



Digital Intelligence Briefing

Econsultancy



2018 Digital Trends

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Digital Intelligence Briefing: 2018 Digital Trends

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Foreword by Adobe

John Watton

Senior Director, Marketing,
Adobe

Yet again we have been blown away by the response to our Digital Trends survey, with almost 13,000 marketers taking part globally. This year's report, now in its eighth year, gives an annual view of the 'state of the nation' of digital, alongside data showing what distinguishes outperforming companies from their peers.

While there are plenty of new insights in this year's report, the message is again coming through loud and clear that we have well and truly moved into an era where experience is the focal point of digital activities.

At the same time there's a 'creativity renaissance' happening. Organizations across the globe are investing more heavily in design to differentiate their brands. In fact, organizations that described themselves as 'design-driven' are more likely to significantly exceed their business goals.

It takes the right culture to achieve the right blend of tech, data and design. Companies committed to delivering experiences are adopting a cross-team approach with the customer at the heart of all initiatives and collaboration. These organizations are winning by a significant margin, and have built a cohesive, long-term plan for attracting future customers. So, it's not surprising that these companies are at the top of their sectors.

It's encouraging to see so many organizations ramping up their investments in key digital areas to create the best customer experience possible. Here at Adobe, we wish you success in your endeavors for the year ahead.

Enjoy the report!



Executive Summary

Econsultancy's 2018 Digital Trends report, published in association with Adobe, is based on a global survey of 12,795 marketing, creative and technology professionals in the digital industry across EMEA, North America and Asia Pacific.

Now in its eighth year, the research looks at the most significant trends that will impact companies in the short to medium term. As part of this year's study, we have also identified a number of top-performing companies in order to identify how they are focusing their activities and investments differently compared to their peers.

High-performing companies are those organizations that exceeded their top 2017 business goal by a significant margin, and who have also significantly outperformed their competitors.

Key insights from the research include:

Companies continue to focus on the customer experience (CX), as well as the content required to facilitate this. Organizations committed to CX are shown to outperform their peers.

- › Asked about the single most exciting opportunity for the year ahead, optimizing customer experience (19%) again comes out on top, ahead of data-driven marketing that focuses on the individual (16%) and creating compelling content for digital experiences (14%).
- › Organizations with a 'cross-team approach with the customer at the heart of all initiatives' are nearly twice as likely to have exceeded their top 2017 business goal by a significant margin (20% vs. 11%).
- › Just under two-thirds (62%) of companies agree they have 'a cohesive plan, long-term view and executive support for the future of [their] customer'.
- › The top strategic priority for organizations in 2018 is content and experience management. Almost half (45%) of companies surveyed rank this as one of their three most important priority areas for the year ahead, with a fifth (20%) stating that this is their primary focus.

We are entering a 'design and creativity renaissance', with top-performing companies recognizing the importance of these capabilities to complement data and technology excellence.

- › The survey has found that just under three-quarters (73%) of respondents say their companies are *investing in design to differentiate* their brands.
- › Organizations describing themselves as 'design-driven' are 69% more likely than their peers to have exceeded their 2017 business goals by a significant margin (22% vs. 13%). Similarly, organizations where creativity is highly valued are 46% more likely to have exceeded their 2017 business goals by a significant margin (19% vs. 13%).
- › Organizations that '*have well-designed user journeys that facilitate clear communication and a seamless transaction*' are 57% more likely to have significantly surpassed their 2017 business goals (22% vs. 14%).

Investment in technology and related skills is paying dividends, with integrated platforms fast-becoming a prerequisite for success.

- › A lack of integrated marketing technology reduces the chances of providing a seamless customer experience, and can also be frustrating for marketers and other employees who want to go about their jobs without unnecessary restrictions in their ability to acquire, retain and delight customers.
- › In terms of their tech setup, 43% of organizations report a *fragmented approach with inconsistent integration between technologies*. Top-performing companies are almost three times as likely as their mainstream peers to have invested in a *highly-integrated, cloud-based technology stack* (25% vs. 9%).
- › Digital skills are vital for a range of marketing tools and platforms. Almost three-quarters (73%) of respondents agree that their companies are *'combining digital marketing skills with technology'*. Companies doing this are nearly twice as likely to have surpassed their 2017 business goals by a significant margin (20% vs. 11%), according to our analysis.

