



Experience Index

2019 Digital Trends

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1. Foreword by Adobe.



John Watton
Senior Director, Marketing
Adobe

The battleground for customer loyalty has moved from the tangible to the intangible. From products and services to experiences and ease of access. It's why Spotify has become more than a streaming service, why Swisscom offers a digital experience that adapts to customers in real time, and why Sky UK uses AI to keep refining and personalizing its services.

In this ninth edition of our Digital Trends research, conducted in partnership with Econsultancy, we see that brands are increasingly becoming data-driven, as you may expect, but also more customer-experience (CX) centric. Today, a personalized customer experience is the ultimate differentiator. Where companies once relied on products and reputation to stay relevant, constant disruption and an explosion of choice require them to offer more.

Our report shows that it's not enough to simply collect data – businesses need to manage and use it effectively to cover all aspects of the customer journey. They need to empower teams with the processes and technology to draw out insights and come up with exciting ways to serve their audiences.

This year, we surveyed over 12,500 marketers, creatives and IT professionals, and the results were clear: brands are intent on taking control of their data. Over half (55%) of marketers say they have prioritized better use of data this year, and 63% of

IT professionals say data collection and unification ranks among their top priorities. This could well be driven by concerns around walled gardens, with 44% of agencies making it clear that relinquishing control over their data is their number one headache.

But protecting customer privacy is also a compelling driver. Europe's General Data Protection Regulation (GDPR) is now in place, with America poised to follow suit in the near future, and major companies are beginning to pay the price for a disjointed approach to handling personal information. While most brands agree that regulations will have a positive impact on their organization, they understand the need for greater control to keep pace with the market while maintaining integrity.

This will be the major storyline for brands through the rest of 2019, and into 2020. Almost two-thirds of respondents admit they still have a fragmented approach to marketing and CX technology, and 28% of marketers say concerns over consumer privacy keep them up at night.

Encouragingly, our report reveals that brands are ready to do things differently. They are stepping up to the challenge by admitting it is time for change, and our research reveals the steps they are taking to bring this change to life.



2.

Executive summary.

The 2019 Digital Trends report, produced by Econsultancy in partnership with Adobe for the ninth year running, is based on a global survey of 12,815 marketing, advertising, ecommerce, creative and IT professionals working for both brands and agencies.

The research looks at the most significant digital-related trends that are driving marketing and customer experience strategies in the short to medium term, with a focus on understanding what companies are prioritizing and what they regard as the greatest challenges.

Key insights from this year's research include:

Those companies that are succeeding are delivering first-class, personalized customer experiences built on a foundation of integrated marketing and CX technology.

- Those organizations classifying themselves as 'very advanced' at customer experience are almost three times more likely than their peers to have exceeded their top 2018 business goal by a significant margin.
- But only 10% of responding companies regard themselves as very advanced at CX, and the same percentage describe themselves as 'digital-first'. Digital-first companies are 64% more likely than their peers to have exceeded their top 2018 business goal by a significant margin (23% vs. 14%).
- CX leaders are four-and-a-half times more likely than other companies to have a highly integrated, cloud-based technology stack (32% vs. 7%). Companies with a highly unified technology stack are 131% more likely to have significantly outperformed their top 2018 business goal (30% vs. 13%).
- Half (50%) of client-side respondents say their organizations are planning to increase CX-related technology spending in 2019, and only 5% say they plan to reduce it.

The most dominant theme emerging from this year's research is the importance of customer data, and the greater levels of urgency that are apparent when it comes to harnessing data for commercial gain.

- The larger organizations surveyed for this research (\$195m+ annual revenue) regard '*data-driven marketing that focuses on the individual*' (24%) as the single most exciting opportunity for their organizations in 2019, ahead of '*optimizing the customer experience*' (19%) in second place.
- Marketers surveyed for this research are particularly focused on data. Most marketers (55%) expect '*better use of data for more effective audience segmentation and targeting*' to be among their top three organizational priorities during 2019. The second most popular choice for marketers is '*improving customer intelligence and insights for a holistic customer view*' (42%), another data-related discipline.
- '*Customer journey management*' (33%) is the top digital-related priority for larger organizations. For these larger companies '*delivering personalized experiences in real time*' (37%) is the most exciting prospect in three years' time.



Companies are seeking greater control and ownership of their data, with a focus on compliance and concern about ‘walled gardens’:

- More than a quarter (28%) of marketers cite difficulties *‘personalizing customer experience without violating consumer privacy’* as a challenge most likely to keep them awake at night.
- Across all regions, significantly more businesses say they have experienced a positive rather than negative impact from the increased focus on consumer data protection. More than half (52%) of CX leaders report a *‘positive impact’*, compared to only 8% who see a *‘negative impact’*.
- Those in Europe – where companies have been focused on becoming compliant with the EU’s General Data Protection Regulation (GDPR) – are significantly more likely than those in other regions to report a negative impact (24%), though even here a higher proportion report a positive impact (34%).
- More than four in ten (44%) agency respondents working in advertising describe *‘walled audience data silos, such as Facebook and Google’* as one of the three biggest challenges, making this their clients’ number-one headache ahead of other high-profile challenges such as *‘ad viewability’* (20%) and *‘ad fraud’* (17%).

AI has gained significant traction in the last year, but there are still significant barriers preventing organizations from reaping the benefits.

- Survey respondents are most likely to describe themselves as *‘curious’* (36%) when it comes to the impact of automation, positioned in the context of *‘self-driving cars’* and *‘grocery stores without employees’*. Just over a quarter (26%) of client-side respondents are *‘really excited’*, while 22% are *‘cautious’* and 5% are *‘happy’*. Relatively few survey respondents report more negative emotions, with only 4% saying they are *‘afraid’* and 1% *‘angry’*.
- Where there is inertia within businesses around AI uptake it is due to the lack of awareness and understanding about the *‘how’* and *‘why’* of artificial intelligence. A third (33%) of larger organizations cite *‘no perceived need’*, while 37% concede a *‘lack of knowledge on how they can use AI’*, and 38% have not yet *‘assessed how they could use AI’*.
- There has been a 50% increase since last year in the proportion of larger organizations stating they are already using AI, up from 24% to 36%. CX leaders are twice as likely as other companies to be using AI within their organizations.



2.1. Acknowledgements

As well as all survey respondents, Econsultancy and Adobe would particularly like to thank the following interviewees for their contributions to this research:

- Lynne Biggar, Chief Marketing and Communications Officer, Visa
- Angus Cormie, Ecommerce Director for Consumer and Small Business, Dell
- Kristof Fahy, CMO (Interim), Checkatrade.com
- Clive Grinyer, Consultant
- James Keady, Director of Digital Engagement for Asia and EMEA, Citibank
- Jennifer LaFrance, Director of Global Digital Strategy, McCormick & Company
- Laurence Parkes, Chief Strategy Officer, Rufus Leonard
- Ivan Pollard, Global CMO, General Mills



3.

Quest for great CX powered by technology.

A persistent theme running through recent Econsultancy/Adobe annual Digital Trends reports has been how businesses must remain focused on the CX vision. First-class, personalized customer experiences need to be at the center of commercial strategies because they are vital for competitive differentiation and, increasingly, just for survival.

This year's report serves as a wake-up call for those companies that are failing to make progress when it comes to transformative CX improvements, including the strategy and technology that are required to underpin this. As noted by Econsultancy Founder Ashley Friedlein in his round-up of key marketing and digital trends for the coming year, *"customer experience is perhaps as much a mindset and business philosophy as a discipline"*¹.

1. <https://econsultancy.com/ashley-friedlein-marketing-digital-trends-2019/>

CX leaders are almost three times more likely than their peers to have exceeded their top 2018 business goal by a significant margin.

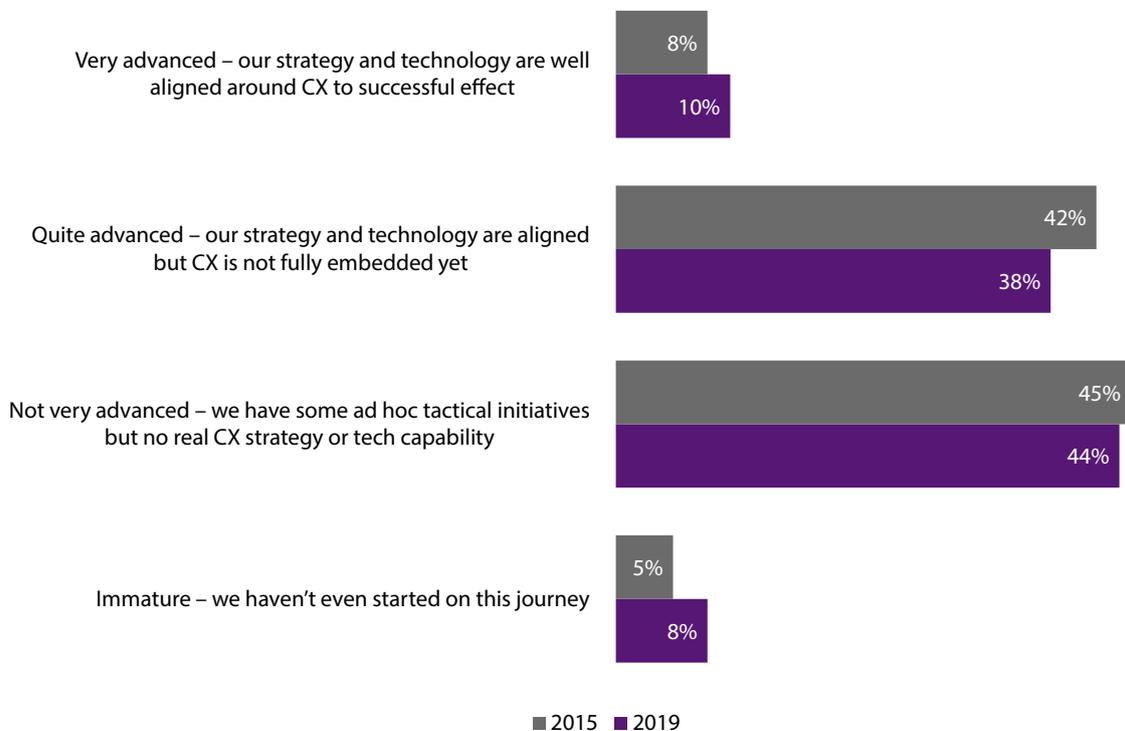
“ Customer experience is perhaps as much a mindset and business philosophy as a discipline.

Ashley Friedlein
 Founder, Econsultancy

While customer experience is widely recognized as crucial for commercial success, the research suggests that organizations are struggling to translate this conceptual understanding into an operational reality. Whether CX is a mindset, philosophy or a discipline, too many companies are failing to seize the initiative, as is evidenced by our global survey of business professionals completed by thousands of respondents in North America, Europe, Asia Pacific and other regions.

Only one in ten organizations see themselves as ‘*very advanced*’ in respect of customer experience – just a two-percentage-point improvement since 2015 when we last asked this question (*Figure 1*). Most companies (52%) still categorize themselves as either being ‘*not very advanced*’ (44%) or ‘*immature*’ (8%). While many companies have made genuine progress, others are only just waking up to the magnitude and difficulty of the task, with legacy CX and marketing technology infrastructure no longer seen as fit for purpose in a world of increasing complexity.

Figure 1: How do you rate your company in terms of customer experience (CX) maturity?



Respondents 2019: 5,153
 Respondents 2015: 937

Only one in ten organizations see themselves as 'very advanced' in respect of customer experience.

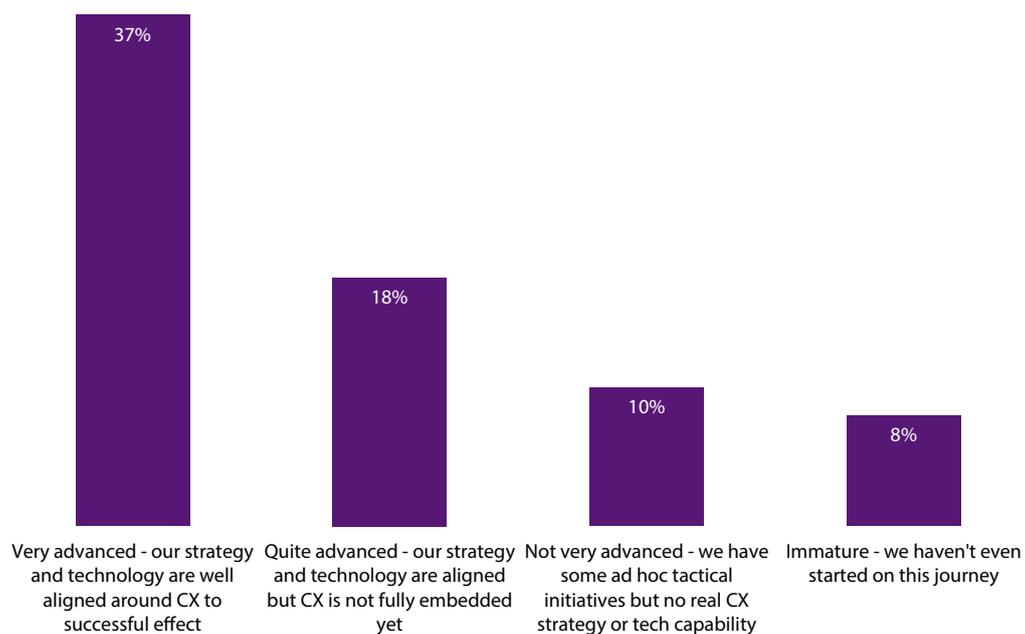
Figure 2 serves as a potent reminder of the commercial benefits for companies that have prioritized the customer experience. Those organizations classifying themselves as 'very advanced' at CX (CX leaders) are almost three times more likely than their peers to have exceeded their top 2018 business goal by a significant margin (37% vs. 13%).

The lack of progress by many organizations is also evident from the steady and persistent decline in the proportion of companies that see themselves as 'digital-first' organizations, dropping to just 10% in 2019 (see Figure 31 in Appendix 2).

This hesitancy around digital transformation is consistent with research by analyst firm Forrester which also shows a large amount of inertia in this area². According to its 2018 study of 1,600 business and IT decision-makers, the majority of organizations (56%) are attempting digital transformation, but the level of investment and ambition is insufficient when it comes to making functions such as marketing and customer service truly fit for purpose in the digital age.

2. <https://go.forrester.com/blogs/the-sorry-state-of-digital-transformation-in-2018/>

Figure 2: Proportion of responding companies that exceeded their top 2018 business goal by a significant margin (for different levels of CX maturity)



Respondents: 5,150

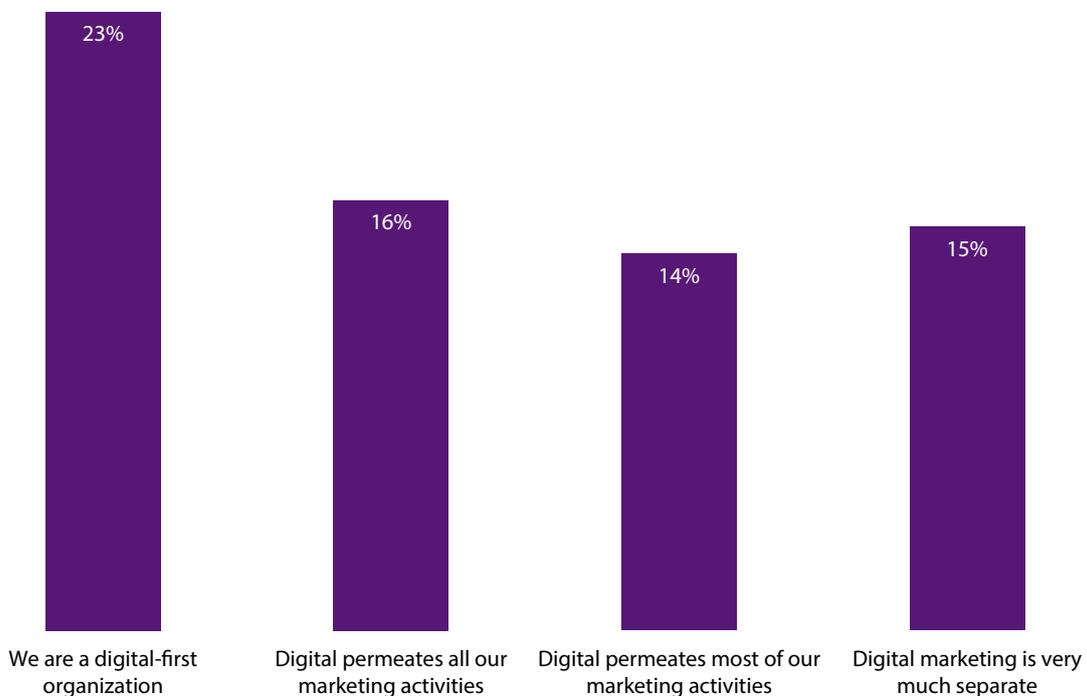
Companies with a highly unified technology stack are 131% more likely to have significantly outperformed their top 2018 business goal.



