perceived as an opportunity by most companies, it will leave some behind.

A sophisticated, integrated approach to CX is the unifying thread for the companies that outpace their sectors.

CX leaders flourished in the tumultuous second half of 2020. Over 70 percent of leaders outpaced their sectors, and they were three times more likely to have significantly outpaced their sectors than the mainstream. The difference between the two groups is their respective strategic commitment to CX as demonstrated by the investments they made over the last five years. For example, respondents at companies that have built strong analytics functions (with significant insight into new journeys and marketing attribution) are more than twice as likely to say their customers are positive about their digital experience than their peers with lower levels of insight (71 vs. 31 percent).

Financial performance relates strongly to the quality of the experience: 61 percent of mainstream respondents say that if they were a customer of their own digital CX, they would "possibly" or "definitely" look for other brands. That share drops to one-quarter among leaders.

The marketers, technologists, and executives who are positive about their customer experience believe in their company's future—they are 37 percent more likely to be optimistic about their corporate strategy for 2021 (77 vs. 53 percent) and 38 percent more likely to be optimistic about their prospects for career growth (72 vs. 49 percent).

Figure 2   **CX leaders won 2020**

Thinking about your organization's primary sector and competition over the last six months of 2020, how did your company perform?

● CX leaders   ● CX mainstream
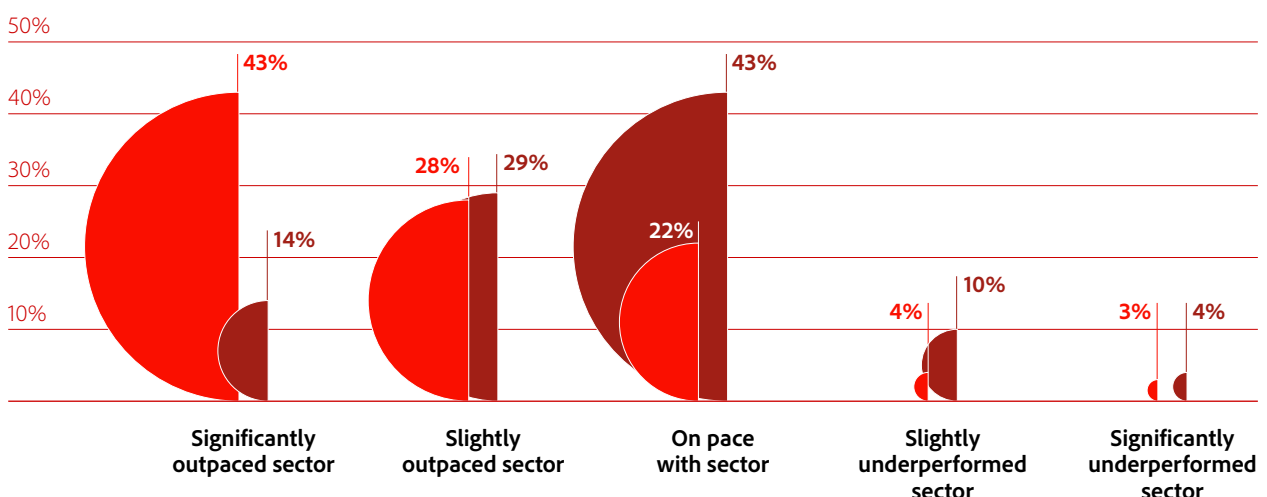
Digital Trends Survey, Q4 2020, n – CX leaders = 1,081, CX mainstream = 4,864

CX leaders comprise 18% of respondent organizations. They have a *very advanced approach to customer experience, where strategy and technology are aligned to a successful effect.* Throughout this report, leaders are compared with the mainstream group, who range from "immature" to "somewhat advanced" in their CX approach and make up 82% of the sample.

3. Catching up to the customer

The upheaval of 2020 taught businesses that they need to understand and act on data more quickly. Speed to insight was the key to mitigating loss and fostering growth.

Looking ahead, senior executives (VP+) from the mainstream group rank the ability to be "agile" and "fast to act" as the second most important quality of the company they want to build over the next several years, behind only "innovation."

Of course, acting quickly is only valuable when it is informed. Most companies today are rich in data volume, but only 23 percent of executives rate their organization as "very strong" in their speed of gaining accurate insights.

Businesses that are strong in their speed to insight were more successful through the second half of 2020 and their ability to prove the value of marketing is resulting in budgeting for a more aggressive plan for 2021. These companies are more likely to be increasing spending on acquisition, retention, and marketing overall.

CX leaders have already invested in their infrastructure of insight and thus have an advantage in growing their marketing and experience budgets. They are typically further along in their ability to prove the impact of marketing spend through attribution. For example, leaders are twice as likely than mainstream to have significant insight into the drivers of loyalty and retention (53 vs. 26 percent). This positions leaders to justify more aggressive marketing spend—they are also significantly more likely to be increasing their 2021 marketing budgets than the mainstream (60 vs. 39 percent).

Figure 3   **Superior insight unlocks marketing budgets**

	Marketing budget increase	Acquisition budget increase	Retention budget increase
Weak speed to customer insight	36%	39%	30%
Strong speed to customer insight	50%	52%	44%

Digital Trends Survey, Q4 2020, n – "Weak speed" = 487, "Strong speed" = 844

4. The customer pulled marketing into the boardroom

While the responsibilities of marketing have steadily expanded in the 30 years since the start of the digital revolution, the trend has not always resulted in a seat at the leadership table.

But the last year has been a watershed, with three-quarters of senior executives (VP and above) saying the role of marketing in setting strategy expanded in 2020.

Analysis of several hundred open text responses to the question of why that expansion occurred identifies the reasons, but also suggests that it may not last for some.

In most cases, it comes down to whether marketing has command of the data to understand the digital-first customer:

"Our [digital] measurement has become more sophisticated and it's allowing us to showcase the impact of marketing, so [our role] and our budget are increasing."

"In our current situation, the digital environment took on enormous importance. In most cases, marketing was already leading these projects, and it gained greater relevance and leadership in our company."

"We were already slowly moving toward a more digital model and marketing leads in digital. COVID-19 forced our traditional customers online and we had the data systems in place to learn what they want and how they behave. The executive committee is looking to marketing to be the voice of this 'new' customer."

But many organizations are still in a reactive mode, looking for marketing to help respond to the burst of digital customers but not yet committed to an experience-driven approach to growth.

"Leadership wants to react to the moment and our customers have gone online, which has raised the profile of marketing. But our budget for infrastructure and talent isn't changing. They want to wait and see what happens after the pandemic."

"Media consumption habits have been changing dramatically while at the same time all departments are dealing with reduced budget and staff. The marketing and promotion teams need to develop more creative approaches with smaller budgets. To do that we have been given greater access to strategy meetings."

"Our competitors in the USA and Asia with better digital had an advantage over us this last year. Marketing is being asked for strategy to respond, but others are executing."

Many have noted that the pandemic did not create new trends so much as accelerate them. For years, traditional companies have been under pressure from new customer behavior and digital-native competitors trying to exploit market inefficiencies.

Marketing has never been in a better position to guide the evolution of corporate vision, go-to market, and even product strategy. But the marketing organizations that are most likely to be doing so today are data-driven—they have better access to actionable insights than their peers and they are more likely to have a marketing operations group supporting their martech infrastructure and data strategy.