AI set to play a growing role in helping marketers to deliver more compelling real-time experiences.

- › When asked about the themes and technologies they are most excited about over a three-year timeframe, *'delivering personalized experiences in real time'* is by far the most popular choice across all regions, with more than a third (36%) of company respondents, and 40% of their agency counterparts, selecting this option.
- › Top-performing companies are more than twice as likely as their peers to be using AI for marketing (28% vs. 12%). Only 15% of companies are already using AI, but a further 31% are planning to do so in the next 12 months. Looking only at respondents with annual revenues of more than \$195m, the proportion of organizations using AI increases to 24%.
- › *Analysis of data* is a key AI focus for businesses, with companies keen to create insight out of the vast quantities of often unstructured data being generated by customers' activity. *On-site personalization* is the second most-commonly cited use case for AI.



3. Review of 2017: digital-first organizations more likely to have exceeded business goals

The Digital Trends report, published by Econsultancy in partnership with Adobe, is based on the largest global survey of its kind, with almost 13,000 marketers and digital professionals taking part. Before outlining the key trends of 2018, it is instructive to see how the perspective on last year's biggest digital opportunities has changed with the benefit of hindsight (*Figure 1*).

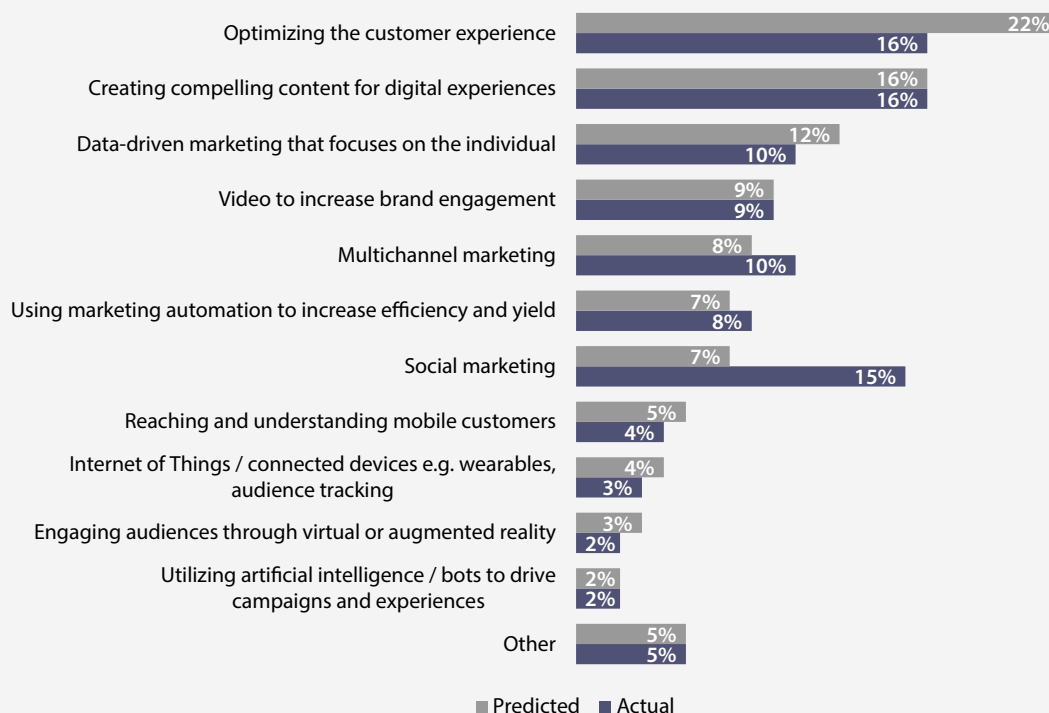
Last year¹ more than a fifth (22%) of respondents said that *optimizing the customer experience* would be the single most important opportunity for their organization in 2017, ahead of *creating compelling content for digital experiences* (16%) and *data-driven marketing that focuses on the individual* (12%).

While customer experience optimization did indeed transpire to be a top opportunity, it lost ground to the creation of compelling content which lived up to its billing as the second most exciting area of focus. Each of these opportunities, which are by no means mutually exclusive, garnered 16% of the vote.