It should be noted that many organizations that were not born as digital companies are not necessarily striving to be digital-first. Omnichannel capabilities have risen in importance, with the aim for many companies to prioritize customer centricity over a digital-at-all-costs mentality.

That said, just as we saw that CX-focused companies are outperforming their peers, so it is true that digital-first companies are reaping the benefits (Figure 3). Digital-first companies are 64% more likely than their peers to have significantly outperformed their top 2018 business goal (23% vs. 14%).

Figure 3: Proportion of responding companies that exceeded their top 2018 business goal by a significant margin (by level of digital maturity)



Respondents: 3,439

How technology underpins success

To realize the potential of digital transformation for customer experience and marketing activities, an effective technology base remains pivotal. Among those recognizing this is Visa CMO Lynne Biggar, one of a number of leading brands interviewed by Econsultancy for this report.

“From a martech perspective, we have invested an increasing amount in building the right stack over the last couple of years. We’re using our dollars effectively and putting money towards the evolving media platforms that drive the most return, and leveraging data to make smart decisions.”

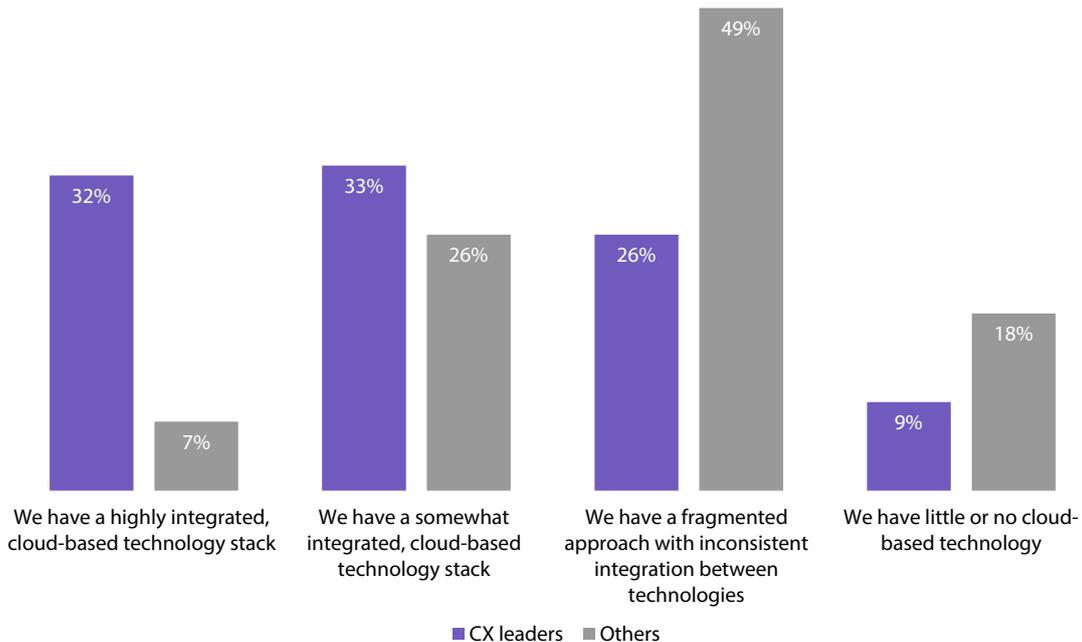
Marketing technology is a notoriously fragmented world, owing to the historical build-up of outdated systems or disparate, specialized solutions (and homegrown bridging software) dedicated to quickly plugging gaps or addressing new needs. These were tolerable in the past, but in today’s world of individualized, omnichannel marketing, a more unified approach has become vital.

In an industry where, at the last count, nearly 7,000 solutions from more than 6,000 unique suppliers were available to brands³, it is unsurprising that the martech landscape remains complex and fragmented. Almost two-thirds (64%) of organizations either have ‘little or no cloud-based technology’ (18%), or base activities on a ‘fragmented approach with inconsistent integration between technologies’ (46%) (see Figure 32 in Appendix 2).

This research shows that the right kind of technology infrastructure is integral to successful CX. Figure 4 shows that companies classifying as CX leaders are four-and-a-half times more likely than their peers to have a highly integrated, cloud-based technology stack (32% vs. 7%). Further highlighting the importance of integrated systems, companies with a highly unified technology stack are 131% more likely than their peers to have exceeded their top 2018 business goal by a significant margin (30% vs. 13% – see Figure 33 in Appendix 2).

3. <https://chiefmartec.com/2018/04/marketing-technology-landscape-supergraphic-2018/>

Figure 4: What best describes your organization’s approach to marketing and customer experience technology? (by CX maturity)



Respondents: 3,381

Respondents based in Europe and Asia Pacific say their businesses are more encumbered by legacy technology than those in other regions, with two-thirds relying on either fragmented technology or reporting little or no cloud adoption, and 8% and 9% respectively (compared to 12% in the United States) stating they have put a tightly integrated set of solutions in place (see *Figure 34* in *Appendix 2*).

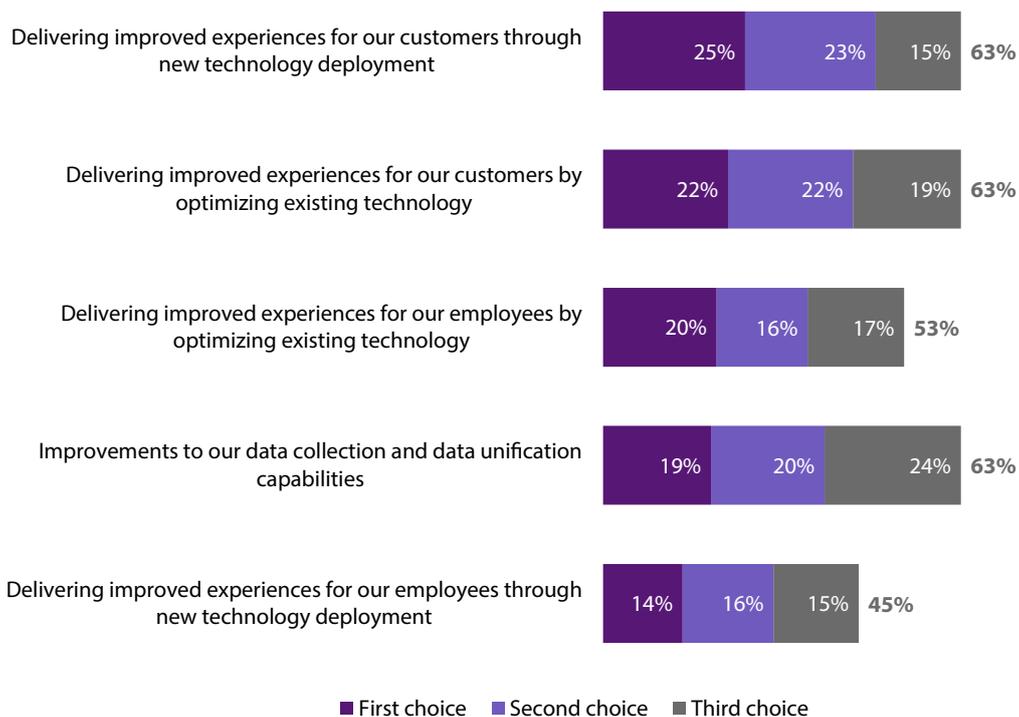
The positive side of the technology story is that many businesses are showing a willingness to tackle shortcomings. Half (50%) of client-side respondents say their organizations are planning to increase CX-related technology spending in 2019, and only 5% say they plan to reduce it (see *Figure 35* in *Appendix 2*).

Among IT professionals surveyed for this report (*Figure 5*), the most commonly-cited first-choice top priority for 2019 is *'delivering improved experiences for customers through new technology deployment'* (25% of IT respondents). This eagerness, among IT teams, to deploy new CX technology is particularly pronounced in Europe and the United States, where more than six in ten organizations (66% and 68%, respectively) cite it as a top-three priority for the coming year, versus 55% for Asia Pacific.

“ From a martech perspective, we have invested an increasing amount in building the right stack over the last couple of years. We’re using our dollars effectively and putting money towards the evolving media platforms that drive the most return, and leveraging data to make smart decisions.

Lynne Biggar
CMO, Visa

Figure 5: Please rank the following in terms of order of priority for you in your job role during 2019. (the IT professional view)



Respondents: 266



4.

Data is the new everything.

If the technology platform is the engine room that drives CX and marketing activities, then the data is the oil that lubricates and powers this increasingly sophisticated machinery. Companies that treat their data as a valuable and critical competitive asset – while taking care to respect consumer privacy – can use it to help drive their commercial strategies through better customer experiences.

Recognizing this potential for their businesses, enterprise organizations surveyed for this research regard *'data-driven marketing that focuses on the individual'* as the single most exciting opportunity in 2019 (Figure 6). Around a quarter (24%) of company respondents working for companies with revenues of more than \$195m make this their number-one choice, ahead of *'optimizing the customer experience'* (19%) in second place.

As we shall explore later in this section of the report, many businesses have experienced difficulties when seeking to harness data for commercial gain. Problems can emerge when different types of customer-related data – whether from CRM, digital analytics, ecommerce or in-store – are trapped within company silos and standalone tools which are not properly integrated. A single customer view – or even something approaching that – becomes impossible.

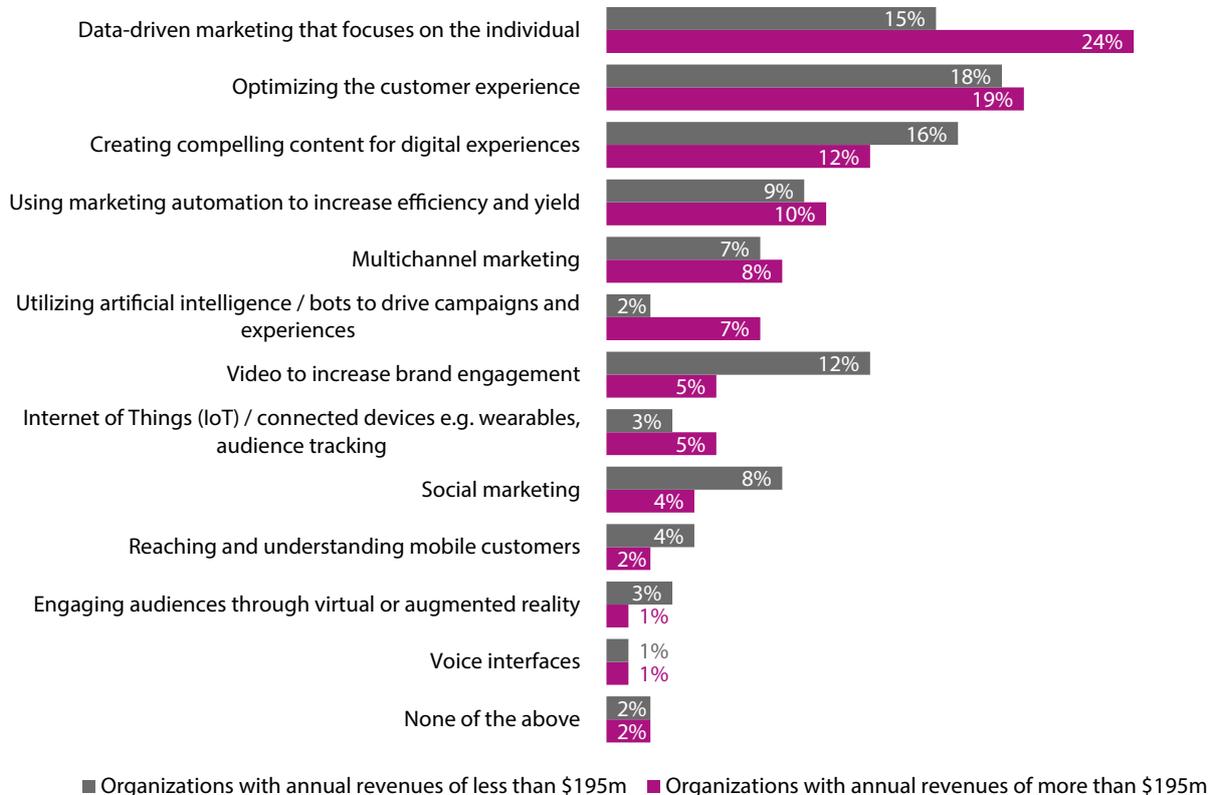
According to Angus Cormie, Ecommerce Director for Consumer and Small Business, Dell, integration of customer data is crucial: *“We are getting better at customer data integration. We’re launching new CRM capabilities within the Dell world which we’ve been a bit behind on in the past but we’re now accelerating that process.”*

“Within Dell we’re doing a lot of work around integration of the marketing and data elements into a fairly well-defined martech stack for our commercial business, but within small business and consumer segments, we’re still focused on CRM databases. We don’t have the end-to-end focus and that won’t be a priority until we have built out our CRM capabilities. Then we can figure out the role of a martech stack in our broader strategy.”

“ We are getting better at customer data integration. We’re launching new CRM capabilities within the Dell world which we’ve been a bit behind on in the past but we’re now accelerating that process.

Angus Cormie
Ecommerce Director for Consumer and Small Business, Dell

Figure 6: Which one area is the single most exciting opportunity for your organization in 2019? (larger versus smaller organizations)



Respondents: 1,421

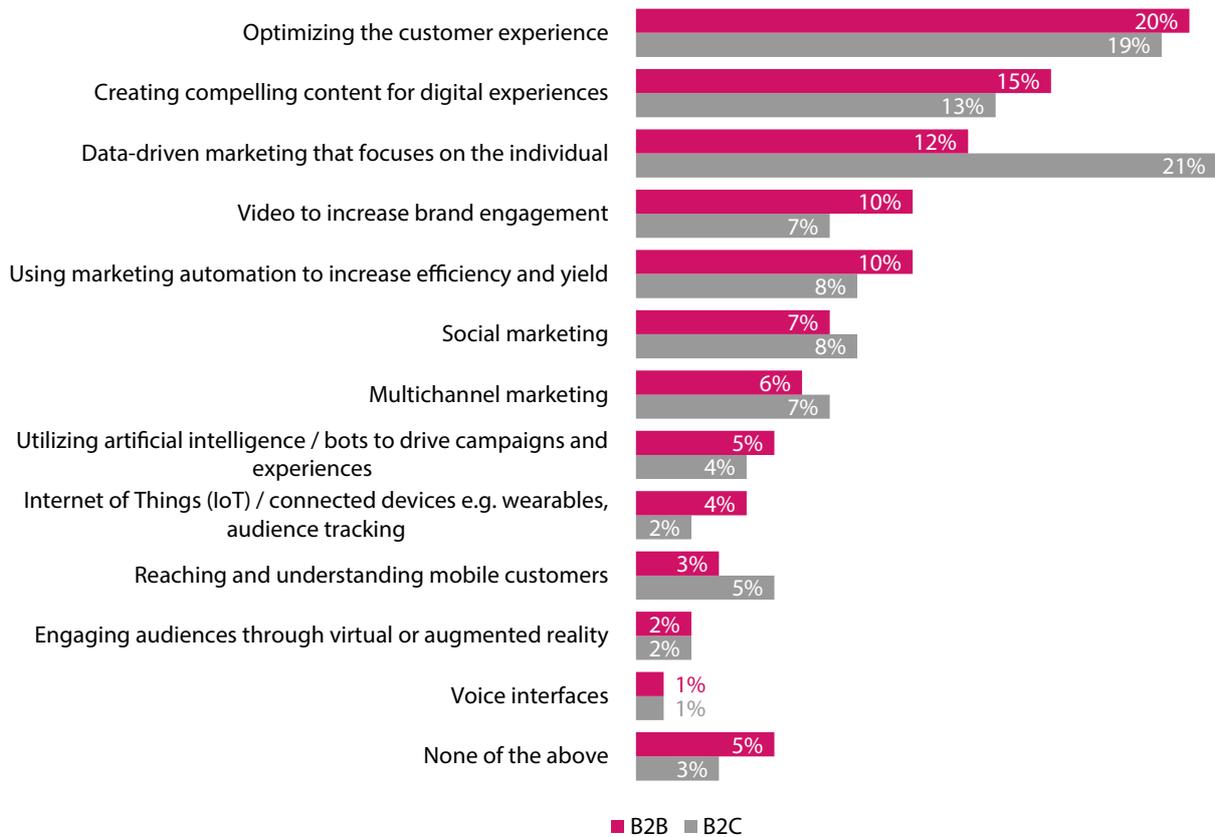
Culturally, operationally and technically, recalibrating a business around the customer is highly complex and can take much longer to achieve than expected. But the latest edition of this report demonstrates not just a continuation of the shift towards data-led marketing, but also an uptick in the urgency with which businesses are seeking to get there.

Figure 7 – showing the differences between B2B- and B2C-focused survey respondents – reveals data-driven marketing to be the single most exciting opportunity for B2C companies, with more than a fifth (21%) of these companies selecting this option, compared to only 12% for B2B.