Key findings and recommendations

- Sixty percent of client-side respondents say that if they were a customer of their own digital experience, they would "possibly" or "definitely" get frustrated. Where does your company's digital experience fall? This is a moment to ask hard questions and reject familiar answers. Even as the world returns to some normality in mid-2021, multiple trends will continue to disrupt marketing. The winners will be those companies that are skilled at ongoing adaptation.

- **Trends in the field: TSB Bank reacted quickly to the disruption caused by the COVID-19 pandemic, moving vital forms online in under a week, and removing the need for most of its customers to visit their local branch. In just eight weeks, the bank had processed over 80,000 transactions online. With many branches closed, there was a sharp increase in customers using online banking for the first time, so the application process for Business Banking customers was completely reengineered for a self-serve digital experience.**

- Over three quarters of senior executives say that because digital customers are marketing's domain, marketing has taken a more active role in strategy during the pandemic. Those who will remain at the table have above-average digital measurement and the ability to communicate KPIs to external stakeholders. For example, at companies where marketing has strong capabilities in gaining accurate insights and then testing them in the field, the CFO is two times more likely to recognize the importance of customer experience than in companies where that capability is weak.

- How organizations approach technology infrastructure is a key variable in their ability to quickly assemble and understand digital signals. Those organizations using a cloud-connected platform to integrate their customer and marketing data, either solely or in concert with existing systems, are more than twice as likely to be "very strong" in speed to insight than companies with an in-house platform or ad hoc solutions.

- **Trends in the field: Australian fintech provider Hay launched their app, website, and go-to-market campaign in February of 2020, just weeks before the world was upended by the pandemic. With data living on a cloud-connected digital platform, they had the flexibility and insights to respond quickly. For example, they were able to re-examine their onboarding experience and to diagnose drop-off in conversion throughout the funnel. Armed with those insights, they were able to improve the rate of conversion from initial opening to completion by 265 percent—in just one week.**

Working Together, Apart

5. Bring your own office

The shift to remote work is likely to be the most profound and enduring effect of the pandemic.

In March of 2020, 28 percent of marketers reported working remotely at least one or two days per week. Asked to project their post-pandemic situations in September, that figure rose to over 80 percent, with 46 percent expecting to work remotely three or more days per week. At the same time, one in three marketers said that they "Can't wait to get back to the office."

These contradicting forces will define work moving forward and present companies with a possibility for competitive advantage.

Executive views have already changed dramatically, driven by surprisingly positive results from the overnight shift to remote work.

In tracking research, productivity was a bright spot in corporate performance, with 70 percent of executive managers reporting stable or improved productivity. Fewer than one in five respondents described their personal productivity as lower than normal.

Improvements in productivity can be traced to several causes but working remotely was chief among them. Supporting the remote side of the hybrid work world of 2021 is a capability to be optimized and presents an opportunity to expand organizations' available workforce, enroll specialty talent, and work better with partners.

Supporting the distributed enterprise will require more than easy messaging. Often the most important work happens when individuals unplug from the always-on conversation to focus on analysis, writing, and strategy. The tools to support engagement throughout asynchronous work may have the most profound effects on productivity.
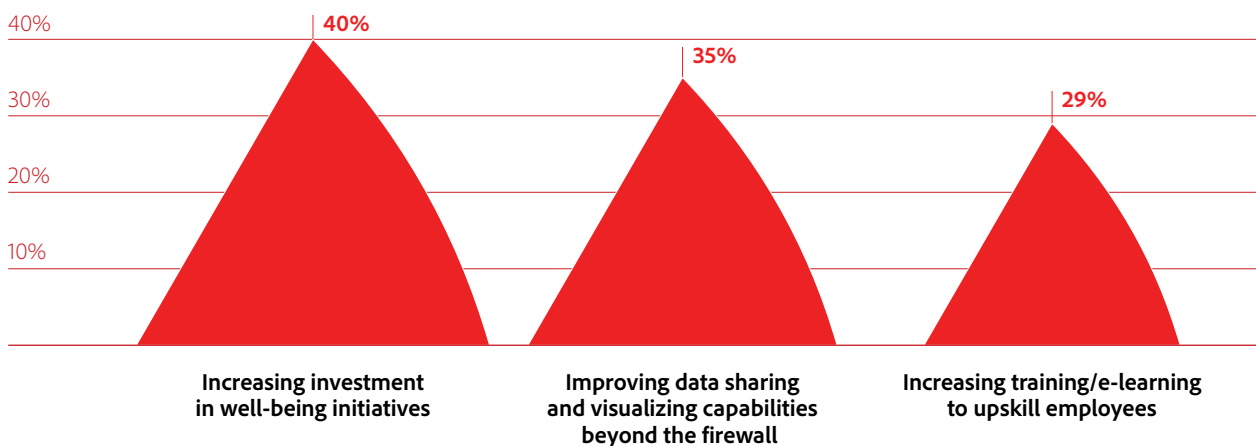
Top initiatives in response to remote work include increased training, improved data sharing for remote team members, and countering the effects of remote work on team cohesion with well-being programs.

Some of the best practices in supporting remote workers are just emerging and provide an opportunity to differentiate with current and future employees. One-quarter of executives say they are offering remote work stipends (e.g., paying for desks, computers, improved connectivity, etc.) and 18 percent provide stipends for out-of-home remote work situations.

Figure 4 **Executives eye training, data sharing, and well-being in response to remote work**

Thinking about the long-term implications of remote work,
which of the following steps, if any, is your company planning for?

▲ VP+

| | 40% | 35% | 29% |

Increasing investment in well-being initiatives

Improving data sharing and visualizing capabilities beyond the firewall

Increasing training/e-learning to upskill employees

Digital Trends Survey, Q4 2020, n=232

6. Remote work, culture, and competition for digital talent

Roughly two-thirds of respondents say that their organization anticipates increasingly hybrid approaches to work that include both home and office.
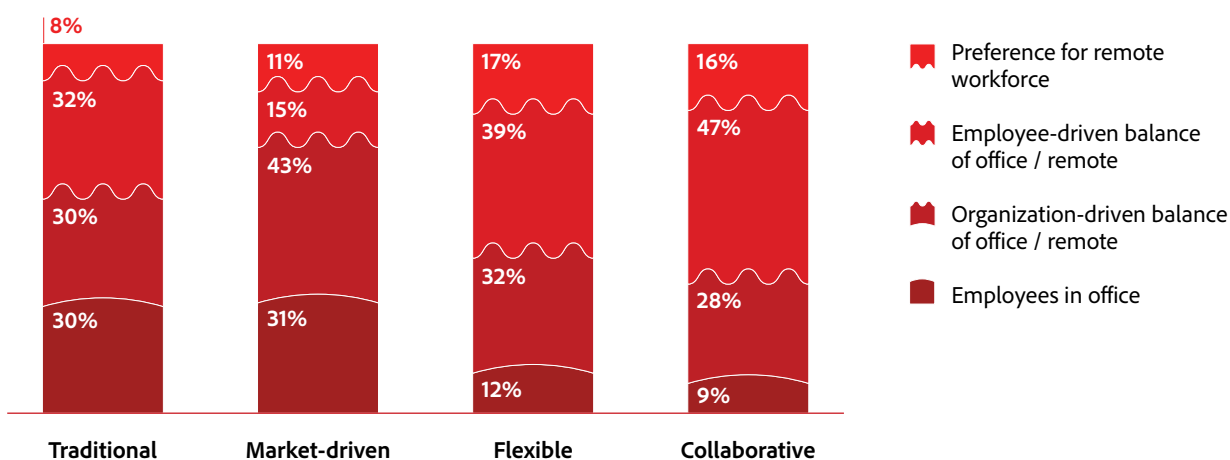
Those wider preferences tend to narrow by organizational culture. Traditionalists with hierarchical structures and market-driven cultures are the most likely to want their employees to be in the office. Flexible companies that prioritize individual responsibility and companies with collaborative cultures that value the individual are more open to employee-driven remote work.