Top-performing companies are **twice as likely** as their mainstream peers to classify themselves as digital-first (18% versus 9%).

1. https://offers.adobe.com/en/uk/marketing/landings/_2017_digital_trends_report.html

FIGURE 1: LAST YEAR'S MOST EXCITING OPPORTUNITY – PREDICTED VS. ACTUAL



Note: Percentages for 'predicted' are taken from the 2017 Digital Trends report (i.e. 'Which one area is the single most important opportunity for your organization in 2017?'), while percentages for 'actual' are taken from this year's survey ('Looking back on the past year, which of these turned out to be the biggest opportunity in 2017?').

Respondents 2018 (actual): 2,652
Respondents 2017 (predicted): 4,974



Social marketing, meanwhile, has significantly over-indexed against last year's predictions, as indeed was the case a year ago when we looked back on 2016. According to Statista², there will be more than 2.5 billion worldwide social media users by the end of this year, with the number continuing to climb as more people acquire smartphones and seek to connect and communicate through platforms such as Facebook, Instagram, WeChat and Sina Weibo.

Social marketing is the gift that keeps on giving for marketers who continue to explore ways of harnessing both paid-for and organic social media. However, given Facebook's recent announcement about newsfeed prioritization of posts from friends and family, it will be interesting to see this year whether this sounds the death knell for organic social activity on Facebook, as some commentators are predicting³.

The gap between the proportion of respondents who predicted that *data-driven marketing* would emerge as the top opportunity (12%), and the number of those who actually saw this transpire (10%), has now closed to only two percentage points, down from eight percentage points last year, when the equivalent figures were 16% and 8%. As with creation of compelling content, this type of approach is inextricably linked with improvement of the customer experience.

Like social marketing, *multichannel marketing* is a discipline that outperformed against expectation as an opportunity last year (8% predicted, vs. 10% actual). Many organizations continue to reap the benefits of a more joined-up approach to their marketing activities across a range of digital and offline channels. Improvements to marketing platforms and the increased ability to achieve a single customer view – or at least something close to that – have enabled many businesses to benefit from orchestrated marketing campaigns that provide a more consistent and synchronized experience for users.

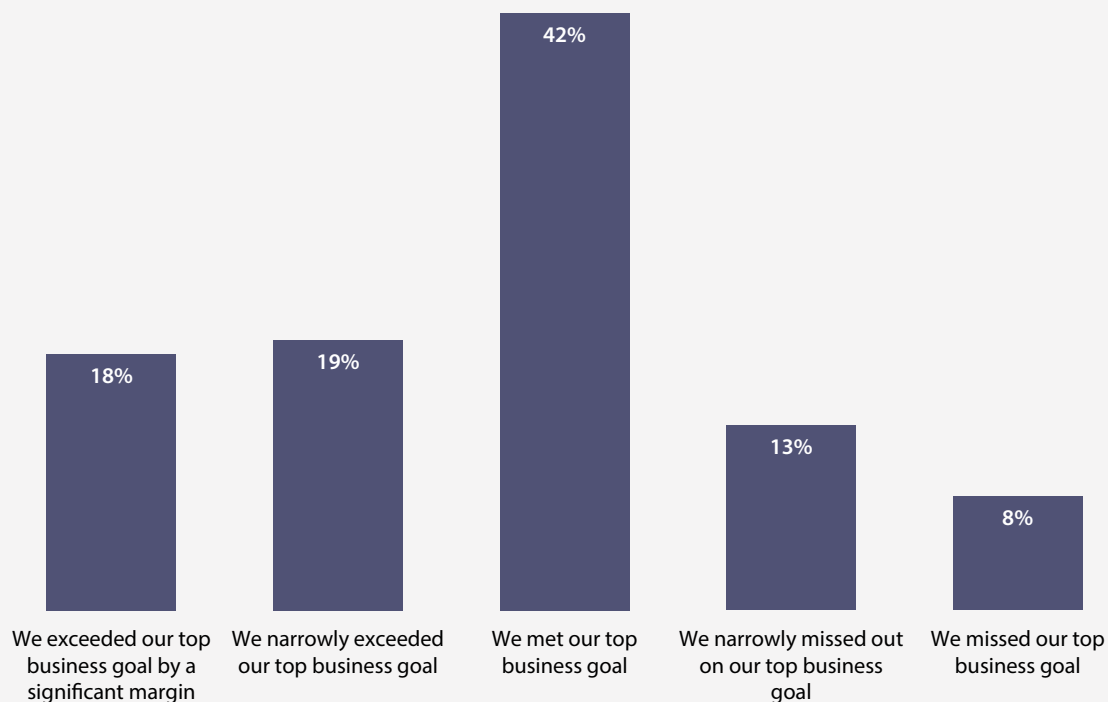
On a similar theme, *using marketing automation to increase efficiency and yield* also met expectations (7% predicted, vs. 8% actual). This is more evidence that the promise of more automation of time-consuming marketing tasks to improve marketing performance is becoming a reality. The benefits of marketing automation are currently more apparent in the world of B2B, with 11% of these respondents citing this as the biggest opportunity in 2018.