But it would be wrong to think that data-driven marketing is only an opportunity for those in B2C, with B2B organizations ultimately having just as much opportunity to utilize data-driven marketing. B2B customers and prospects are consumers themselves, and ultimately expect the same kind of high-quality engagement irrespective of whether they are wearing their work or consumer hats.

The most likely explanation for the apparent lack of B2B excitement around data-driven marketing is that it has become very much ‘business as usual’. Many companies in the B2B sphere are also focusing on account-based marketing (ABM) where the focus is shifted from the individual in isolation to the larger business entity as a whole.

Figure 7: Which one area is the single most exciting opportunity for your organization in 2019? (B2B versus B2C)



Respondents: 1,761

Marketers in the spotlight... priorities and challenges

This doubling-down on data is backed up by *Figure 8*, which looks specifically at changing priorities for those working in marketing (23% of our total sample). ‘Better use of data for more effective audience segmentation and targeting’ is where most marketers place increased emphasis for the coming year.

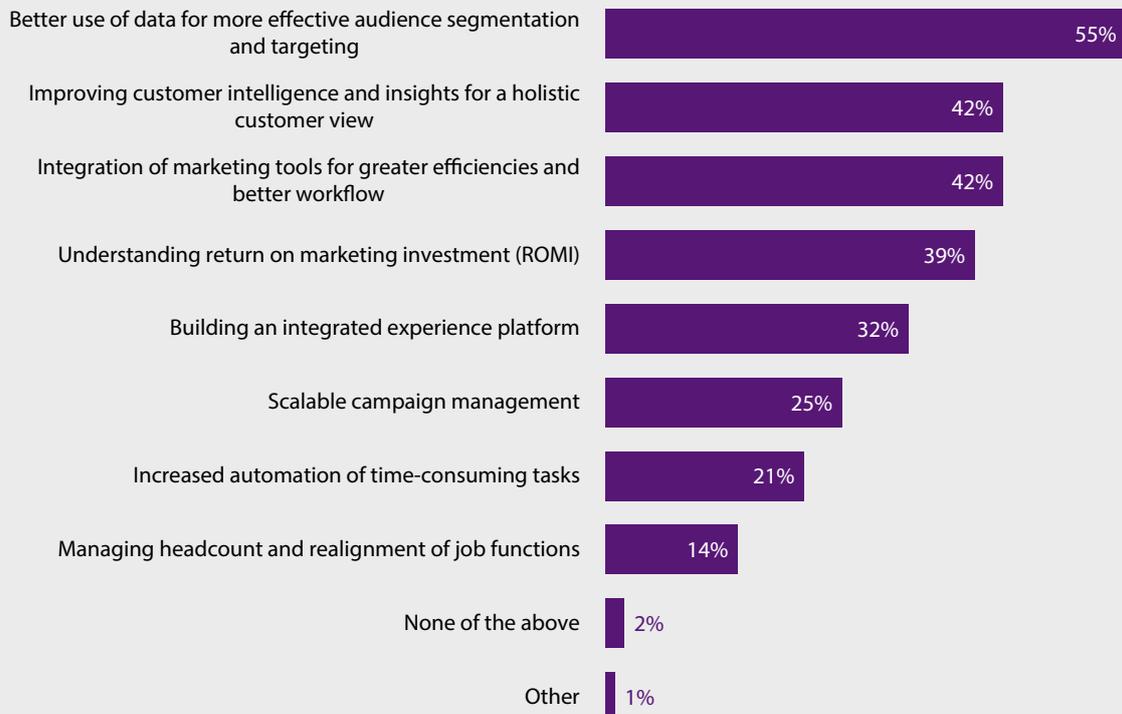
The majority (55%) of marketers expect this to be among their top three organizational priorities during 2019. The second most popular choice for marketers is another strongly data-led theme – that of ‘improving customer intelligence and insights for a holistic customer view’ (42%).

This importance of a 360-degree view of the customer is consistent with the findings of a recent report published by Adobe. This research found that a complete view of customer interactions was the company attribute most strongly correlated with customer intelligence maturity.⁴

The emphasis on data capabilities is particularly pronounced in the United States. There, two-thirds (65%) of organizations expect to significantly increase their focus on use of data for audience segmentation and targeting in 2019, and 42% have a similar outlook regarding improving customer insight (see *Figure 36* in *Appendix 2*). In other regions, marketing priorities are more evenly split across areas ranging from building new data capabilities and integrating technology, to understanding return on marketing investment.

4. <https://www.adobe.com/uk/modal-offers/customer-analytics-2018.html> (registration required)

Figure 8: Which three marketing-related areas do you expect to jump furthest up your organization’s priority list in 2019? (the marketer view)



Methodology note: Respondents could check up to three options.

Respondents: 1,098

Many companies have realized that data analytics is no longer the preserve of pioneers, or those at the 'bleeding edge'. Companies recognize there is no time to waste when it comes to better use of data – whether that's employing people with the right skills, investing in the right technology or enabling better cross-departmental collaboration. The numbers are also an indication of increased business confidence in the building blocks that are necessary for excelling in data-driven marketing, including platforms and operational best practices. An increased focus on consumer data protection has no doubt acted as a further driver – or wake-up call – in some markets during 2018 (see [Section 6: Control of Data: Compliance and Walled Gardens](#)).

While the signs are that many businesses are set to inject fresh impetus into their data-driven marketing activity over the coming 12 months, complexities remain. Many respondents still cite *'difficulty getting a holistic view of customers across all interactions'* (44%) and *'tracking marketing effectiveness and media spend'* (41%) as 'challenges likely to keep them awake at night' (*Figure 9*). When viewed in conjunction with the increased focus being placed on audience and customer intelligence shown in *Figure 8*, these figures show how eager many businesses are to tackle the gaps in their picture of user behavior.

Many businesses have been seeking to address internal bottlenecks such as organizational silos and platform incompatibility and, in the advertising realm, media accountability and brand safety have continued to be major issues. Vodafone Group was one of various large brands to highlight in 2018 that it was considering the in-housing of certain digital business functions in some markets, in a bid to drive greater visibility and efficiency in advertising. The then-Chief Executive Vittorio Colao cited the ability to closely track media spend as a 'critical skill for the future'⁵.

5. https://www.vodafone.com/content/dam/vodafone/investors/financial_results_feeds/year-ended-31-march-2018/FY_2018_Transcript.pdf

Large organizations regard 'data-driven marketing that focuses on the individual' (24%) as the single most exciting opportunity in 2019, ahead of 'optimizing the customer experience' (19%) in second place.



While many organizations remain keen to improve marketing visibility and accountability over the course of 2019, achieving this will require significant investment. Nearly four in ten (38%) marketers cite their *'lack of internal resources'* as an ongoing challenge when it comes to progressing digital plans. A third (34%) remain hampered by a *'lack of marketing technology integration'* – a long-cited barrier to securing an end-to-end view of audience and customer interactions.

The top priority for those working in marketing is 'better use of data for more effective audience segmentation and targeting' (55%).

Figure 9: What are the top three marketing-related challenges most likely to keep you awake at night? (the marketer view)



Methodology note: Respondents could check up to three options.

Respondents: 1,098



5. Customer journey management holds key to personalization.

A key requirement for delivering better data-driven customer experiences is understanding the journeys taken by each user and how to improve them. According to Ivan Pollard, Global CMO at US-based multinational food company General Mills, understanding the complexities of the customer journey is the second most important priority after producing high-quality and affordable food.

"Data is going to unlock the complexity of any number of customer journeys and we can understand and connect with them at the right time. And every one of them will be slightly different. Understanding the quantum world of customer journeys is priority number two. It's where data meets products meets customer experience."

General Mills is not alone in recognizing this area as vital for success. As can be seen in *Figure 10*, customer journey management (33%) is the top digital-related priority for larger organizations.

The second biggest digital-related priority as shown in *Figure 10* is targeting and personalization, and this is consistent with *Figure 11* where *delivering personalized experiences in real time* emerges as the most exciting prospect over a three-year view. More than a third (37%) of larger organizations and 31% of smaller ones make this their first-choice option.

Other trends regarded as exciting drivers of opportunities in the medium term include artificial intelligence (and bots), virtual or augmented reality, and the Internet of Things (IoT) which are all viewed as having great potential by a significant minority of responding companies.

“Data is going to unlock the complexity of any number of customer journeys and we can understand and connect with them at the right time. And every one of them will be slightly different.”

Ivan Pollard
Global CMO, General Mills

Figure 10: Which digital-related areas are the top priorities for your organization in 2019? (larger organizations, \$195m+ revenues)



Respondents: 530

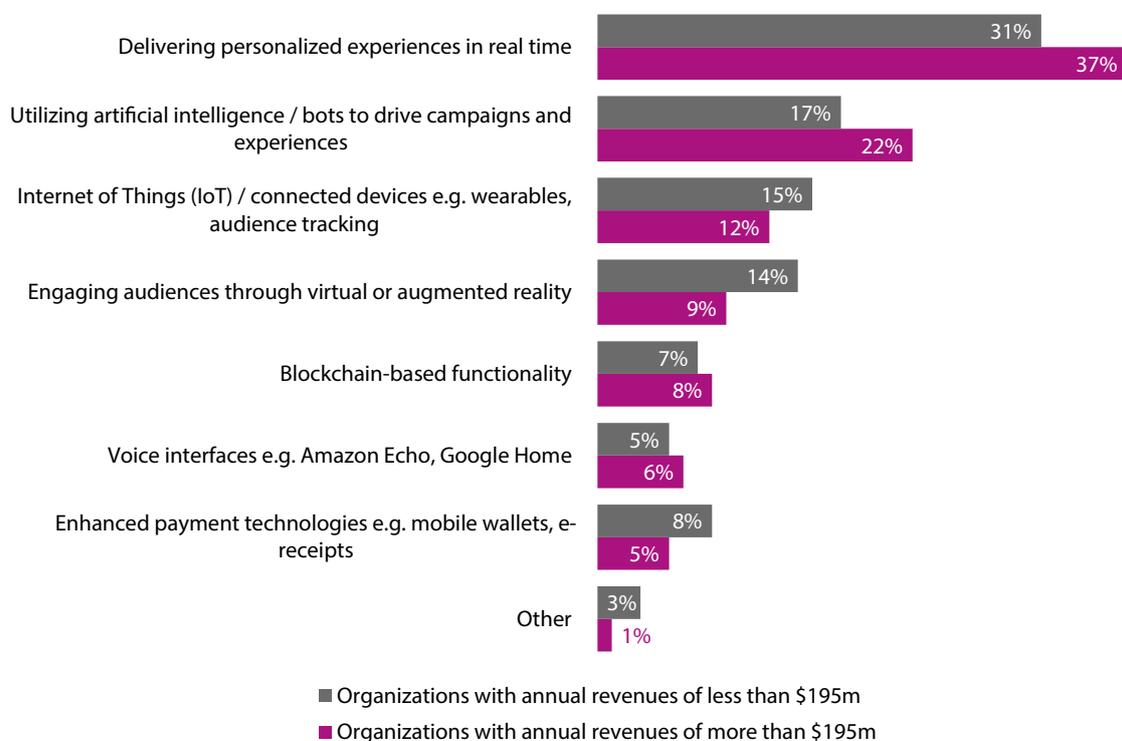


Larger organizations regard the delivery of personalized experiences in real time (37%) as the most exciting prospect in three years' time.

Significantly, all the tech-driven trends shown in *Figure 11* can in themselves play an important role in enabling better and more personalized customer experiences, whether blockchain-based functionality that reduces friction in the customer journey, or voice search technology that makes engagement even more intuitive for consumers.

Companies must ensure that they are planning for the future, not just by keeping an eye on technology trends, but ensuring that they are devoting sufficient budget to innovation and experimentation.

Figure 11: Looking ahead, which of these do you regard as the most exciting prospect in three years' time? (larger versus smaller organizations)



Respondents: 2,082

“ The world is going cashless—it is going beyond just physical plastic cards towards voice and the Internet of Things.

Lynne Biggar
CMO, Visa

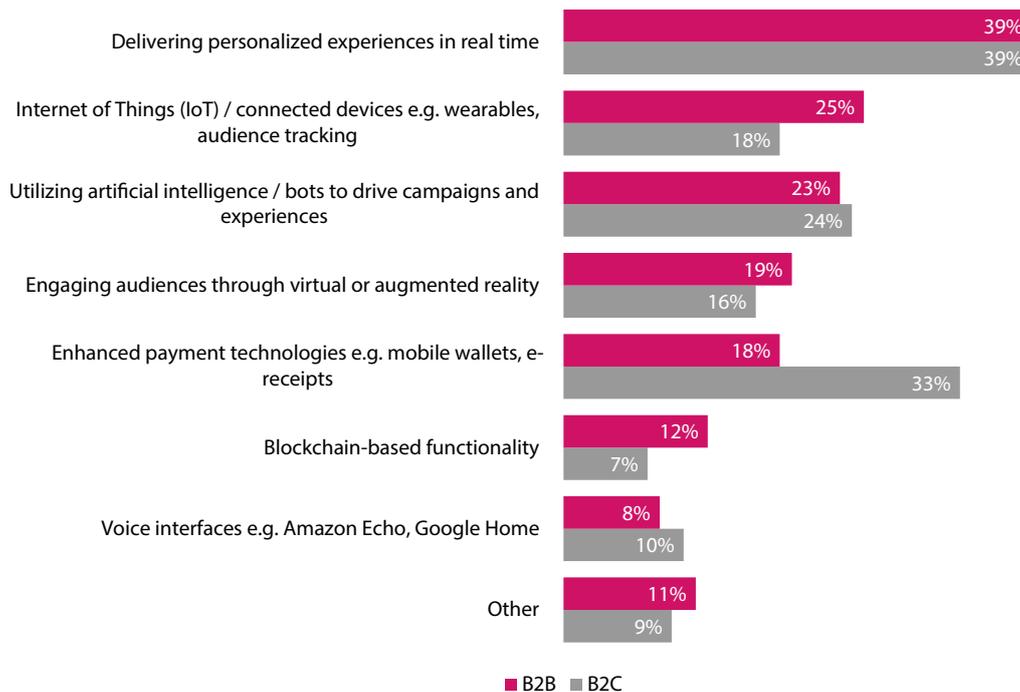
Figure 12 shows the extent to which companies surveyed have started to harness these technologies for their business already, with the delivery of personalized experiences in real time the most commonly incorporated. Further analysis of the data shows that US companies are further ahead of other markets (45% compared to 38% in Europe and 39% in Asia Pacific).

Enhanced payment technologies (33%) is a stand-out area for B2C companies, with brands aware that they need to cater for the needs of consumers in the here and now.

According to Visa’s Lynne Biggar: “We are a payments technology company in a world where the payments ecosystem is changing rapidly, in ways that allow consumers to have much more control. The world is going cashless—it is going beyond just physical plastic cards towards voice and the Internet of Things. We are very focused on moving Visa ahead of where the payments ecosystem is going.

“The biggest opportunity in the United States over the coming year will be contactless payments. By the end of 2019, we expect there to be over 100 million Visa contactless cards in the United States. In global markets, it will be around the increasing opportunities for payments to appear in new and different ways, whether it’s your Fitbit, your phone or your car. We are going to see commerce and, in particular, mobile commerce, become much more streamlined.”

Figure 12: Which of the following have you started to incorporate into your business? (B2B versus B2C)



Respondents: 2,108

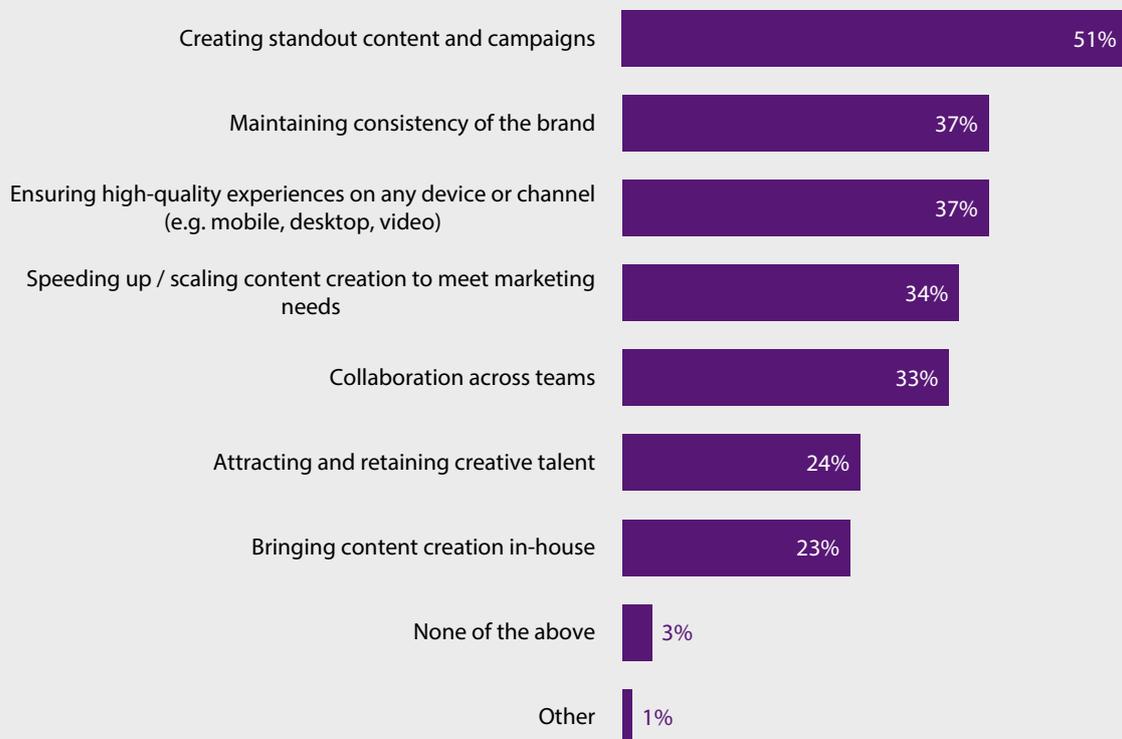
Creatives in the spotlight

More than a quarter of respondents to this year's survey say they are in creative or design roles, a greater proportion than for any other business function. While data-fueled customer journey management and personalization are becoming increasingly vital for successful marketing and customer experience programs, companies are setting themselves up for failure if they think excellence in data can compensate for sub-standard creativity and design.