The revolution of remote work has been predicted for years, but in practice it has been relatively rare outside of specific industries. A perk for a few is now an expectation of the many. How companies approach their remote work policies can be a differentiator or a stumbling block to hiring the best digital and CX talent. Asked to rank the motivations of their top-performing employees in critical areas of digital and CX, managers cite "flexibility" as more important than "total compensation" and behind only "career progression."

Changing a corporate culture is a significant undertaking and is never a short-term fix, but managers can advocate for tactical, team-level changes that can make an immediate and material difference. First among these will be offering employees the freedom to optimize their schedule and location.

Figure 5 **Some corporate cultures may miss an opportunity in their approach to remote work**

Which best describes your organization's attitude toward remote work in 2021 and beyond?

	Traditional	Market-driven	Flexible	Collaborative
Preference for remote workforce	8%	11%	17%	16%
Employee-driven balance of office / remote	32%	15%	39%	47%
Organization-driven balance of office / remote	30%	43%	32%	28%
Employees in office	30%	31%	12%	9%

Digital Trends Survey, Q4 2020, n=435

Key findings and recommendations

- Remote work will have a significant and enduring impact on businesses moving forward. It requires new marketing strategies for reaching and keeping customers. From new brand positioning, to better mobile apps, to advertising that is targeted beyond key urban DMAs, remote work will influence every part of marketing as well as the wider organization.

- The smartest companies are already investing in their remote workplace options because they know that this is how to maximize their returns today and will be a hiring differentiator moving forward.

- Take the best lessons forward. When businesspeople were sent home in 2020, they found a new freedom to innovate, simplify processes, and communicate better within their teams and beyond them. Productivity was "stable" or "improved" at most companies. Necessity in the moment was part of the equation, but a return to normality should not mean a return to the standard practices and internal silos that slowed marketers down.

- Simultaneous trends are driving the importance of adopting best practices for knowledge capture. Between rapid change, newly distributed teams, and expected higher-than-normal employee turnover as business normalizes in 2021, it will be particularly easy to lose institutional knowledge and hard-won customer lessons.

  Knowledge capture has traditionally been a challenge for digitally oriented marketing disciplines. Workers in key areas such as analytics, search, and marketing technology management often operate in small teams and experience higher turnover than the average marketer.

- Companies will unconsciously sort themselves into two categories: rigid and flexible. In the battle for the best digital and CX talent, flexibility will win in a landslide.

Flexible companies	Rigid companies
Hybrid or fully remote work, employees decide how best to work	Office-oriented or hybrid work, manager or HR decides how best to work
Employees encouraged to "turn off" after work and on weekends	Employees expected to be "always on"
Managers evaluate productivity based on tasks accomplished and quality of work	Productivity measured in time, monitored and benchmarked by software
Remote work seen as a productivity gain, supported by stipends for remote office, technology, etc.	Remote work seen as an efficiency gain, measured in savings per remote employee

Reorganization

7. Jump two of the three top barriers to great digital experience

Speed to insight and action is a key to success in a changeable business environment.

Conversely, the top three barriers to a great digital experience are workflow issues, legacy technology, and a lack of digital skills.

Often confused with the processes themselves, **workflow** is a collection of methods to make processes more efficient.

The move to remote work has forced organizations to focus on productivity in the context of distributed teams, presenting an opportunity to re-evaluate every important process for workflow improvement, focusing on choke points, repeatable tasks, and dependencies.

The lack of **digital skills or capabilities** is a problem that is one-part technology and three-parts human.

In the last nine months of 2020, companies were innovative by necessity, with half of all senior managers saying that it was the most innovative period they had experienced at their companies. Advances came from team members working in new ways with the resources and technology at hand.

Marketers at every level can be supported in their pursuit of digital skills and improving digital experience through learning programs that can be implemented on demand. Yet only 43 percent of organizations offer relevant virtual training resources.
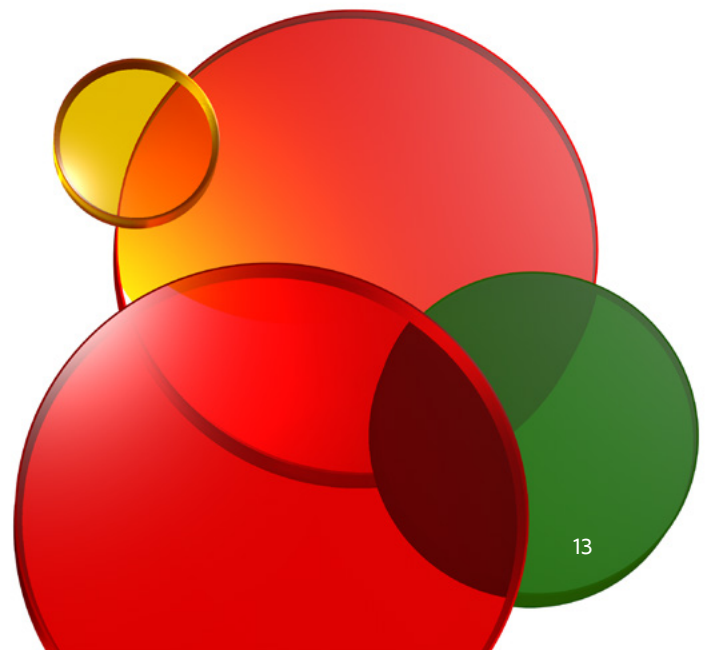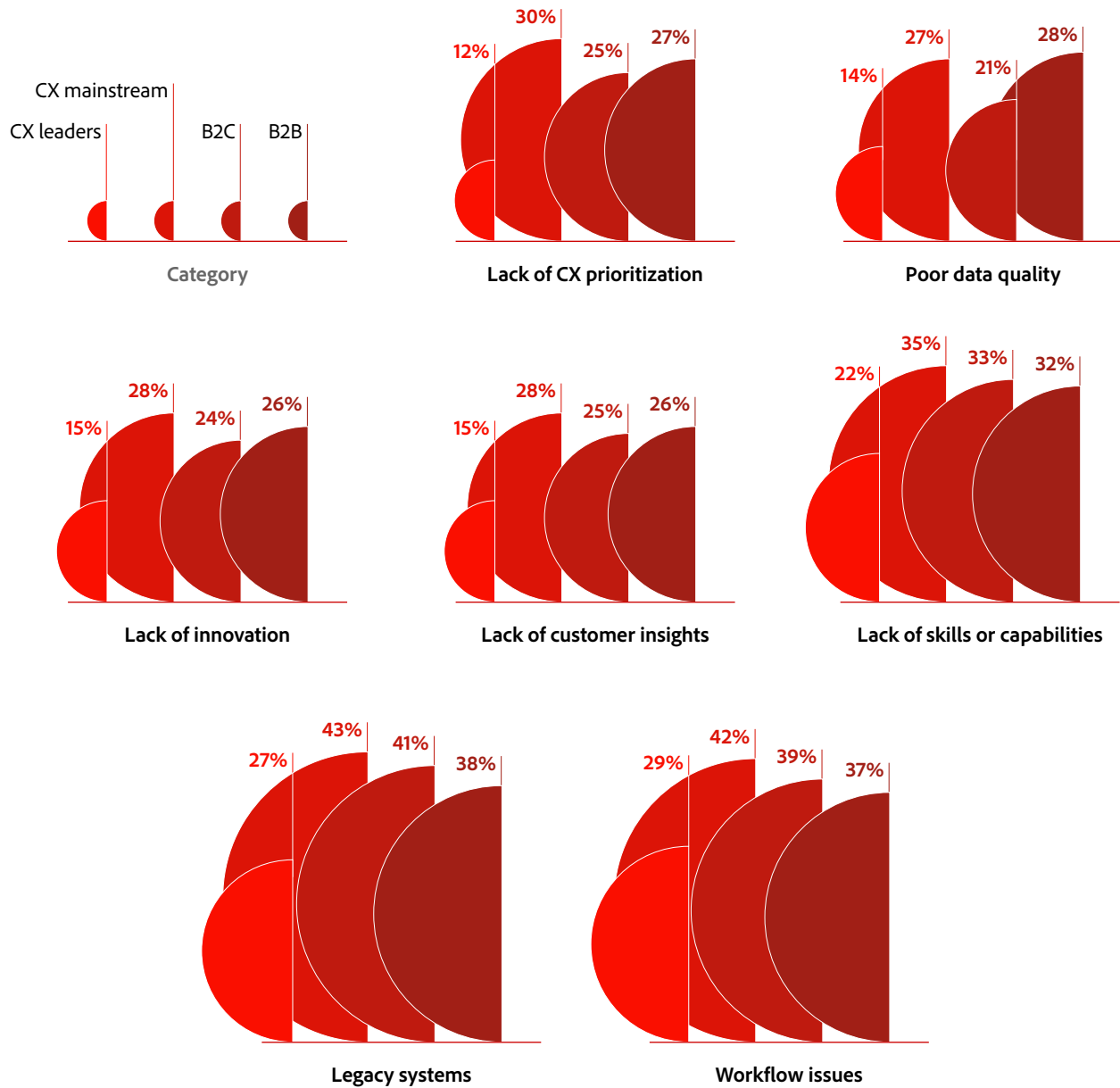
Figure 6 **Workflow, legacy tech, and a lack of digital skills hampering marketing and experience**