While they have been talked about for many years, *Figure 1* shows that areas such as the *Internet of Things (IoT)*, *virtual or augmented reality*, and *utilizing artificial intelligence / bots* are still very much the preserve of early adopters. A combined total of only 7% describe these areas as last year's biggest opportunity, showing there is huge scope for marketers to engage with these types of technology more extensively. AI is explored more fully in *Section 10* of this report.

2. <https://www.statista.com/statistics/278414/number-of-worldwide-social-network-users/>

3. <https://digiday.com/marketing/organic-reach-facebook-dead-advertisers-will-spend-reach-facebooks-feed-purge/>

FIGURE 2: THINKING ABOUT PAST YEAR'S PERFORMANCE (I.E. 2017), WHICH STATEMENT BEST DESCRIBES HOW YOUR DEPARTMENT PERFORMED AGAINST ITS TOP BUSINESS GOAL?



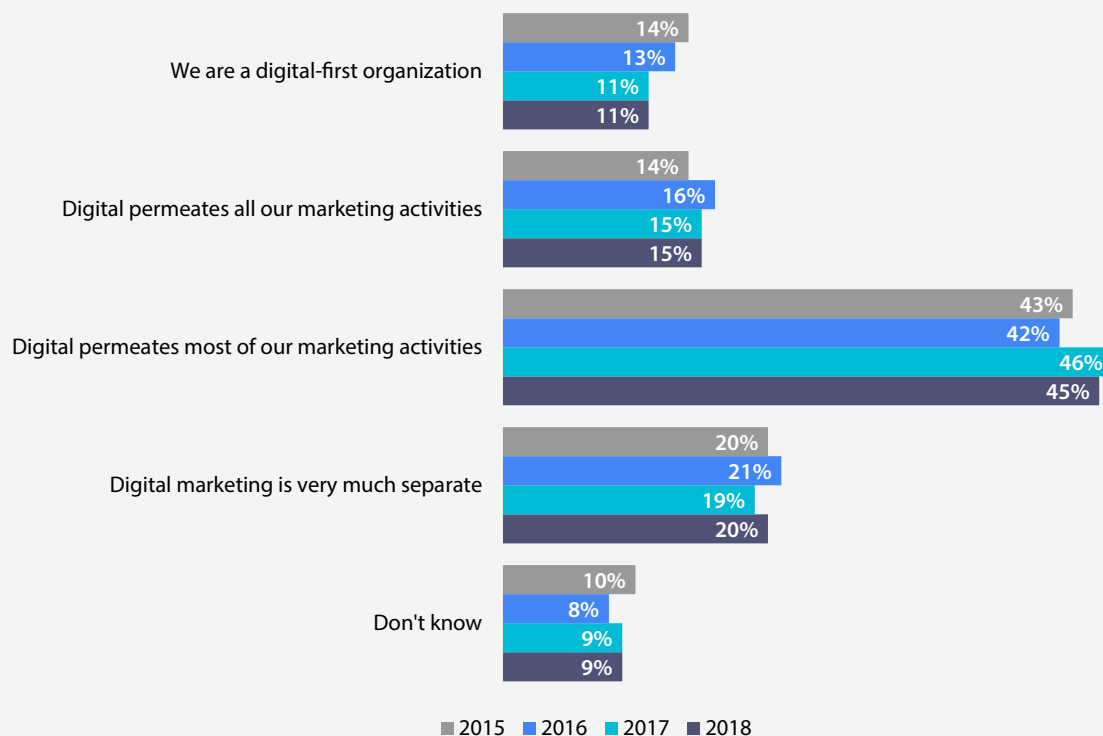
Respondents: 5,949



BUSINESS PERFORMANCE

This year's report sees the introduction of a new question to ascertain how company respondents view their department's 2017 performance in the context of their top business goal (*Figure 2*). Used in tandem with a question about how companies are performing against their competitors (see *Figure 33* in the *Appendix*), we have identified the most successful organizations to understand what top-performing companies are doing differently from their peers.

FIGURE 3: TO WHAT EXTENT DOES DIGITAL PERMEATE YOUR OWN ORGANIZATION'S MARKETING ACTIVITIES?



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