Creatives regard *'standout content and campaigns'* as the number one priority for 2019 (Figure 13), highlighting the need for cut-through in a world where the attention of consumers is more elusive than ever.

Creatives regard 'standout content and campaigns' as the number one priority for 2019, highlighting the need for cut-through in a world where the attention of consumers is more elusive than ever.

Figure 13: Which three areas do you expect to jump furthest up your organization's priority list in 2019? (the creative view)



Respondents: 558

Clive Grinyer, a consultant and former head of design at Barclays and Orange, said that many organizations are missing an opportunity to enhance design by drawing on data: *“Usually organizations are very good at collecting data and they’re not very good at doing anything with it. They’re very bad at converting information into knowledge and wisdom, and moving that into design actions that make companies respond better and find new opportunities to innovate.”*

‘Ensuring high-quality experiences on any device or channel’ is another area of focus that is jumping up the priority list for creatives in 2019, cited by more than a third (37%) of these respondents.

According to Grinyer, a key focus of design should be the integration of digital and physical experiences, with mobile phones helping to act as a bridge between what have all-too-frequently been separate worlds. *“Data has huge possibilities. It sets you up for a future of incredibly personalized, brilliant experiences to design.”*

He added: *“A lot of the digital challenge today is how you design digitally in non-digital situations, for example in retail. Retail has been divided between whether you go online or into a store. Blending that is a whole new way that digital can go and enhance the physical space. Where we tend to keep dividing the physical and the digital, we should be merging them together, helped by the ubiquity of mobile devices.”*

Better use of data – enabled by artificial intelligence and machine learning – will increasingly help with the design and delivery of digital experiences. Utilizing its AI-powered Sensei technology, Adobe unveiled a range of new Creative Cloud features in 2018 specifically aimed at creatives to help them work more efficiently by saving time on repetitive, non-creative tasks. The new features relate to its core applications such as Photoshop and Adobe XD, which is enabling voice app design.

“ Creativity isn’t necessarily about the big idea. It’s about showing empathy for someone and then creating and delivering something that gives them a little reason to smile. Things like the animation when you tip on Deliveroo. There’s only tension between creativity and the rest of the organization when creativity becomes about the big campaign idea because those can get in the way of a seamless journey from the customer point of view.

Laurence Parkes
Chief Strategy Officer, Rufus Leonard

6.

Control of data: compliance and walled gardens.

The ability to personalize in real time – a key theme in the previous section of the report – ultimately depends on companies having control of the data that powers the best possible experiences. In order to activate data, companies must also have a strong grip on how they handle the flow of information throughout both their own organization and the entire partner ecosystem.

Tackling this issue of data control requires a focus on making sure that data is not wasted, by ensuring data is 'democratized' and freed from departmental silos or closed solutions. It also means making considered choices when selecting which third parties to work with. The nature of the modern-day digital business means organizations must become increasingly open to partners, with careful assessment of their security policies increasingly vital for data hygiene.

Another key consideration is determining whether long-term commercial objectives are best served by operating on closed platforms – known commonly as 'walled gardens'⁶ – that only let you play on their terms. This theme has been thrust in the spotlight in 2018, amid increased attention on data retention and sharing practices of the Facebook and Google duopoly.

6. <https://medium.com/mediarithmics-what-is/what-is-a-walled-garden-and-why-it-is-the-strategy-of-google-facebook-and-amazon-ads-platform-296ddeb784b1>

Improving data control is a complex and multi-faceted challenge, cutting across numerous departments within the organization that have a stake in the data realm. Getting ahead of the game on data governance is also increasingly important for regulatory compliance, particularly in jurisdictions where consumer data protection norms have been tightened. These themes are becoming increasingly intertwined, as any business that has faced the fallout of a customer data breach will attest.

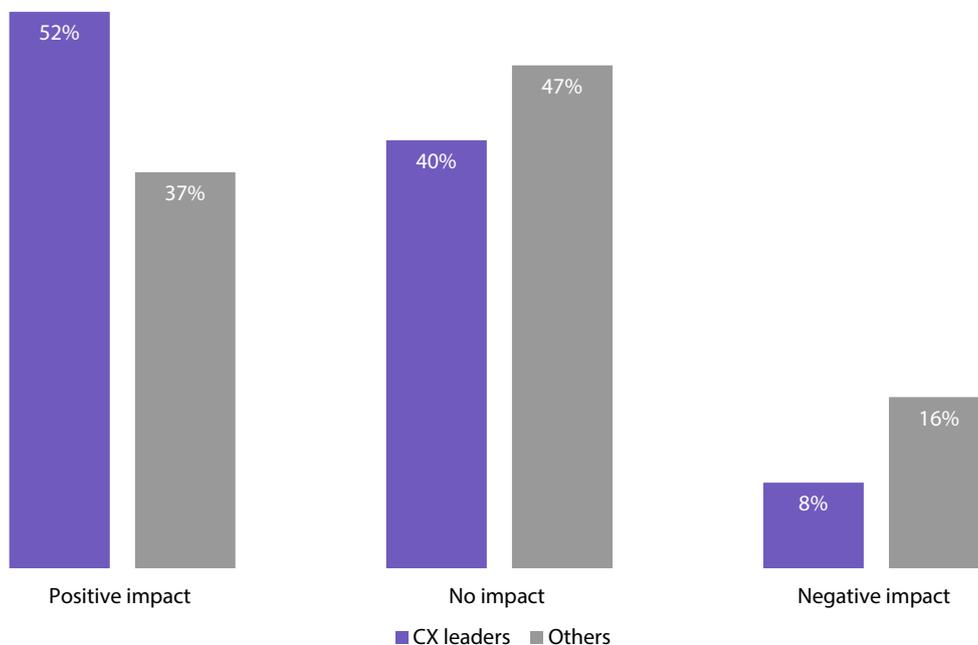
More than a quarter (28%) of marketers cite the difficulties of *'personalizing customer experience without violating consumer privacy'* as something most likely to keep them awake at night (Figure 9). But if an organization aspires to be a leader in exploiting customer data, then it must also ensure it is a pace-setter when it comes to looking after it, meaning that best practice becomes an opportunity.

“ We want to convey that consumers can enjoy great benefits from sharing data with us, but it's our responsibility to make sure there's value in that exchange.

Jennifer LaFrance
 Director of Global Digital Strategy,
 McCormick & Company

Indeed, for those companies with advanced CX maturity, consumer data protection is very much an opportunity, with more than half (52%) of CX leaders seeing a 'positive impact', compared to only 8% who see a 'negative impact' (Figure 14).

Figure 14: What impact has the increased focus on consumer data protection (e.g. the EU's GDPR) had on your organization? (by CX maturity)



Respondents: 3,280

According to Jennifer LaFrance, Director of Global Digital Strategy at McCormick & Company, data security and transparency remains a top priority for the business in 2019.

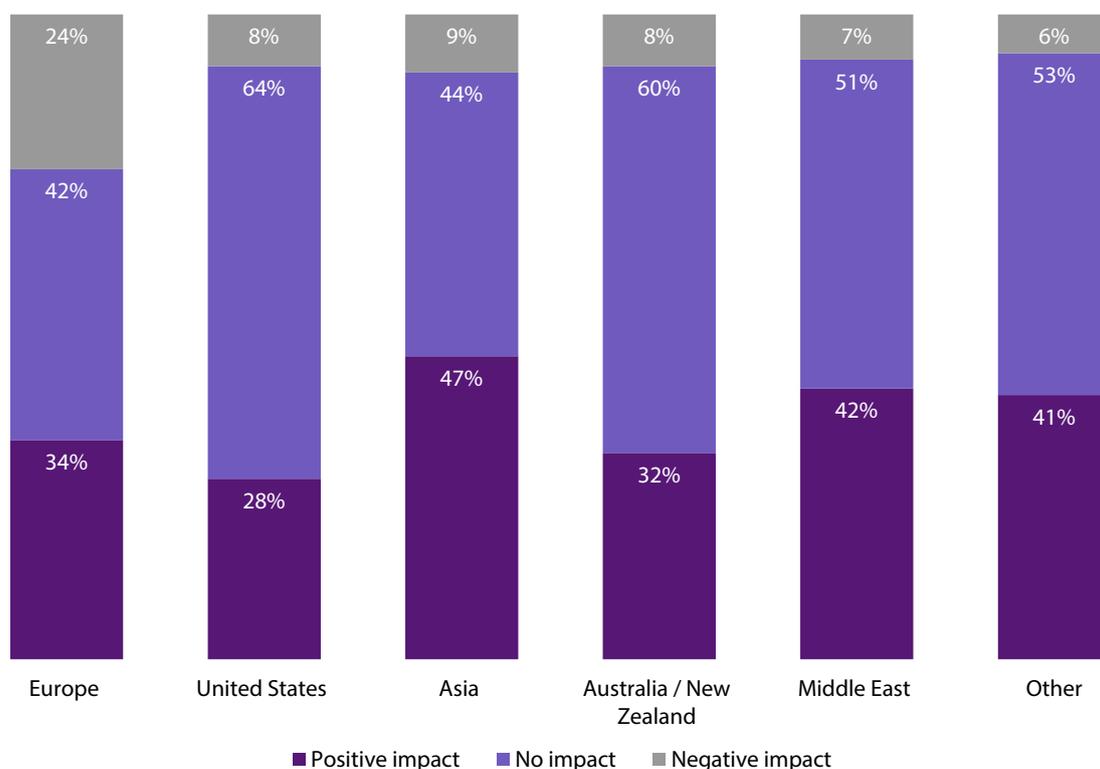
“For all of us working in global roles, we’ve been through the adventure of adhering to GDPR. Coupled with the news headlines about high-profile security and data breaches, I think it just heightens everyone’s thoughts around this.

“How we handle and use consumer data here at McCormick is very much a top priority. We have made a lot of investments to let consumers know we are protecting their data. We’ve established a global privacy council and this year our attention is going to be on developing consumer engagement principles, similar to a consumer bill of rights. We want to convey that consumers can enjoy great benefits from sharing data with us, but it’s our responsibility to make sure there’s value in that exchange.”

The growth in attention being paid to data governance and management policies is not just a legal and regulatory box-ticking exercise; it is also closely linked to business performance. Across all regions, significantly more businesses say they have experienced a positive rather than negative impact from the increased focus on consumer data protection (Figure 15).

Regionally, however, it remains clear that businesses are at different stages in the data protection journey, with the level of pressure from regulators and the market a key factor. Naturally, in the United States, where consumer data norms have historically been perceived as lighter, businesses have felt less impact from increased attention on data protection – whether positive or negative. Almost two-thirds (64%) have felt no impact at all, a surprising finding given the signing into law of the California Consumer Privacy Act (CCPA) in June 2018.

Figure 15: What impact has the increased focus on consumer data protection (e.g. the EU’s GDPR) had on your organization? (regional comparison)



Respondents: 3,527



More than a quarter (28%) of marketers cite difficulties 'personalizing customer experience without violating consumer privacy' as a challenge most likely to keep them awake at night.

In Europe, the picture is different, no doubt linked with more privacy-conscious cultures in certain countries and last year's introduction of the EU's General Data Protection Regulation (GDPR), which placed an onus on businesses to increase controls.

Those in Europe are significantly more likely than those in other regions to report a negative impact (24%), though even here a higher proportion report a positive impact (34%). This higher level of negativity highlights the disruptive jolt experienced by many businesses in the run-up and aftermath of the GDPR coming into effect in May 2018.

Strikingly, in Asia, there is a stronger tendency than elsewhere for organizations to cite data protection as a positive business driver. A much higher proportion of businesses (47%) indicate they have experienced positive effects than in any other region, presumably largely as a result of increased levels of consumer trust translating into better business performance.

Walled gardens

It is evident that the issue of walled gardens in the context of data, and the imbalances and limitations they place on marketing activities, is resonating widely. If a business wants to reach millions of customers in a targeted and timely way, then they currently have little option but to engage with them on platforms such as Facebook and Google. However, this typically means accepting a lower level of data control and gaining only abridged insights into the response to those campaigns, as well as inviting competitive risks around outside usage of that data and potential damage to the brand.

Keynoting at ad:tech New York at the end of 2017, McDonald's Global VP for Media, CRM and Digital Merchandising, Bob Rupczynski, said that brands could gain major benefits by pursuing a more holistic view of the consumer and reducing their reliance on walled gardens. "*Walled gardens enclose and divide data... They make a complete view of our consumers very difficult to get at,*" he said.⁷

7. <https://www.warc.com/NewsAndOpinion/News/39924>

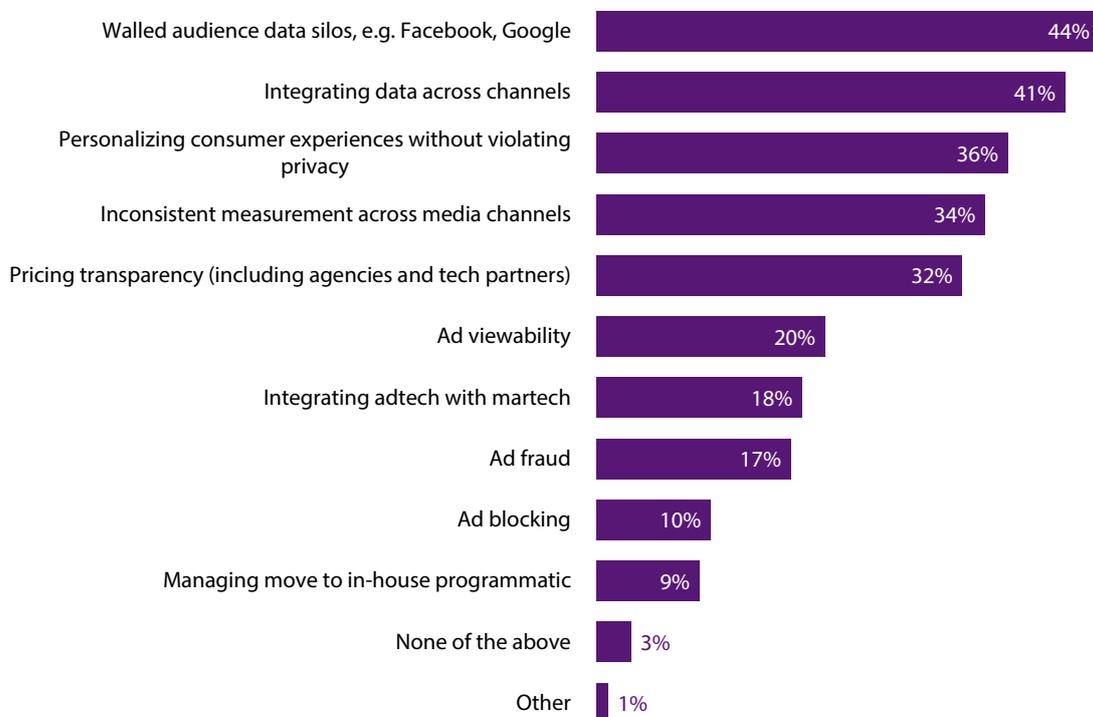
This threat is becoming more difficult to ignore as data-driven marketing capabilities progress further, and the power of these giants comes under the spotlight. Through the lens of advertising respondents working for agencies (Figure 16), this has become the most pressing issue for brands. More than four in ten (44%) supply-side respondents describe 'walled audience data silos, such as Facebook and Google' as one of the key issues most likely to keep their clients awake at night.

This headache outweighs numerous other (external and internal) issues that digital advertisers are facing as they seek to gain a fuller picture of customer behavior and preferences. The challenges of 'integrating data across channels' and tackling 'inconsistent measurement across media channels' are also problems widely seen by advertising agencies as top-three challenges (41% and 34%, respectively).