What is holding your marketing or customer experience organization back, if anything?

CX mainstream
CX leaders   B2C   B2B

Category

Lack of CX prioritization
12% 30% 25% 27%

Poor data quality
14% 27% 21% 28%

Lack of innovation
15% 28% 24% 26%

Lack of customer insights
15% 28% 25% 26%

Lack of skills or capabilities
22% 35% 33% 32%

Legacy systems
27% 43% 41% 38%

Workflow issues
29% 42% 39% 37%

Digital Trends Survey, Q4 2020, n – B2C = 1,189, B2B = 1,209, CX leaders = 605, CX mainstream = 2,868

8. Changeable times demand flexible technologies

Across all businesses except the CX leaders, legacy technology ranks as the most common barrier to effective marketing and CX.

For some companies, the solution is to start (or reboot) from scratch on a new, unifying platform, but for most companies, the clearest path to improvement combines existing tech with a layer of cloud-connected data management.

Even as companies try to cut costs and reduce the number of vendors on whom they depend, today's complex ecosystem of third-party platforms, in-house and point solutions will persist for some time, especially at large organizations.

At the same time, agility and the capacity to add capabilities on demand are high priorities.

As a result, businesses are choosing an approach that connects these disparate systems on a single platform that takes advantage of the interoperability and flexibility of cloud-based architecture.

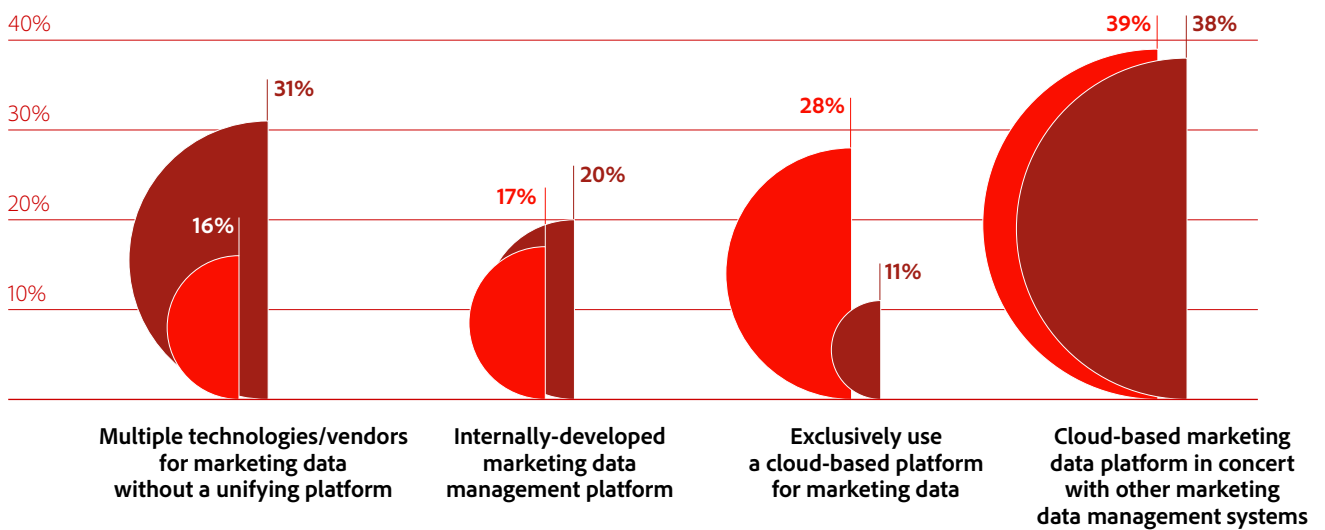Figure 7 **Cloud-based marketing technology platforms separate elite CX organization's**

Which of the following best describes your organization's approach to marketing technology?

● CX leaders ● CX mainstream

	Multiple technologies/vendors for marketing data without a unifying platform	Internally-developed marketing data management platform	Exclusively use a cloud-based platform for marketing data	Cloud-based marketing data platform in concert with other marketing data management systems
CX leaders	16%	17%	28%	39%
CX mainstream	31%	20%	11%	38%

Digital Trends Survey, Q4 2020, n – CX leaders = 766, CX mainstream = 3,297

Even among CX leaders, only 28 percent report exclusively using a cloud-based platform for marketing data and that share falls to 11 percent for the mainstream. Similarly, twice as many CX mainstream operate without a unifying platform (31 percent) than do CX leaders (16 percent).

The effects of integration using the cloud are seen in the relative capability of these organizations in key areas of analytics, as seen in Figure 8 below.

One of the most powerful effects of moving to cloud-connected data platform is efficiency. In a recent study of the media and entertainment industry, respondents who had moved to a cloud-connected approach from another solution reported an average time savings of 25 percent.