A key finding from the research is that top-performing companies are twice as likely as their peers to classify themselves as digital-first (18% versus 9%). As can be seen in *Figure 3*, digital-first organizations amount to 11% of companies that took part in this research globally, a percentage that has declined from 14% in 2015. While a digital-first approach is not necessarily something that all businesses should aspire to, the benefits for those who have achieved this are apparent.

Almost twice as many companies (20%) say their digital marketing activity is *very much separate* than digital-first (11%), with these organizations seemingly unable to break out of a siloed business structure that ultimately impedes their chances of success. Further analysis shows that companies in the Asia Pacific (APAC) region are 50% more likely than their counterparts in North America to have a separate digital marketing function (24% compared to 16%).

At a global level, as has been the case in previous years, survey respondents are most likely to say that digital *permeates most marketing activities* (45%).



4. Companies get quantifiable uplift from customer-centric approach... it's the year of CX again

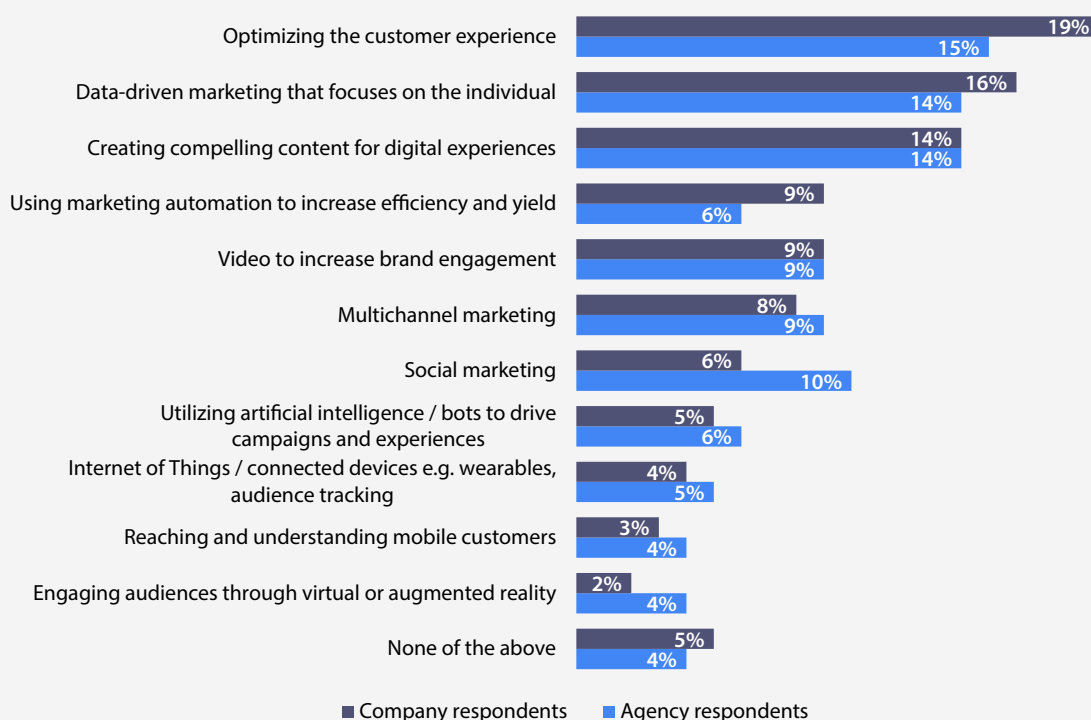
After our review of how 2017 matched up against expectations, it's now time to see what is top of the agenda for 2018. Optimization of the customer experience again comes out on top, with just under a fifth (19%) of respondents saying that this is the most exciting opportunity (Figure 4). While there has been a statistically significant drop from 22% since 2017 (Figure 1), this doesn't mean that CX has become less important. Rather, some companies are more focused on other, more specific, opportunities, all of which feed into the overall customer experience, to a greater or lesser extent.