The theme of walled data gardens also significantly overshadows high-profile issues that have dominated media industry coverage in the last year or more, such as 'ad viewability' (20%) and 'ad fraud' (17%).

When it comes to laying down the building blocks of joined-up and data-led marketing, the restrictions that accompany use of these siloed advertising platforms are as much of a barrier as internal technical bottlenecks within businesses. Like integrating data across different channels, the task of 'integrating adtech and martech' (18%, Figure 16) is crucial for gaining a holistic approach to customer experience, but is still less widely seen by agencies as a major challenge than walled audience data silos.

Figure 16: Which of the following are the top three advertising-related challenges most likely to keep your clients awake at night? (the agency view)



Respondents: 290

7.

Increased uptake of artificial intelligence.

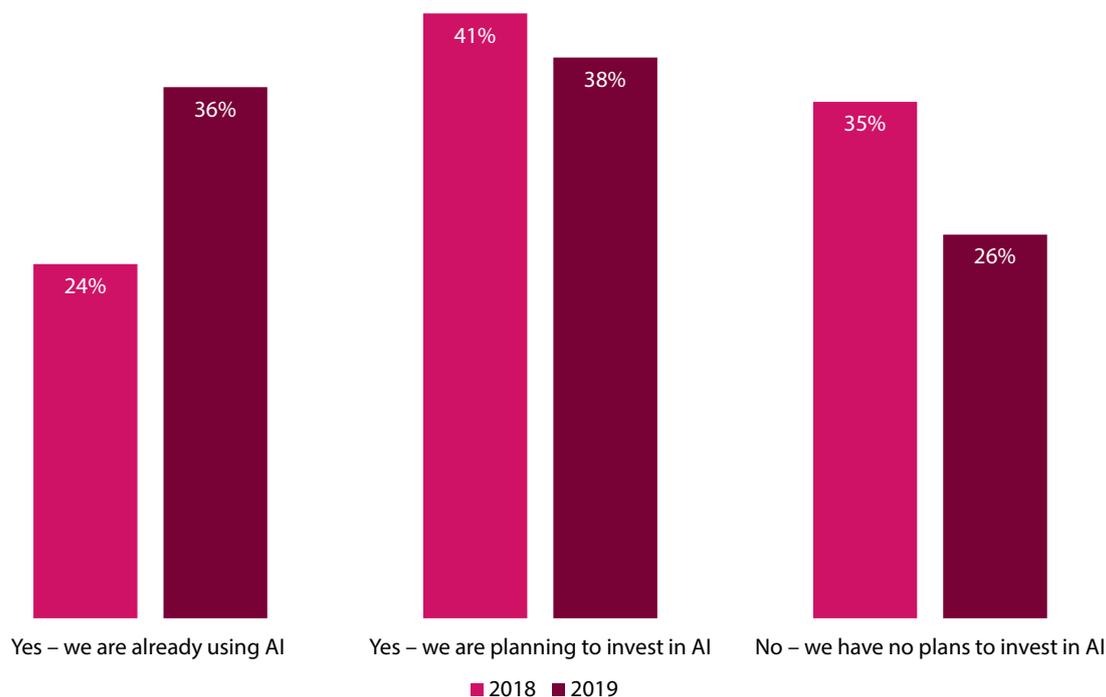
Research provider Tractica forecasts software implementations falling under the AI umbrella will generate \$105.8bn in revenue by 2025, up from \$8.1bn in 2018, with the telecoms, consumer and advertising industries forming the three largest adopters.⁸

This growing interest in AI is evidenced by *Figure 17* which shows a 50% increase since last year in the proportion of larger organizations (\$195m+) already using AI, up from 24% to 36%. This compares to only 12% of smaller companies reporting use of AI (see *Figure 37* in *Appendix 2*).

There has been a 50% increase since last year in the proportion of larger organizations stating they are using AI.

8. <https://www.tractica.com/newsroom/press-releases/artificial-intelligence-software-market-to-reach-105-8-billion-in-annual-worldwide-revenue-by-2025/>

Figure 17: Is your organization using or planning to invest in artificial intelligence (AI) in 2019?
(larger organizations, \$195m+ revenues)



Respondents 2019: 597
Respondents 2018: 695

Although not all organizations are alive to the possibilities, *Figure 18* shows the wide range of ways AI can help businesses interact more effectively with their customers. Keen interest continues to be shown in how AI can enhance data analysis, promising to enable much more efficient mining and examination of the huge volume of data – both structured and unstructured – generated by campaigns and other customer interactions.

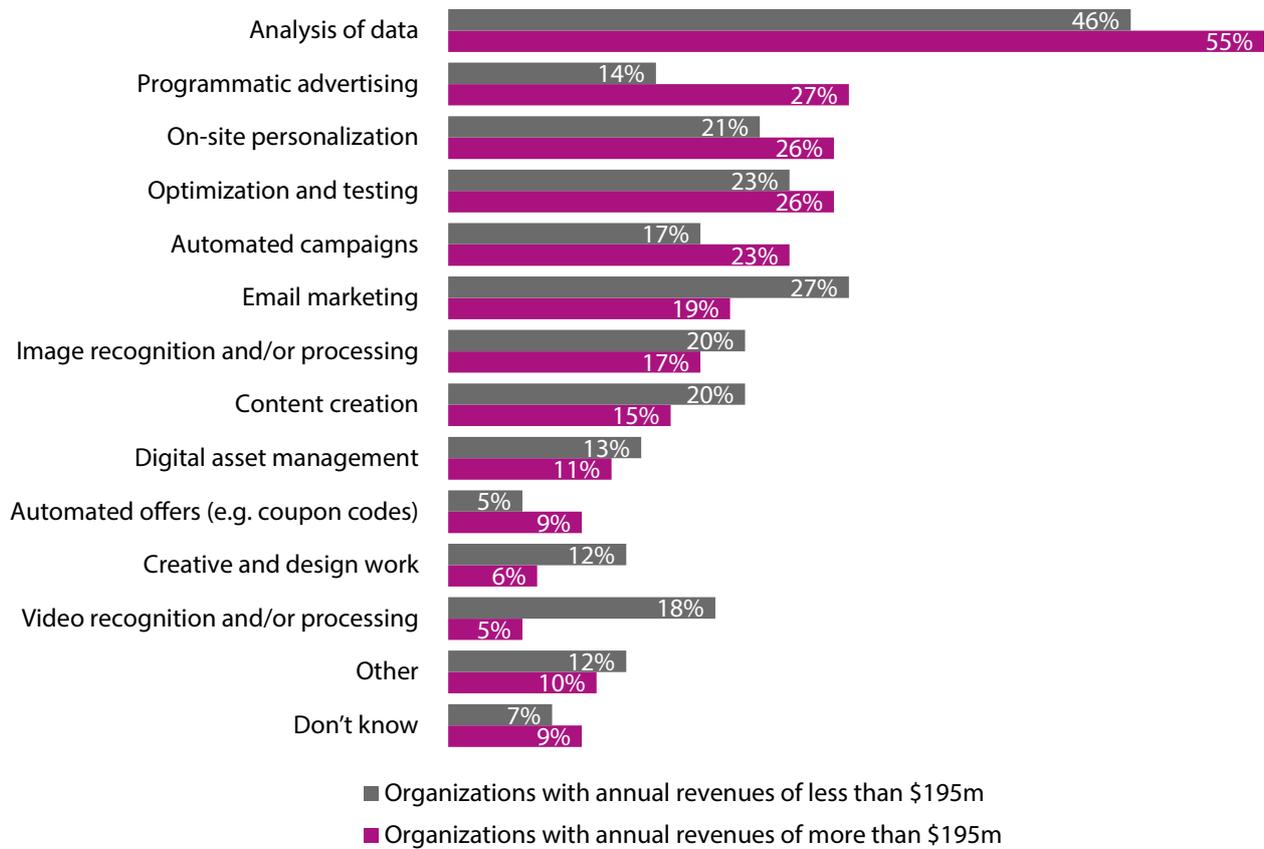
The ability to autonomously evaluate and learn is perceived to lend itself naturally to predictive analytics, bringing organizations new levels of intelligence and insight regarding likely future trends. Half of respondents that are already using AI are doing so for analysis of data, while *analytics* is the business function where companies are most likely to have deployed the technology (see *Figure 38* in *Appendix 2*).

No other use case is close to having gained traction as widespread as data analysis. However, it is notable that there has been a rise in usage of AI for *optimization and testing*. Nearly a quarter (24%) of AI users have deployed the technology with this aim in mind, up from 20% in 2018 (see *Figure 39* in *Appendix 2*).

It is also instructive that CX leaders are twice as likely as others to be using AI within their organizations (*Figure 19*). These organizations are more likely to recognize that AI can power greater relevance and better personalization through better informed split-second decisions that can dramatically impact the consumer’s impression of a brand in a particular context and given moment in time.⁹

9. https://www.adobe.com/uk/modal-offers/artificial_intelligence_context_is_everything.html

Figure 18: With regards to automation of specific marketing-related activities, what is your organization currently using AI for? (larger versus smaller organizations)



Methodology note: This question was conditional on using AI.

Respondents: 322

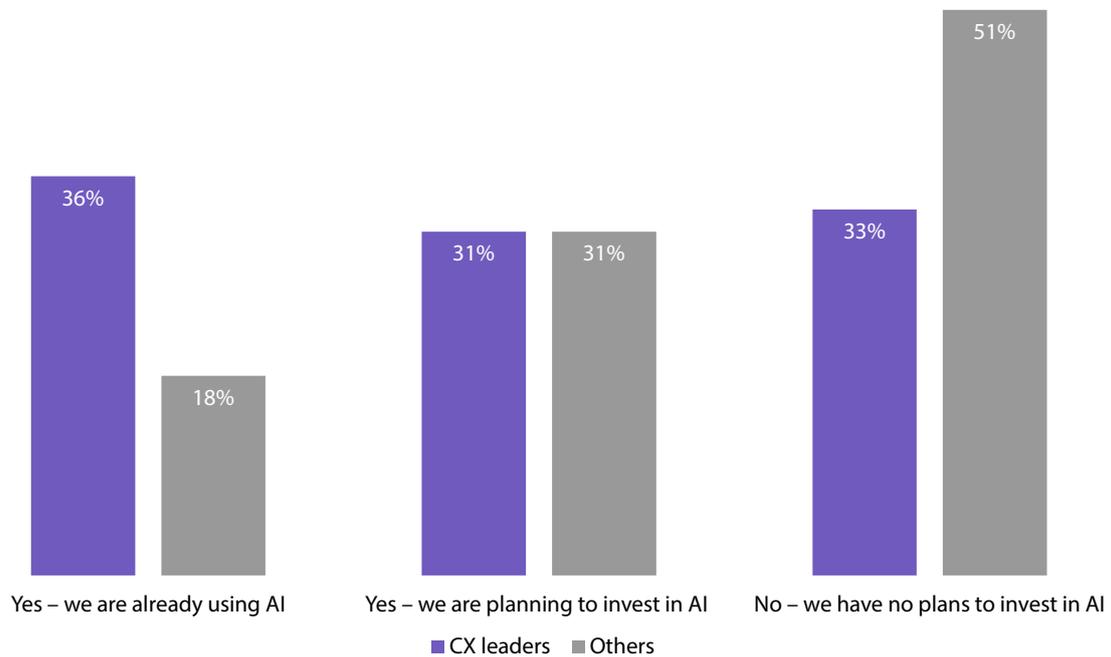
According to Kristof Fahy, interim CMO of Checktrade.com: *“Automation and the ability to deal with some of the grunt stuff in life like online shopping is an interesting space. We don’t talk enough about how we serve customers coming to us. That’s where you can join data, AI and machine learning, and really help customers. The happier your customers, the more they spend with you.”*

“On the one side, automation is touted as freeing [marketers] up to be creative and on the other it’s going to help generate smart data to deliver really interesting and smooth customer journeys.”

Citibank is a good example of a bank trying to improve the customer experience through use of artificial intelligence. According to James Keady, the bank’s Director of Digital Engagement for Asia and EMEA:

“There’s still a big piece of work to do in getting consumers who have been resistant to digital transformation to change their behavior. Digitally enabled conversational banking is a developing technology that will improve the way customers interface with banks, delivering more efficient, always on-solutions. There is still a lot of dependency between customers and traditional channels such as phone, so we are constantly building learnings around customer interactions to create better experiences when and where customers require as they are increasingly global and mobile. There is still a long way to go, however AI and related technology will play a key role in enabling this for our customers in the future.”

Figure 19: Is your organization using or planning to invest in artificial intelligence (AI) in 2019? (by CX maturity)



Respondents: 3,346

“ On the one side, automation is touted as freeing [marketers] up to be creative and on the other it’s going to help generate smart data to deliver really interesting and smooth customer journeys.

Kristof Fahy
Interim CMO, Checkatrade.com

While many companies are now embracing AI, there are signs that there is still a lingering lack of awareness about AI’s promise for delivering performance improvement – whether in terms of efficiencies or revenue gain. It also appears that many of the businesses that are abreast with AI capabilities remain in experimentation mode and are yet to firm up a concrete roadmap.

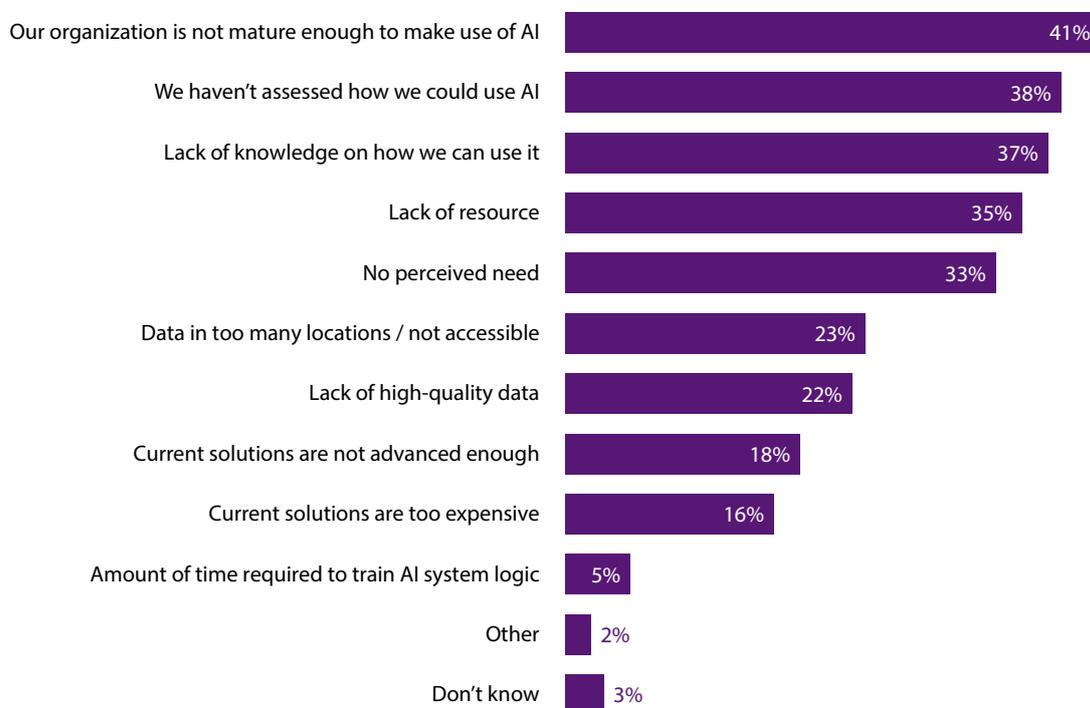
Only 16% of larger organizations (Figure 20) deem solutions ‘too expensive’, and only 18% report they are ‘not advanced enough’. Instead, the sticking point for many appears a lack of awareness and understanding about the ‘how’ and ‘why’ of AI. A third (33%) of larger organizations cite ‘no perceived need’, while 37% concede a ‘lack of knowledge on how they can use AI’, and 38% have not yet ‘assessed how they could use AI’.

CX leaders are twice as likely as others to be using AI within their organizations.

A further barrier to tackle is the perception, among some organizations, that AI is the preserve of more advanced organizations with deeper pockets. Three in ten (35%) see 'lack of resource' as the main reason they have not yet deployed AI, while 41% claim their organization is 'not mature enough'.

This conflicts with AI's promise as an integral piece of the marketing toolset, and one that delivers cost efficiencies previous technology implementations could not. Again, this points to a need to widen availability of AI skills and knowledge.