Figure 8 **Marketers with cloud-connected platforms outperform on insight**

	Speed to insight "very strong"	Accuracy of insights "very strong"	Actionability of insights "very strong"
Cloud-connected platform for marketing data	23%	26%	25%
In-house data platform/ad hoc solutions	12%	15%	14%

Digital Trends Survey, Q4 2020, n – 'Cloud-connected' = 569, 'In-house' = 503

9. Opportunity in emerging capabilities

What are the emerging marketing capabilities that will move the needle and help marketers reach audiences and build loyalty?

Agency and consultancy executives have a unique view that is informed by their multiple clients in target sectors. Their responses have been aggregated by industry category into business and consumer orientation.

The surge of online consumers and business buyers underscores the importance of personalization as a lever in the customer experience that must be pulled in real time.

Personalization has been the central goal of digital marketing and experience since their early days, but it still belongs in the "emerging" category for many organizations, owing to shifting definitions, the challenges of legacy technologies, and the fragmentation of data across functions.

True CX personalization means overcoming these barriers, as well as building a responsive, insight-

based strategy and implementing the machine-learning or artificial intelligence (AI) technologies to act at the speed of the customer.

What is television today? From the perspective of anyone under 40 (and most above), television is any highly produced video content wherever it is encountered. 2020 recorded the highest-ever percentages of cord-cutting and new subscriptions to streaming video services.

The atomization of how and where people view content is an enormous opportunity for marketers regardless of their target market. Programmatic buying of video impressions means they can target narrow, highly relevant segments and perform accurate measurement and optimization to achieve positive ROI and/or brand awareness.
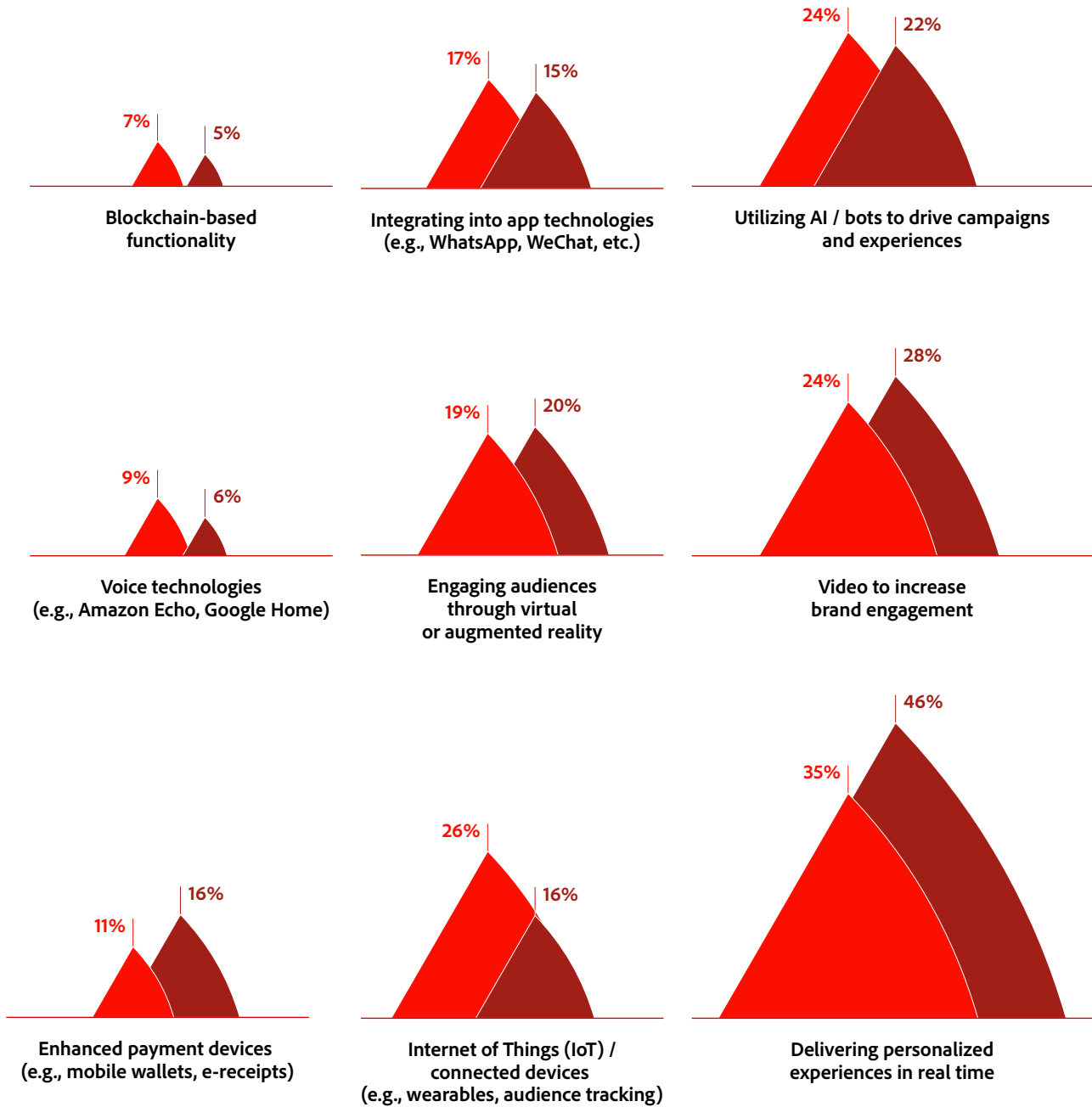
The use of **AI-driven bots** has matured, thanks to easily accessible technology and businesses' understanding of their capabilities.

Brands have largely moved away from earlier interruptive approaches to chatbot use in favor of service-oriented functions that reduce the need for expensive human interventions and speed those

Figure 9 **Personalisation, video and AI-assisted experiences move the needle**

What emerging capabilities would make the most difference
in the CX within the (selected) sector?

▲ B2B sectors   ▲ Consumer sectors

7% 5%

**Blockchain-based
functionality**

17% 15%

**Integrating into app technologies
(e.g., WhatsApp, WeChat, etc.)**

24% 22%

**Utilizing AI / bots to drive campaigns
and experiences**

9% 6%

**Voice technologies
(e.g., Amazon Echo, Google Home)**

19% 20%

**Engaging audiences
through virtual
or augmented reality**

24% 28%

**Video to increase
brand engagement**

11% 16%

**Enhanced payment devices
(e.g., mobile wallets, e-receipts)**

26% 16%

**Internet of Things (IoT) /
connected devices
(e.g., wearables, audience tracking)**

35% 46%

**Delivering personalized
experiences in real time**

Digital Trends Survey, Q4 2020, n – Consumer sectors = 1,156, B2B sectors = 979

10. Experience runs on transparency and trust

A focus on improving the customer experience has never been more important, with personalization ranking as the top opportunity among emerging marketing capabilities. Brands providing relevant, personalized experiences put their customer at the center, with an approach to data privacy grounded in trust and transparency.

Most importantly, with rising customer awareness and expectations, businesses are prioritizing data privacy. In fact, 92 percent of senior marketing executives say that privacy is a fundamental part of the customer experience.

Customer permission to share data is a function of trust, which most believe is shaped early in the customer relationship. Fifty-three percent of CX leaders "strongly agree" that "how a brand handles customer consent in their first interaction shapes trust going forward."

Yet at many organizations, execution has not caught up with customer expectations. Only 53 percent

of executives at mainstream companies say that privacy and consent are key factors in their planning, although the share rises to 68 percent among executives at CX leaders.