A good example of this is data-driven marketing which, from the perspective of client-side respondents, has climbed from 12% in 2017 to 16% for 2018. This suggests that companies are redoubling their efforts in this area after a year of frustration. With the benefit of hindsight, only 10% saw this to be the biggest opportunity in 2017 (Figure 1).

Companies continue to reap the benefits of a data-driven approach to marketing, with a more rigorous and scientific approach helping marketers to spend their precious budgets more effectively, and to justify the impact of their investment to safeguard and increase their budgets in the future.

Organizations with a 'cross-team approach with the customer at the heart of all initiatives' are **nearly twice as likely** to have exceeded their top 2017 business goal by a significant margin (20% vs. 11%).

FIGURE 4: WHICH ONE AREA IS THE SINGLE MOST EXCITING OPPORTUNITY FOR YOUR ORGANIZATION (OR YOUR CLIENTS) IN 2018?



Company respondents: 2,857
Agency respondents: 2,597



“

Essentially, digital transformation is about people, process and technology, and you need the right mix of skills and an environment for people to flourish in, as well as the right technology to enable them.

Jamie Brighton, Head of Product Marketing for Adobe Experience Cloud, EMEA

Although many companies may now be better equipped in terms of skills and technology to make this aspiration a reality, it should be acknowledged that data-driven marketing does not represent a Holy Grail for everyone. While marketing should certainly be powered by data, creativity and intuition are key components for effective marketing and creation of great customer experiences. Not wanting to underplay the importance of data, ‘data-informed marketing’ may be a better phrase than ‘data-driven marketing’.

Customer experience can be defined as the complete set of interactions and engagements that a customer has with a brand, including online touchpoints such as video views, mobile and desktop content consumption, ecommerce transactions and emerging technologies such as chatbots and connected IoT devices, as well as offline touchpoints such as in-store, in-branch, outdoor and experiential advertising.

There is a wealth of research to show that an improved customer experience will pay dividends by delivering better business performance. According to the 2016 Temkin Experience Ratings⁴, companies that are categorized as ‘experience leaders’ have net promoter scores 22% higher than those rated as ‘experience laggards’, showing that the better the customer experience, the more likely people are to recommend a brand.

Just as compellingly, the Reinventing Loyalty report⁵, published in 2017 by Goldsmiths University in partnership with Adobe, found that nearly two-thirds (61%) of 5,000 European consumers surveyed agreed they felt loyal to brands that tailored their experiences to their preferences and needs. Furthermore, 51% said they would buy from a brand they had never heard of before if a better offer and experience was provided.

Research for this Digital Trends report highlights the value of a customer-centric approach, showing that organizations with ‘a cohesive plan, long-term view and executive support for the future of their customer’ are more than twice as likely as their peers to significantly outperform their competitors (27% vs. 13%).

While the importance of customer experience is now widely accepted, companies face an ongoing challenge to ensure that they have the right building blocks in place to facilitate this.