Figure 20: Why is your organization not using or planning to use AI? (larger organizations, \$195m+ revenues)



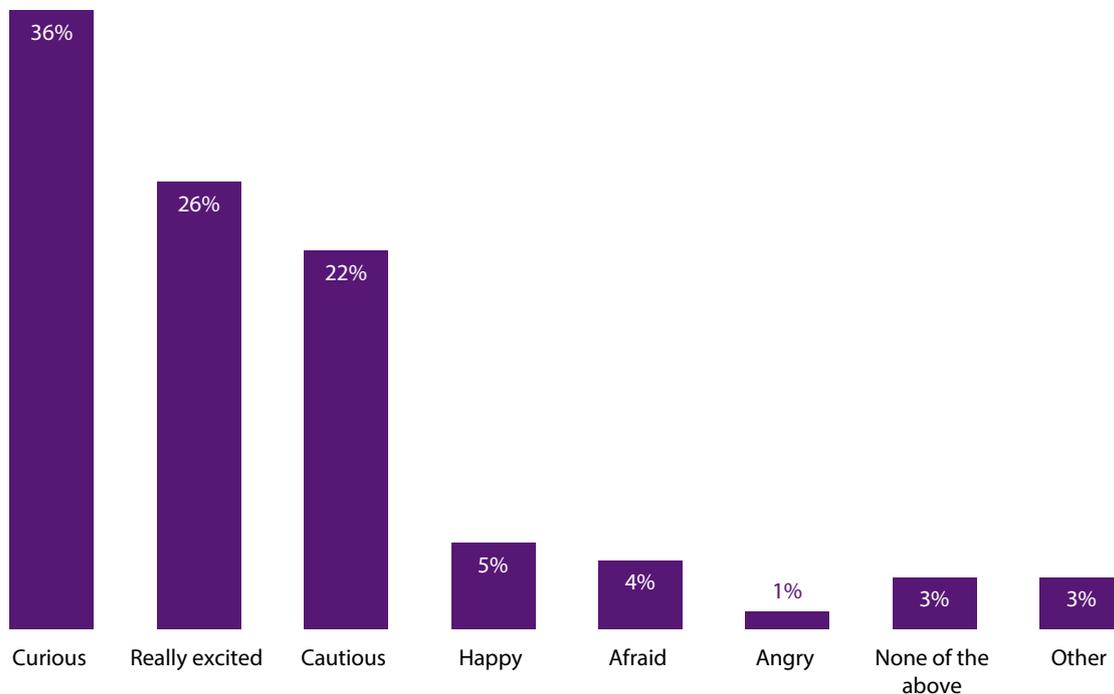
Respondents: 131

Business professionals remain in a state of anticipation regarding how technology developments will impact their field of activity. This positivity extends not just to business performance expectations but also to personal perspectives on how industry and commerce are set to evolve.

Survey respondents are most likely to describe themselves as 'curious' (36%) when it comes to the impact of automation (Figure 21), positioned in the context of 'self-driving cars' and 'grocery stores without employees'. Just over a quarter (26%) are 'really excited', while 22% are 'cautious' and 5% are 'happy'. Relatively few survey respondents report more negative emotions, with only 4% saying they are 'afraid' and 1% 'angry'.

Looking at differences in regional psyche, survey respondents in Europe and Asia Pacific are broadly positive – and it is in the United States where concern is most prevalent. In Europe, more than two-thirds (68%) of executives respond positively to the possibilities of automation, by declaring themselves 'really excited', 'curious' or 'happy'. In the US, only 55% do so, and respondents are much more likely to describe themselves as 'cautious' (34%, versus 21% in Europe and 24% in Asia Pacific – see Figure 40 in Appendix 2).

Figure 21: When you think about technology of the future like self-driving cars or grocery stores without employees, how does it make you feel? (all respondents)



Respondents: 5,893

8.

Recommendations.

1. Keep pushing the customer-first agenda within the organization

When it comes to focusing on the customer experience, there is no room for complacency, even among companies that consider themselves advanced in this respect. Consumer expectations continue to grow all the time.

The key to customer experience success is both a top-down and bottom-up approach. Boardroom buy-in is essential for ensuring that different business functions are all pulling in the same direction. By cultivating a customer-first culture, those working across the organization – including those in both customer-facing and back-office roles – will feel empowered to make decisions that result in better experiences.

2. Cherish your data as an important asset... and be wary of walled gardens

Companies must recognize that their data can be a game-changing asset when it is properly captured and activated. Customer data as a resource is at its most powerful when organizations can create a single customer view, by combining data from different touchpoints and devices. Data also needs to be democratized, i.e. accessible to the wider business and not just the preserve of analysts and data scientists.

If the value of data is to be fully harnessed, companies must be able to access that data without restrictions. Seek to lessen the headaches caused by walled audience data silos, such as Facebook and Google, by choosing neutral and open-platform technologies for digital analytics.

3. Activate customer data

Digital analytics has evolved from static, rear-view-mirror reporting to becoming the brain behind truly orchestrated one-to-one marketing at scale, through predictive and prescriptive analytics. As well as collecting the right data, the necessary technology connections must be in place to make sure that the right content and messaging are activated at the right time, for example through a content management system or marketing automation platform.

Companies with best-of-breed customer data and audience management technology can now combine their own proprietary data with second- and third-party data, enabling even more personalized and fruitful engagements. As well as leading to more effective and automated marketing activities, the right data connections can also improve your attribution capabilities, leading to better optimization of the media mix.

4. Strive for integrated CX, martech and adtech

Better collection and activation of data require a strong foundation of integrated CX, marketing and advertising technology to maximize competitive advantage through customer intelligence. Organizations can expend a huge amount of energy trying to integrate disparate tools and platforms, an undertaking which is greatly simplified when they invest in a unified technology setup in the first place.

CMOs and CIOs should be working in unison to help ensure that their platforms are as joined-up as possible, rather than focusing unnecessarily on the type of behind-the-scenes 'plumbing' that in many cases shouldn't be necessary.

5. Educate your organization about the potential of AI and machine learning

The research shows significant growth in the uptake of artificial intelligence by larger organizations, and, in particular, among customer experience leaders. These companies recognize that AI allows better split-second decisioning based on real-time customer data and actions. Another significant benefit of AI and machine learning is the way that technology can free up marketers, analysts and creatives to do higher-value tasks and less of the mundane.

Those in senior roles should make it their business to know how they are using AI, and seek to understand how further AI-driven automation of activities can help to have an impact on both top- and bottom-line business performance.

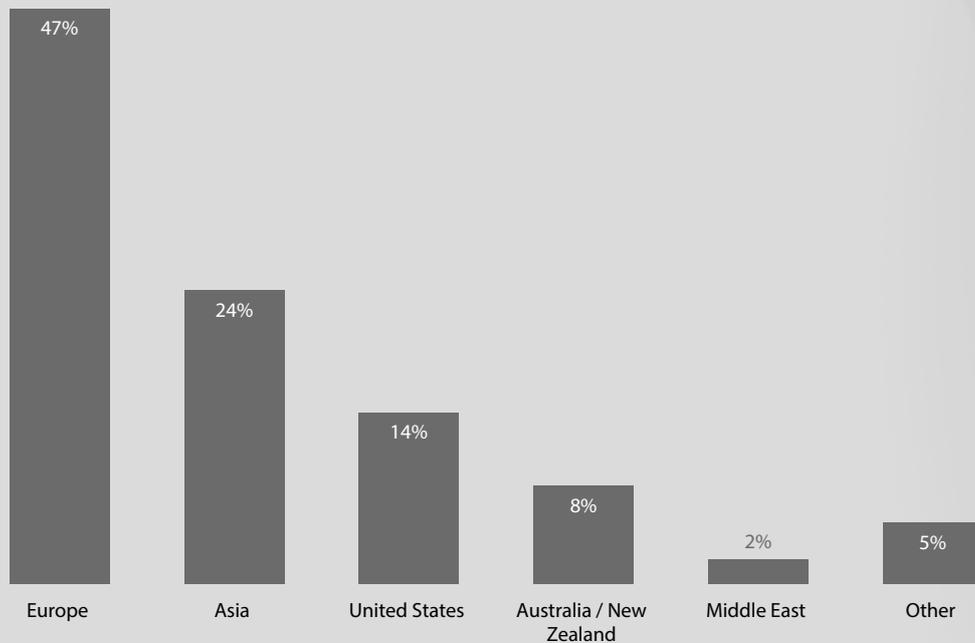
Appendix 1: Respondent profiles.

This report is based on an online survey of business professionals, carried out in November and December 2018.

A total of 12,815 respondents took part in the survey, including 60% from the client-side and 40% from the supply-side (including agency marketers, consultants and those working for technology vendors or other service providers).

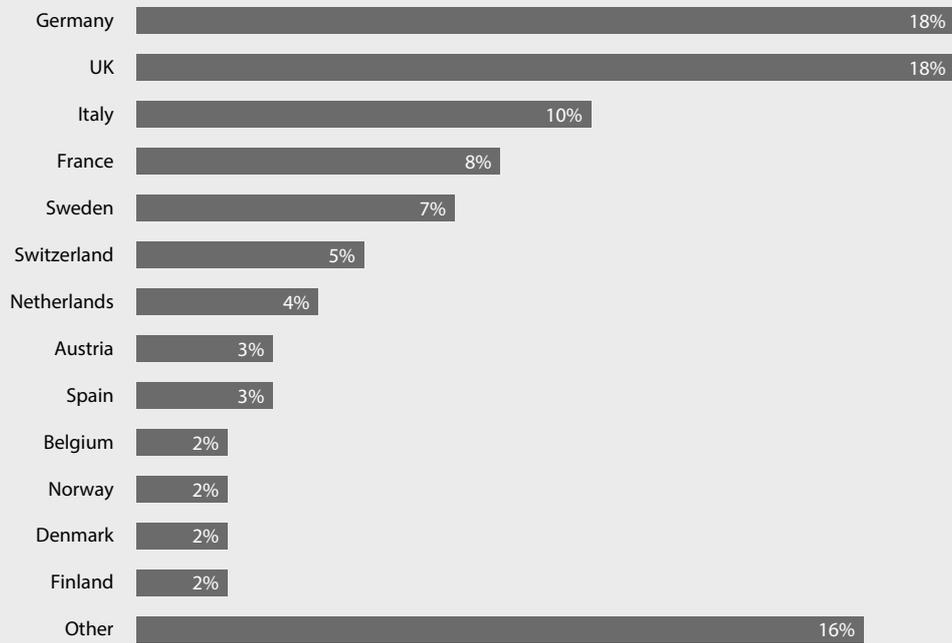
The following charts provide further details on the profile of survey respondents.

Figure 22: In which region are you based?



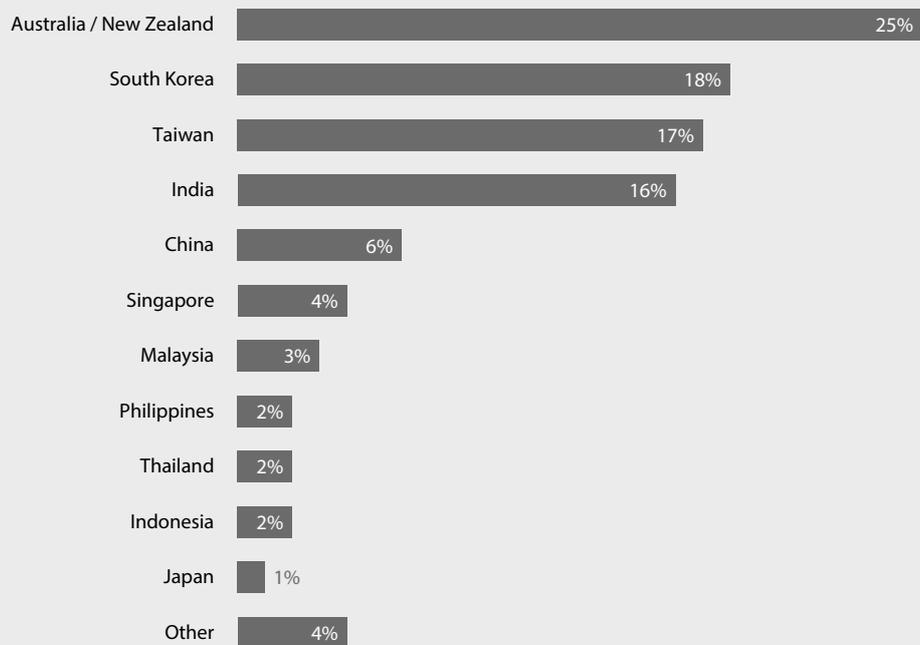
Respondents: 12,815

Figure 23: In which of the following countries are you based? (European respondents)



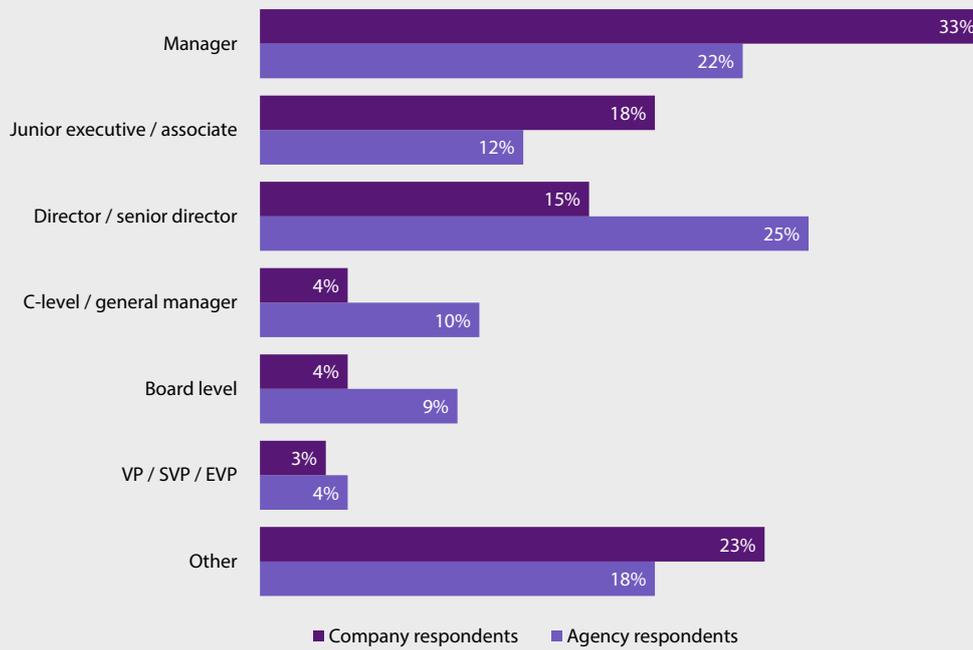
Respondents: 5,798

Figure 24: In which of the following countries are you based? (APAC respondents)



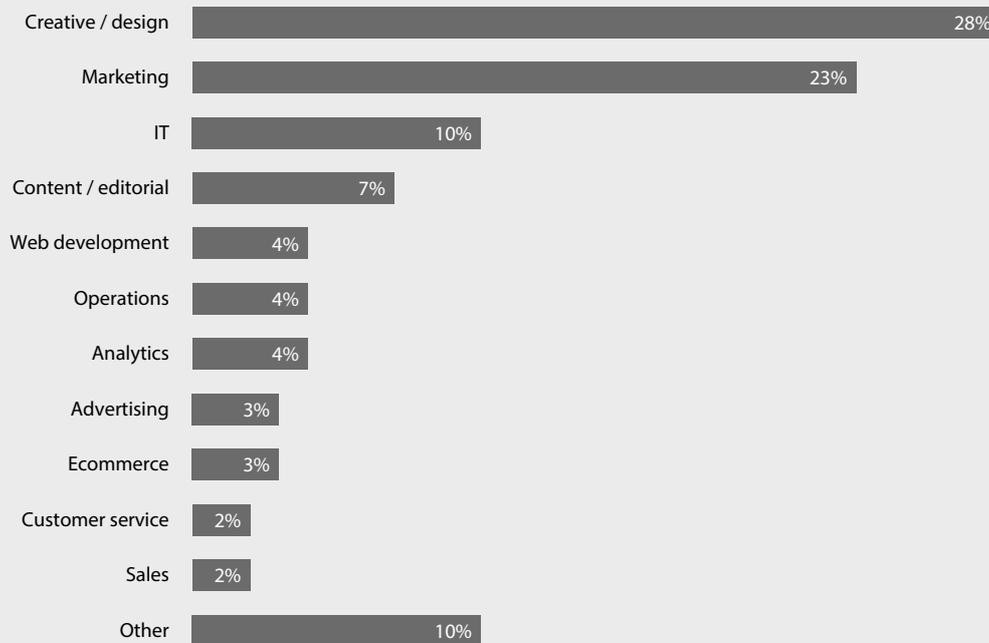
Respondents: 3,797

Figure 25: What best describes your job role?