The opportunity for brands to do more is echoed across the broader sample of respondents. Only 21 percent of all respondents say their organization is "very effective" at communicating how customer data is collected and used. A mere 16 percent believe they are "very effective" at communicating the value offered in exchange for customers' consent when they first encounter the brand. And only 17 percent state their organizations are "very effective" at gathering first-party data to deliver strong experiences throughout the customer journey.

Since the early days of digital, marketers have relied on third-party cookies for data-driven advertising; however, these cookies will be restricted by major browsers across 2021-2022. Sixty percent of senior executives in relevant roles say that this will have a disruptive effect on their marketing.

Understanding the benefits of first-party data versus third-party cookies is critical for organizations to provide superior customer experiences, as support for third-party cookies in browsers declines.

In the end, forward-looking companies see privacy as more than an obligation; half of CX leaders and one-third of those from mainstream companies "strongly agree" that transparency in how customer data is used can be a differentiator for their brands.

11. The acronym for 2021 is MOPS

Marketing operations (MOPS) provides a foundation for data, workflow, technology management, and other moving parts of the modern marketing organization.

The shift to remote work coupled with the need for redesigned processes is making MOPS a must-have capability.

Looked at from the viewpoint of technologists, the MOPS function has an important impact on the digital customer experience. IT or technology-focused respondents from organizations with a MOPS function are nearly four times more likely to say that their track record of improving the digital experience is "excellent" (22 vs. 6 percent).

Their performance results from having processes and expertise aimed at some of the most challenging elements of marketing, including how data is defined, analyzed, and put to use. MOPS organizations are between one and a half and two times more likely to be "very strong" in their speed to insight, access to insight, and actionability of insight than those without the function.

Further, the CFO is almost 60% more likely to recognize the importance of customer experience and marketing at organizations with a defined marketing operations group (54 vs. 30 percent). One of the key functions of MOPS is to define, manage, and communicate KPIs in the language necessary for different stakeholders. This creates a virtuous cycle, where stakeholders come to rely on marketing for data and guidance.

The operations function does not always attract the attention it deserves, but MOPS is hardly boring. It is there to give marketers the time, tools, and insights to do their best work.
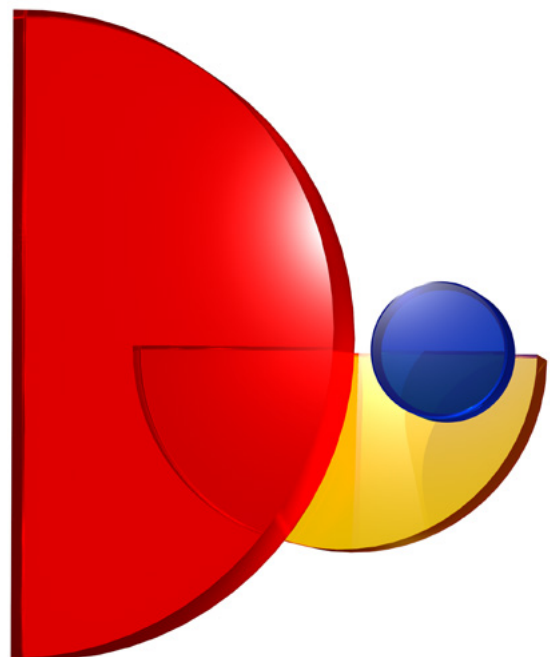
Recommendations

- Workflow analysis is the kind of priority that can be pushed into the future or fall between the cracks. But if marketing efficiency is the goal, improving workflow is a way to achieve it—often with minimal investment relative to the benefit.

  In many cases, teams will be able to quickly identify constrictions and redundancies in existing processes and point to ways that workflow can be improved. In addition, they can help answer key questions to identify opportunities.

  1. **What can be automated?** Automation for repeatable tasks has advanced rapidly, powered by a wide variety of AI / ML tools, many of which integrate into marketing management systems.

  2. **Is the team getting the most from the technologies involved in major processes?** It is often the case that sophisticated technologies are used at a fraction of their full capability. Conduct an audit for any built-in automation, analysis, or templating tools that may simply require additional training.

  3. **What can be operationalized?** MOPS is there to take on elements of marketing support that are best done by a specialized, dedicated team, such as advanced analytics reporting, database management, or technology evaluation.

- **Trends in the field: When the UK police moved to digitize elements of their operations in late 2019, efficiency was the main goal. Police forces were able to reduce the processing times of statements from days to minutes and save 25,000 hours of time. But in March of 2020, at the height of the pandemic, these efforts became critically important as a way of protecting the health of officers and citizens by reducing the need for in-person contact.**

- As constrained as marketing resources promise to be over the next year, the C-suite has never been more interested in digital execution. The best martech solutions are flexible and collaborative, allowing marketers to work better with existing solutions and quickly integrate new ones.

  Trends in the field: Dah Chong Hong (DCH) is a diversified motor and consumer products distributor serving 12 countries across Asia. Grappling with an increasingly complex and digital market, the company underwent a fundamental digital transformation centered on the customer experience, while keeping internal users and partners in mind. By tying together existing tools with a new, more efficient system, they were able to eliminate manual data transfer and labor-intensive legacy systems. The effects are evident for customers, with an increase in online traffic of 50 percent and new registration growth of 63 percent.

- Look for opportunities that bring new thinking to familiar capabilities. AI does not have to be revolutionary to have an impact. In fact, most AI or ML applications are successfully applied to day-to-day operations.

  Trends in the field: Marshall Wolf Automation is an industrial automation distributor in the United States. A 35-year-old B2B brand, Marshall Wolf wanted to apply consumer thinking to their shopping experience. By adding product recommendations powered by AI, they significantly improved new product discovery and increased average order value by 20 percent.

- Privacy is fundamental to delivering a positive customer experience. But across all organizational types, over **75 percent** of all respondents on average **acknowledge that the details of privacy are handled by separate groups** (e.g., legal, IT, etc.). Partnership across these various groups is key, and marketers should be conversant in how privacy is defined, managed, and communicated within the customer experiences.

Guiding Principles for 2021

12. Empathy is the future of experience

When asked what word best captures their CX proposition, 64 percent of executives choose "effortless."

Convenience defines this stage of evolution in experience, but digital convenience is a commodity and difficult to defend as a unique selling proposition in the long term for all but a few elite brands.