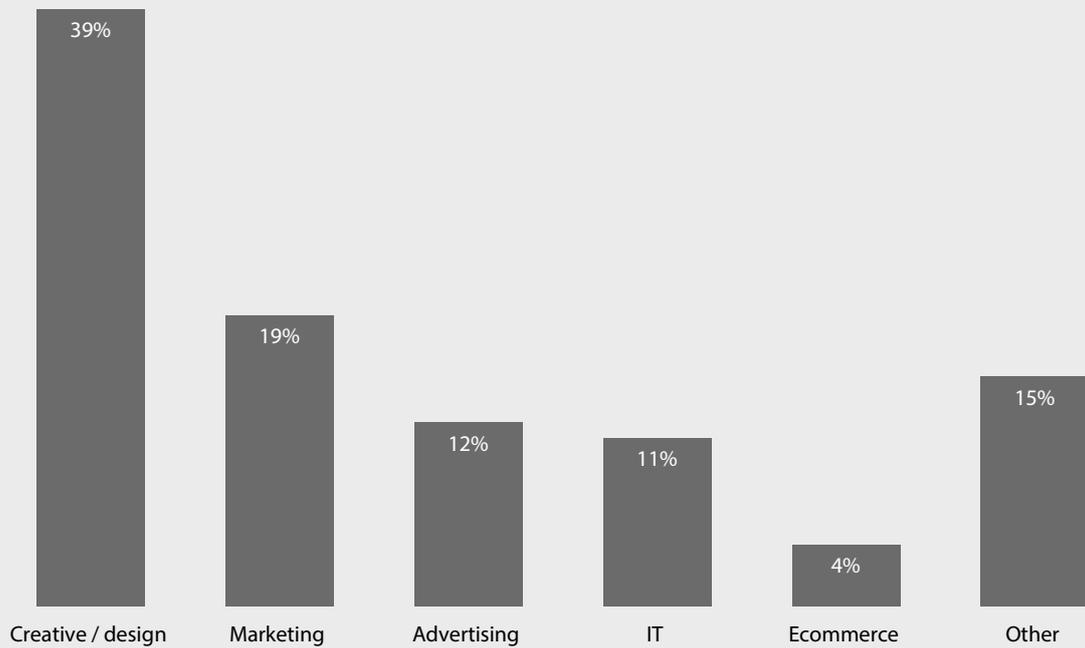
Company respondents: 6,642
Agency respondents: 4,551

Figure 26: Which business function does your role most closely align with? (company respondents)



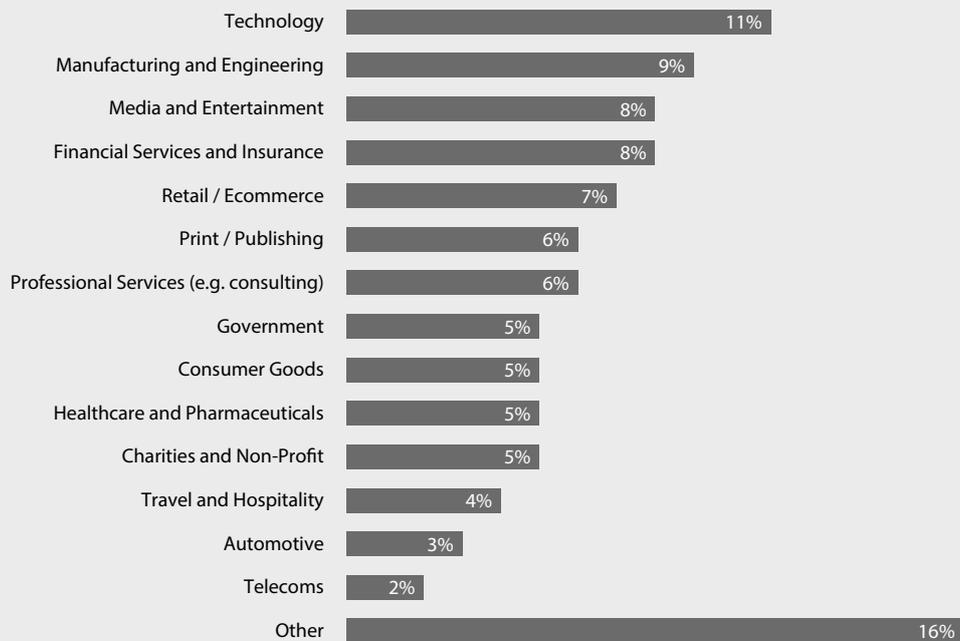
Respondents: 6,645

Figure 27: In what area is your company primarily focused in supporting clients? (agency respondents)



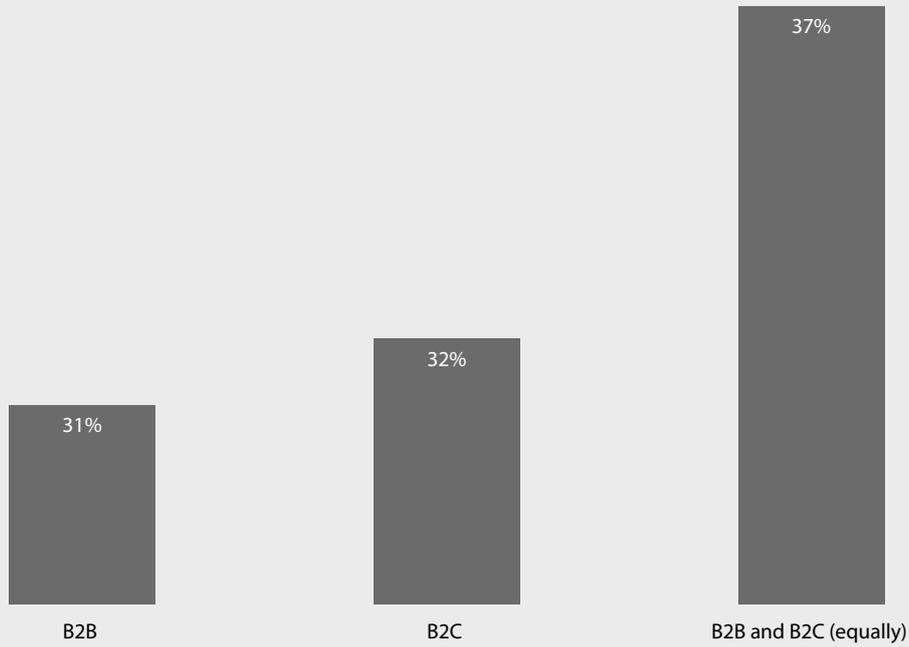
Respondents: 4,552

Figure 28: In which business sector is your organization? (company respondents)



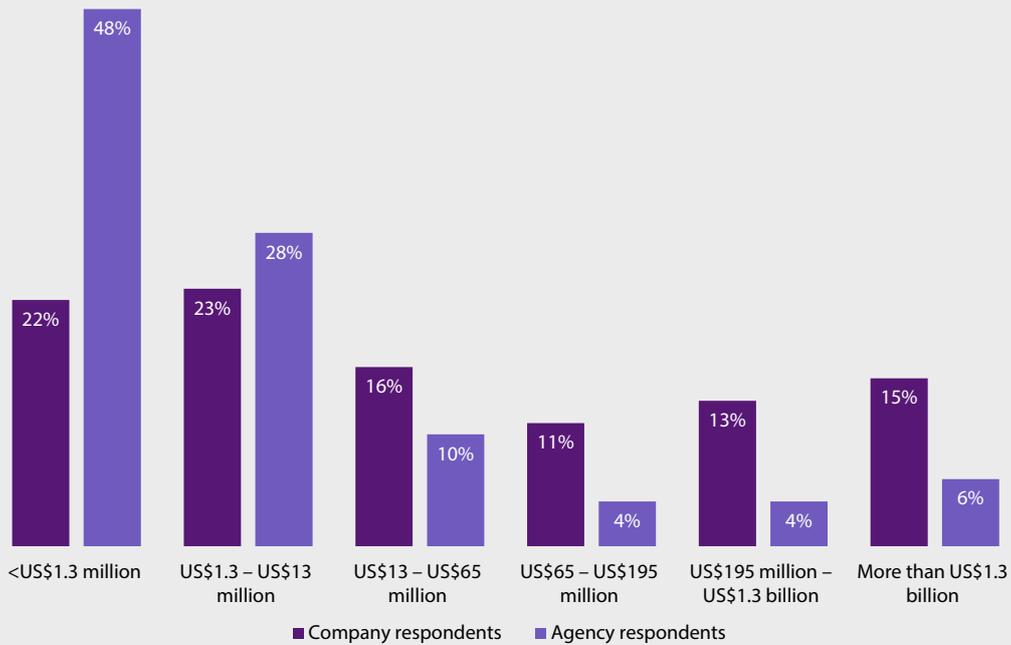
Respondents: 6,255

Figure 29: Are you more focused on B2B or B2C as a business? (company respondents)



Respondents: 6,239

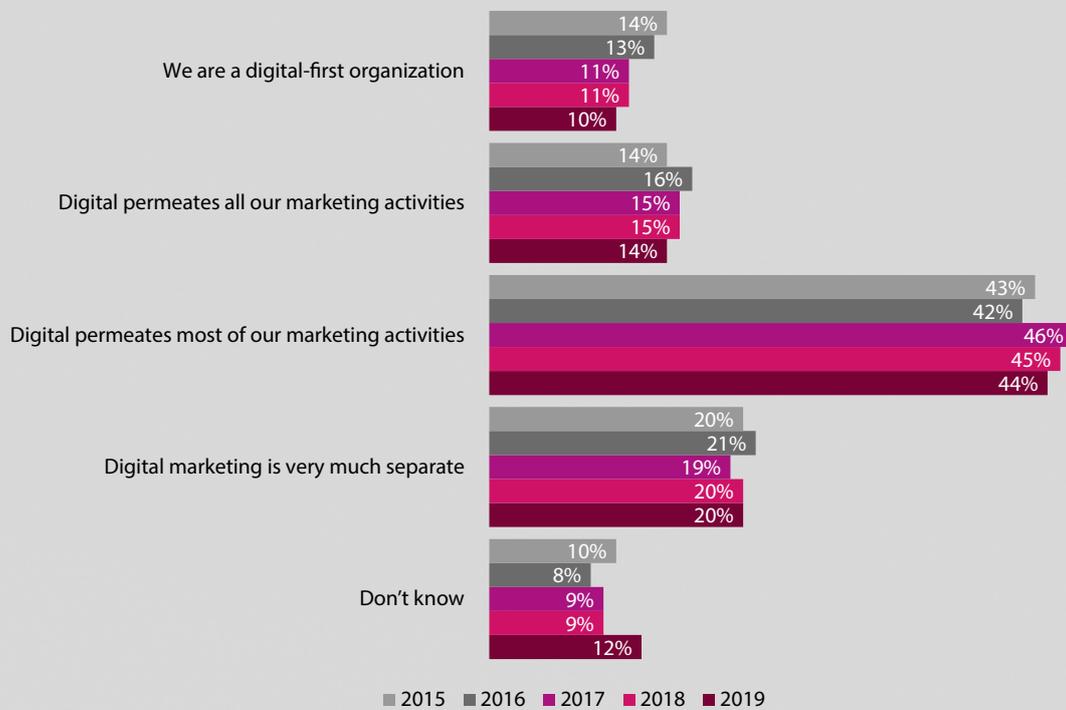
Figure 30: What is your annual company revenue?



Company respondents: 3,181
Agency respondents: 2,128

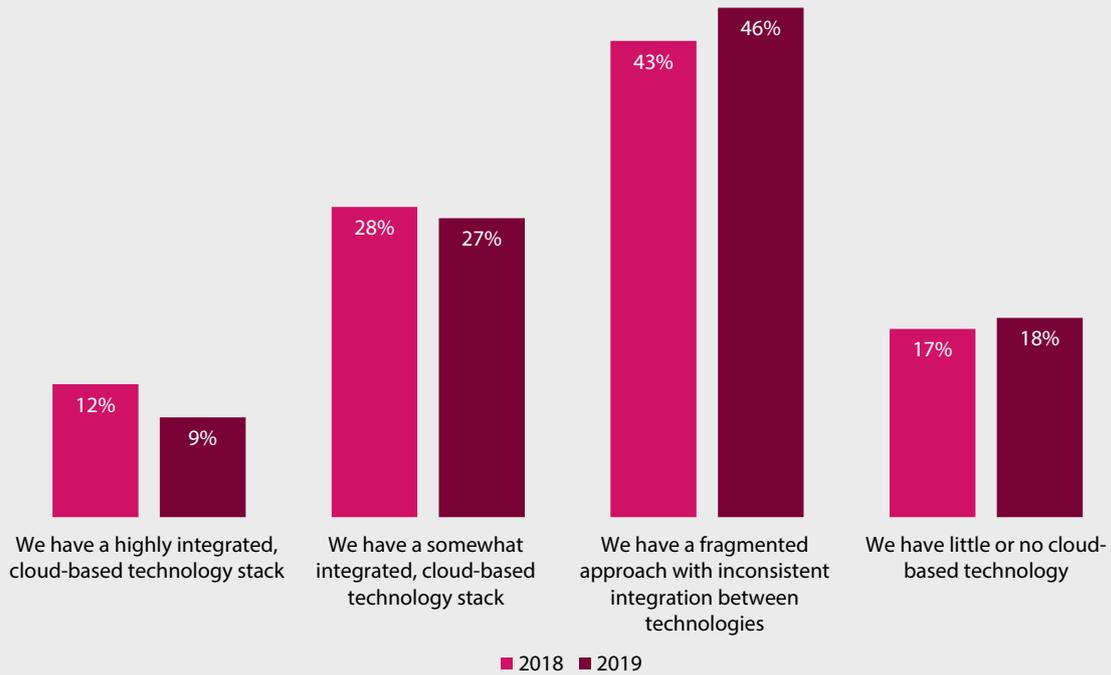
Appendix 2: Other selected charts.

Figure 31: To what extent does digital permeate your own organization's marketing activities?



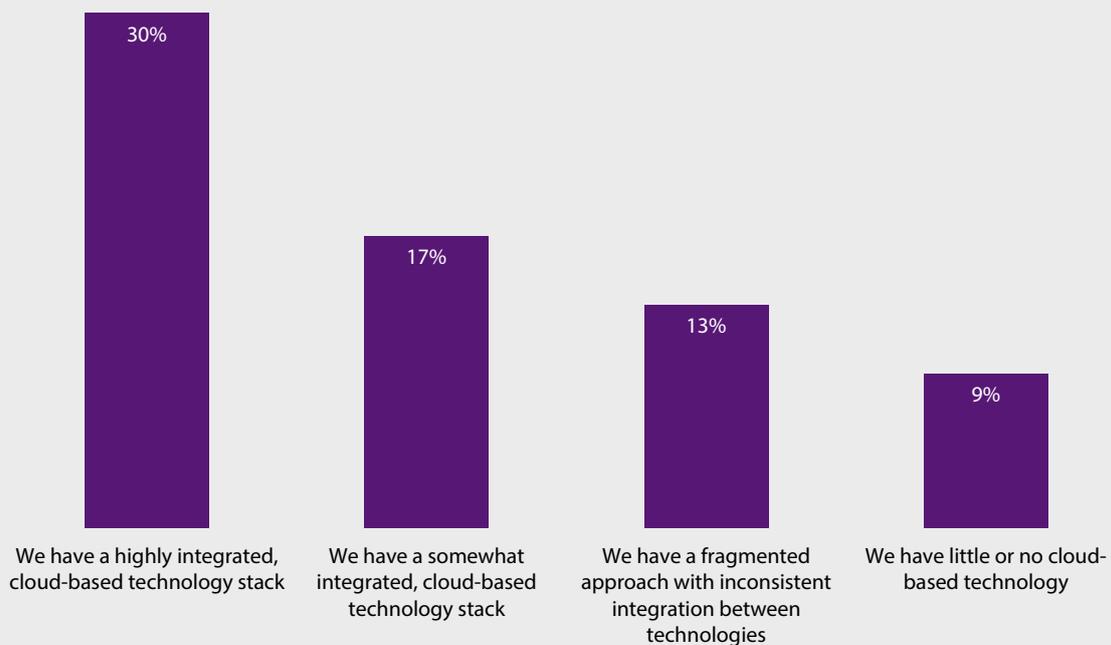
Respondents 2019: 3,438 | 2018: 4,197
Respondents 2017: 5,289 | 2016: 2,638 | 2015: 2,245

Figure 32: What best describes your organization’s approach to marketing and customer experience technology?