Empathy is an under-utilized differentiator that is accessible to all by combining their depth of customer and product knowledge and then demonstrating it at critical stages in the experience.
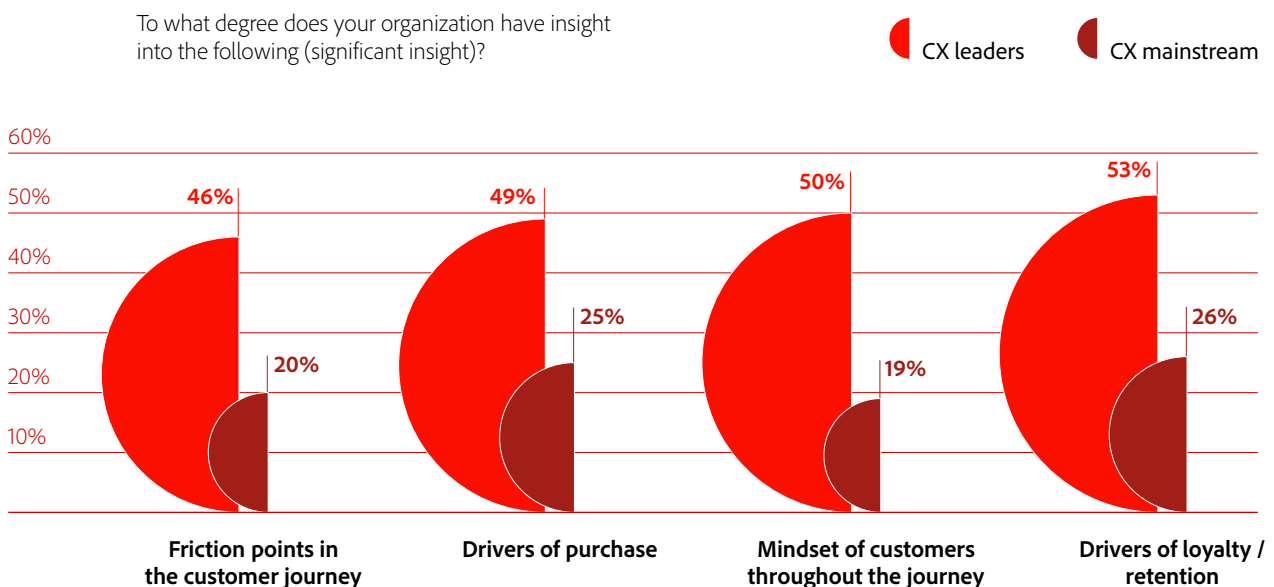
Consideration of customers' psychological states has been emphasized during the pandemic, but marketers know that customer journeys have always been emotional, even in B2B. There are points of friction wherever there is a decision to be made, which can manifest anything from hope to excitement, or from anxiety to concern. Analyzing and adapting to the customer's emotional journey is the next evolution of experience management.

Only one-in-five of mainstream CX companies have "significant insight" into their customers' mindset or friction points in the customer journey. Critical knowledge of purchase and retention drivers fare only marginally better.

Marketers excel at empathizing with 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.

Figure 10 **CX leaders have greater insights into customers' motivations and challenges**

To what degree does your organization have insight into the following (significant insight)?

CX leaders   CX mainstream

	Friction points in the customer journey	Drivers of purchase	Mindset of customers throughout the journey	Drivers of loyalty / retention
CX leaders	46%	49%	50%	53%
CX mainstream	20%	25%	19%	26%

Digital Trends Survey, Q4 2020, n – CX leaders = 489, CX mainstream = 2,459

13. The customer is not slowing down

The world will likely start to feel more familiar through 2021, but people, culture, and markets will continue to evolve at a feverish pace.

Asked about emerging trends in marketing, senior executives at consumer marketing organizations see disruption in customer behavior, technology, and market conditions.

Every disruption is simultaneously an opportunity and a challenge.

The shift online is happening at the same time as 5G sets a new bar for digital interaction. Anyone who has spent a day on video conference calls knows that latency is tiring and inefficient. At its best, the 4G mobile experience today has an average latency of 30 to 60 milliseconds. That may sound like real time, but it feels much longer because the brain's reaction time is around 10 milliseconds.

5G reduces latency to roughly 5 milliseconds and is a breakthrough in experience, not just an incremental improvement. It unlocks a host of functions for the consumer and industry, enabling time-sensitive capabilities in everything from gaming to factory automation. The World Economic Forum predicts that 5G will generate over $13.7 trillion by 2035.

That said, as we have seen over the decade that we have been conducting these studies, a rising digital tide does not lift all boats.
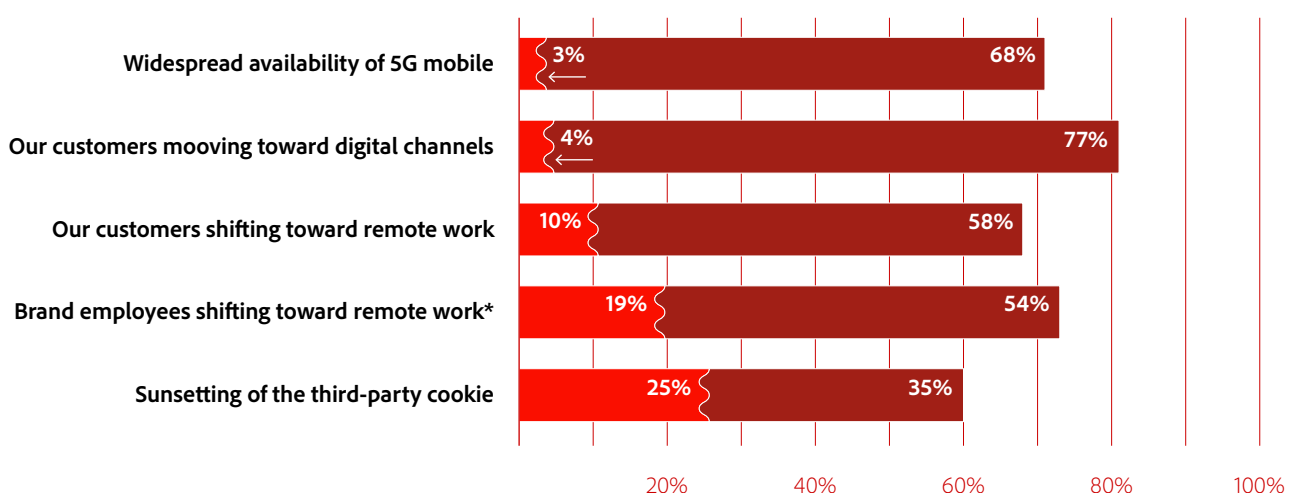
For example, over 80 percent of executives see their customers' move to digital channels as disruptive, with the vast majority seeing the shift as positive. But many of their companies will fail to exploit it. How companies prepare for and respond to change has always been the basis for their success or failure.

The CX leaders described by this study's findings see opportunity in every disruption because their primary skill is effective change management.

Figure 11 **Marketing disruptions will continue through 2021 and beyond**

Do you see these coming events as disruptive, whether positively or negatively?

■ Negative disruption (challenge)　■ Positive disruption (opportunity)

	Negative	Positive
Widespread availability of 5G mobile	3%	68%
Our customers mooving toward digital channels	4%	77%
Our customers shifting toward remote work	10%	58%
Brand employees shifting toward remote work*	19%	54%
Sunsetting of the third-party cookie	25%	35%

Digital Trends Survey, Q4 2020, n – Agency = 2,508, n – VP + (client side) = 176
*Agency respondents commenting on disruption to client organizations.

14. Brand purpose only matters if it matters

Brand purpose has been described as the reason for a brand to exist beyond making money. It has been connected to a variety of benefits from deepening customer loyalty to driving strategy.

But perhaps the clearest impact of a brand's purpose is on the people who work there, with employee motivation an important, perhaps primary, benefit.

Although only 27 percent of consumers can describe the purpose of even their favorite brands, 56 percent of employees say their organization has a defined brand purpose. Of those, 82 percent say it has a positive effect on them personally.

However, not all purpose statements have equal impact. They must be more than a slogan.

Based on a text analysis of over 800 brand purpose statements, only 40 percent meet a standard based on the qualities of authenticity, larger benefit, and customer-focus. See the process for the brand purpose analysis in the **Methodology Section**.

Of those with distinct, defined brand purpose, 39 percent of employees say it has a "strong positive effect," compared to only 15 percent of those whose brand statements do not qualify.