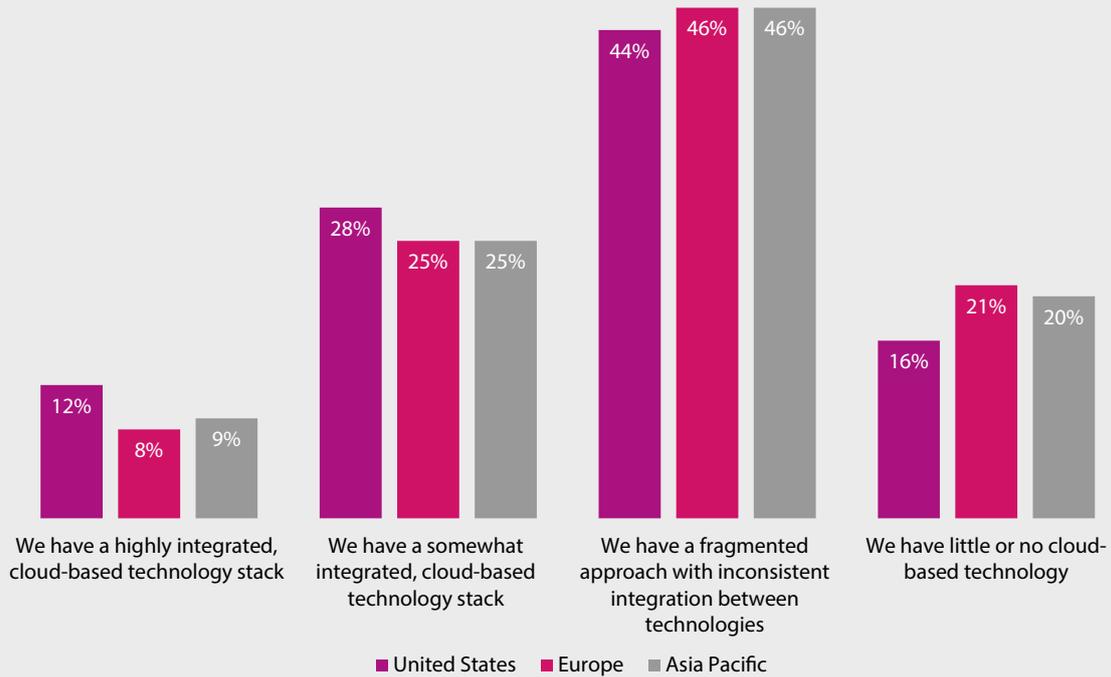
Respondents 2019: 3,643
Respondents 2018: 3,181

Figure 33: Proportion of responding companies that exceeded their top 2018 business goal by a significant margin (for different types of technology setup)



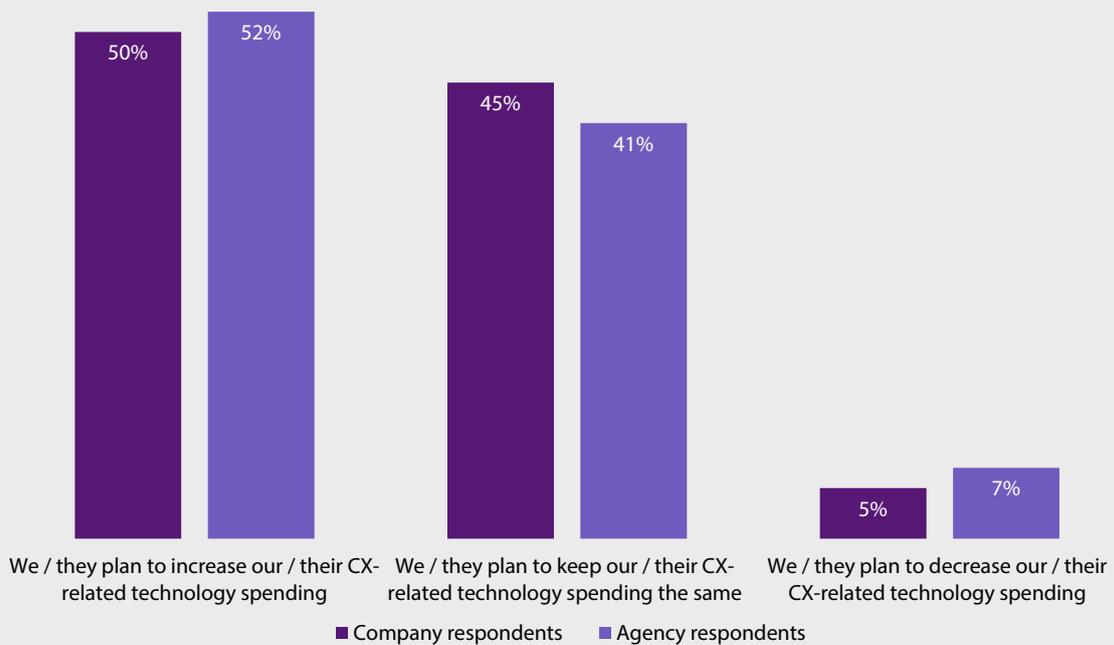
Respondents: 3,241

Figure 34: What best describes your organization’s approach to marketing and customer experience technology? (regional comparison)



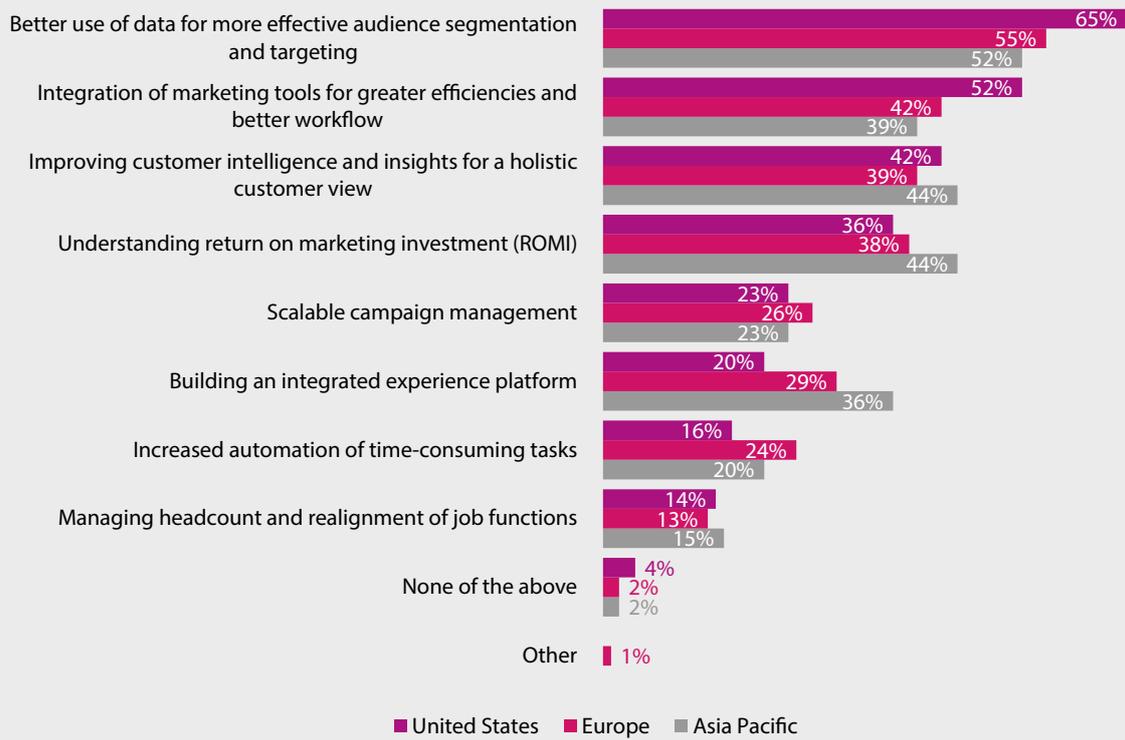
Respondents: 3,643

Figure 35: What best describes your (or your clients’) plans for CX-related technology spending in 2019?



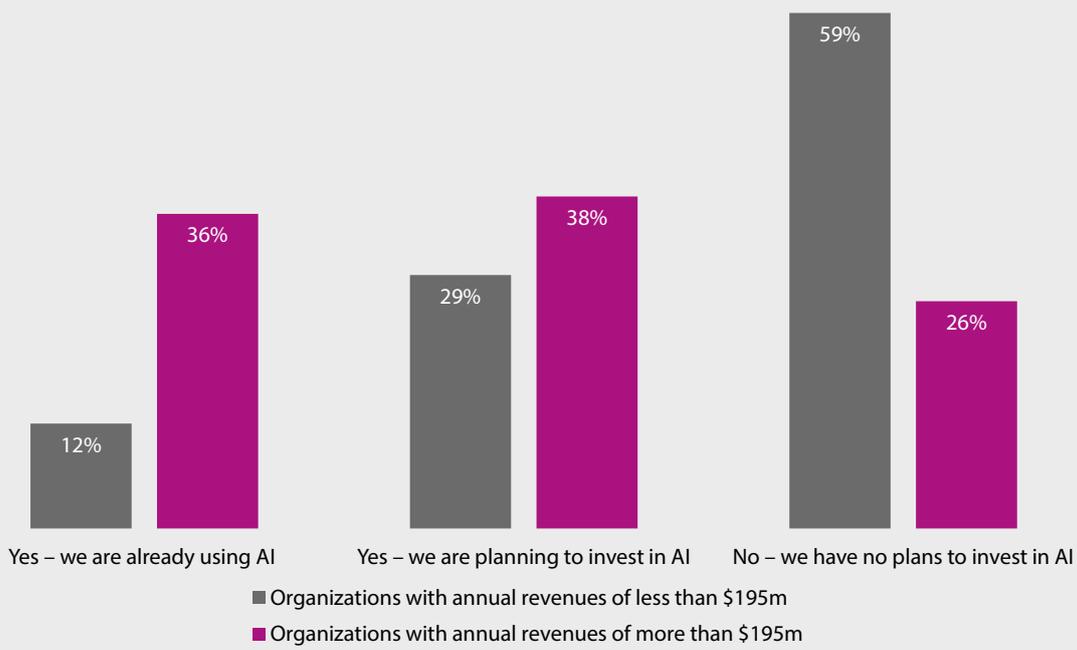
Company respondents: 2,593
Agency respondents: 2,325

Figure 36: Which three marketing-related areas do you expect to jump furthest up your organization's priority list in 2019? (regional comparison)



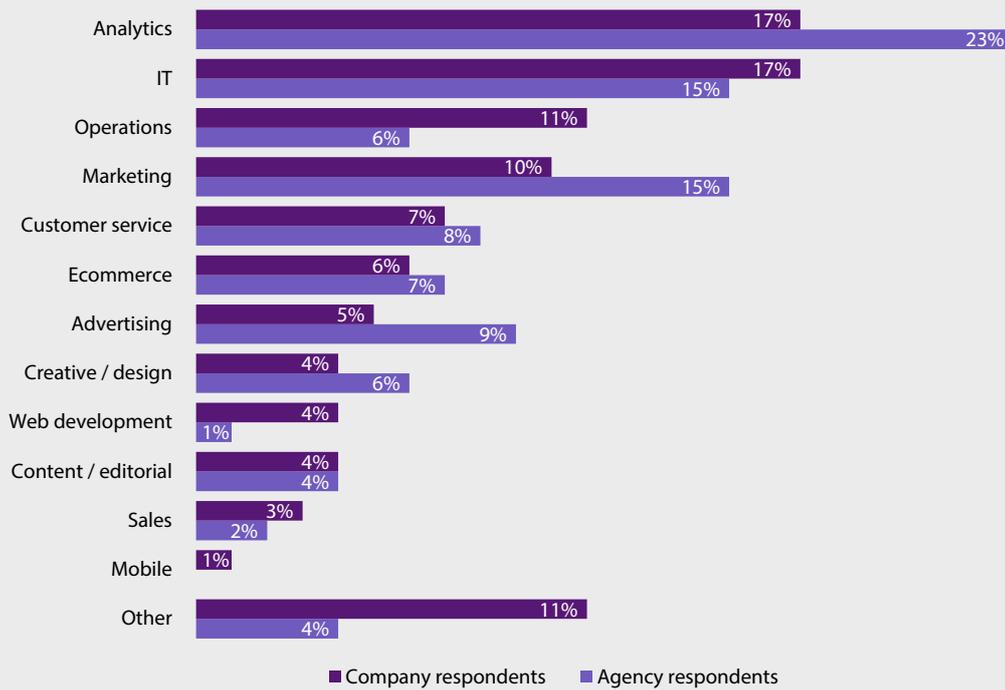
Respondents: 1,040

Figure 37: Is your organization using or planning to invest in artificial intelligence (AI) in 2019? (larger versus smaller organizations)



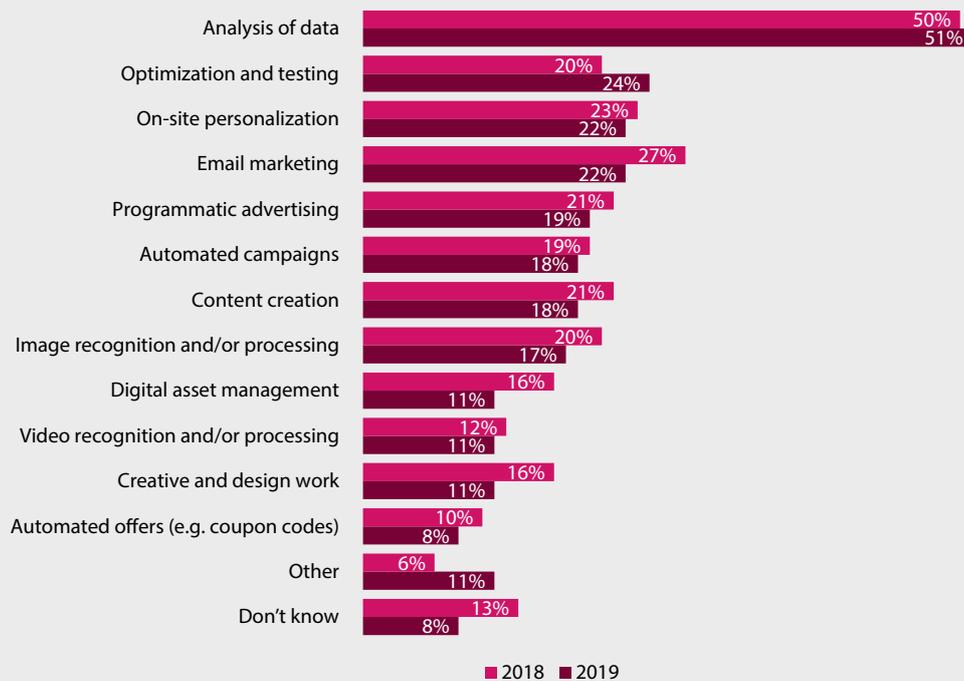
Respondents: 2,103

Figure 38: Which department in your organization (or your clients' organizations) is making the most use of artificial intelligence and machine learning for the automation of tasks?



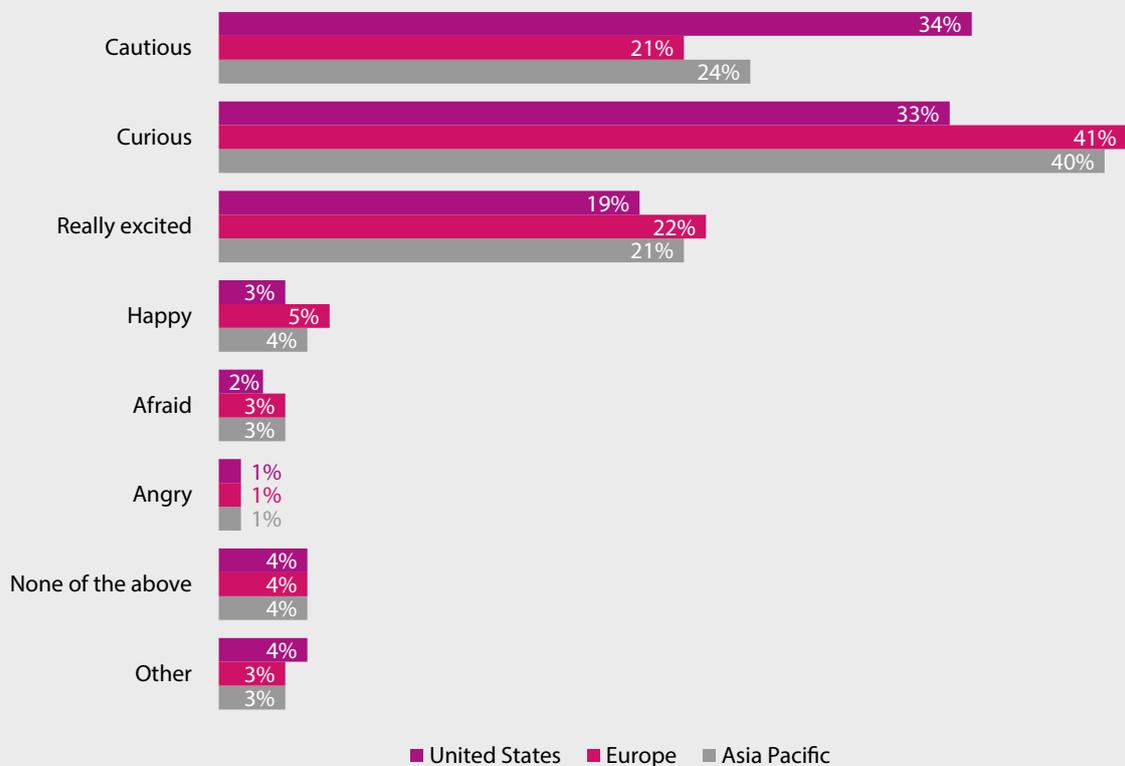
Company respondents: 477
Agency respondents: 288

Figure 39: With regards to automation of specific marketing-related activities, what is your organization currently using AI for?



Respondents 2019: 483
Respondents 2018: 341

Figure 40: When you think about technology of the future like self-driving cars or grocery stores without employees, how does it make you feel? (regional comparison)



Respondents: 3,569



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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>.