In fact, at companies where brand purpose does not meet the standard, employees are six times as likely to say that it has "no effect" or even a "negative effect."

Figure 12   **Employees are more motivated when brand purpose is authentic, customer-focused and speaks to a larger purpose**

What effect, if any, does your organization's brand purpose have on you?

🔺 Brand purpose meets standard   🔺 Brand purpose does not meet standard
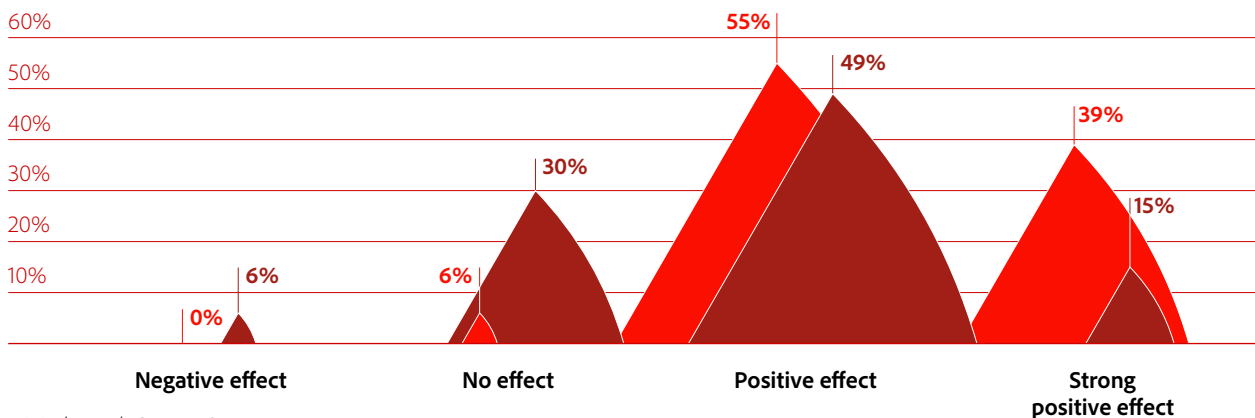
Digital Trends Survey, Q4 2020, n = 826

Recommendations

The cataclysmic events of 2020 underlined the importance of a customer-first approach.

Customer experience is not a tactic or one discipline among many, but a governing business strategy that should involve every dimension of marketing and the wider organization: mind, body, heart, and spirit.

(Mind) Take a strategic stand. Nearly 70 percent of respondents who are pessimistic about their company's prospects for growth in 2021 say that the organization is in a reactive mode, lacking a strategy to approach their sector over the next 24 months. Marketing and customer experience are now in the boardroom. They will keep their place there with deep customer insights and a specific point of view on how to act on them.

Scandinavian Airlines (SAS) see a market for air travel that was already upended before the pandemic. Low-cost entrants, fluctuating currencies, and volatile fuel prices contributed to a market where they knew their best opportunities were to get outside the plane and think about the overall experience. By redesigning everything from the customer data systems to getting rid of silos and instituting an agile approach with the customer at the center, SAS has been transformed into a lifestyle brand, with higher loyalty among its frequent fliers, higher revenue per passenger, and an increase in customer lifetime value.

(Body) Develop the connective tissues between insight and action. CX leaders are more likely than mainstream CX to have significant insights into new customer journeys (52 vs. 22 percent), and they are better able to identify friction points (46 vs. 20 percent). Perhaps most importantly, they are much more likely to be adept at building experiments to test those insights in the field (45 vs. 14 percent).

Heathrow Airport will serve nearly 40 million customers in 2021 and target 80 percent of them digitally. Using an array of over 11,000 beacons, their marketing and analytics team uses geolocation to understand where the customer is in their literal and customer journeys and AI guidance to personalize content. Since coordinating analytics, omnichannel delivery, and content, the airport has increased average retail spend per passenger by 40 percent.

(Heart) Focus your organization's customer empathy. Understanding how people feel is an essential but often overlooked part of the experience. Analyzing and anticipating their reactions at decision points and during moments of friction will make the process work better for both sides. CX leaders are two and a half more likely than CX mainstream to have insight into the mindset of customers throughout the journey.

In the Netherlands, venerable banking consortium De Volksbank captured their digital transformation goal with the phrase "from transaction to relationship." The effort extends from consolidating the digital signals across four separate banks, to integrating all marketing communications and mapping everything to the customer journey. Even though over 90 percent of transactions are digital, the group wants to have a personal understanding of the customer and uses their data to ease the process at critical junctions such as calculating mortgage costs or booking an appointment. Customers are happier, as evidenced by higher open rates and a dramatically improved Net Promoter Score.

(Spirit) Examine your brand's purpose or explore why it does not have one. Companies with a brand purpose outperform their competitors and have happier, more optimistic employees. Unfortunately, many organizations have a purpose that is just a slogan or a go-to-market summary, and these have less impact.

A resonant brand purpose inspires the people in the business by speaking to the reason it exists beyond the quarterly earnings and provides the opportunity to change things for the better, even in small, market-specific ways.

Methodology

Global Trends Survey

The *Digital Trends Report* is based on an online survey fielded to select Econsultancy and Adobe lists. The survey was launched on October 15, 2020, and closed on December 11, 2020, with 11,413 qualified respondents. In addition, 1,864 third-party panel participants were added to meet quota requirements in some sectors and regions, for a total of 13,277 responses. Third-party panelists were given an incentive for their time.

• Sixty-five percent of all respondents (8,549) are client-side marketers. The remaining sample of 4,622 respondents is made up of executives at agencies, consultancies, and marketing technology/services vendors.

• Forty-one percent of respondents are at the director level or above.

• As defined by target market, the sample is split between B2B (33 percent), B2C (29 percent), and those addressing both markets equally (38 percent).

• Organizational revenues run the gamut from SMBs (54 percent have revenues under $65 million) to larger organizations (26 percent have revenues between $65 million and $1.3 billion) and the world's largest enterprises (19 percent have revenues over $1.3 billion).

• The sample is global, with EMEA providing the largest share of respondents (48 percent), followed by North America (29 percent), and the Asia-Pacific region (19 percent). The survey was translated into French, German, and Chinese.

• Every business sector is represented, with concentrations in technology (14 percent), financial services (10 percent), and manufacturing (10 percent).

Brand Purpose Analysis

Survey respondents who said their organizations had a defined brand purpose were asked to input it directly, resulting in 871 submissions. Each response was reviewed by multiple Econsultancy researchers working independently. Each statement was blind coded using the brand purpose definition below. Any statement with two or more votes is included in the "True brand purpose" category.

Researchers used the following brand purpose criteria:

1. Brand purpose should capture the company's fundamental reason for being—beyond making money.

2. Brand purpose needs to be related to what the brand is selling or providing, so it's not simply philanthropy or that you plant a tree for every sale.

3. A good brand purpose will always put consumers first. This means the customer will be at the forefront of every decision made and every step taken.

4. Brand purpose is captured in the statement "People don't buy what you do, they buy who you do it."

Researchers were given the following examples of recognized brand purpose:

1. *Breaking taboos that hold women back.* — Libresse

2. *To offer designer eyewear at a revolutionary price, while leading the way for socially conscious businesses.* — Warby Parker

3. *To organize the world's information and make it universally accessible and useful.* — Google

4. *To unleash the originality in every child.* — Crayola

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