According to Jamie Brighton, Head of Product Marketing for Adobe Experience Cloud in EMEA⁶: *“Too many brands become paralyzed by not knowing where to start or how to approach the adoption of a customer-centric strategy. Essentially, digital transformation is about people, process and technology, and you need the right mix of skills and an environment for people to flourish in, as well as the right technology to enable them.”*

4. <https://temkingroup.com/product/2016-temkin-experience-ratings/>

5. <https://blogs.adobe.com/digitaleurope/files/2017/09/Adobe-Goldsmiths-Reinventing-Loyalty-Report4.pdf>

6. https://www.warc.com/content/article/bestprac/delivering_effective_digital_customer_experiences/118116

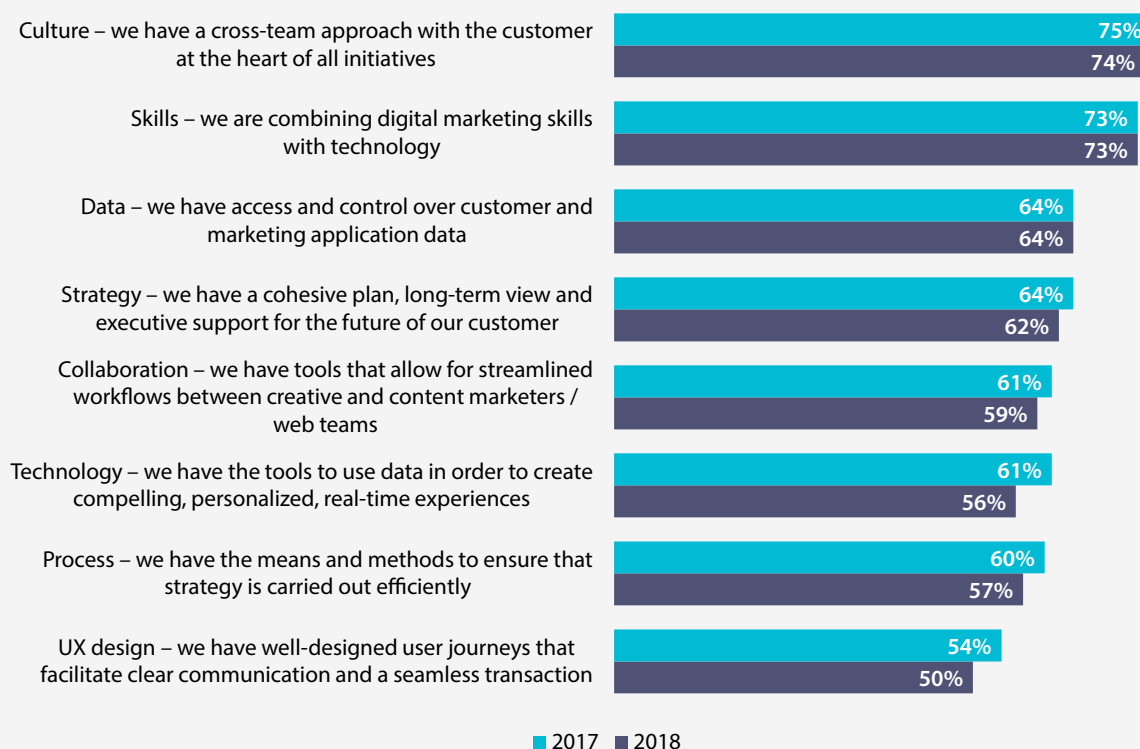
Figure 5 shows a whole range of areas that organizations need to address, and the percentages of respondents who agree in each instance that they have the necessary capabilities. The importance of a strategy that underpins CX efforts cannot be overstated. Just under two-thirds (62%) of respondents agree they have a cohesive plan, long-term view and executive support for the future of their customer, only a slight decrease from 64% in 2017.

While marketers can play a key role in leading the CX charge, the ability to delight customers transcends the marketing function. The right cultural environment is another critical requirement for success, with three-quarters (74%) of respondents agreeing that they have a 'cross-team approach with the customer at the heart of all initiatives', down marginally from 75% in 2017. Tellingly, those organizations that have this type of approach are nearly twice as likely as their peers to be exceeding their business goals by a significant margin (20% vs. 11%).

A cross-team approach ultimately means ensuring that employees are motivated to work together across departments in order to bring about the best experience for customers. It is important for businesses to reward employees based on their ability to collaborate with people in other teams. The right behavior depends on the right rewards and bonuses. Ultimately, you get the behavior you measure.



FIGURE 5: PROPORTION OF COMPANY RESPONDENTS AGREEING ('STRONGLY' OR 'SOMEWHAT') WITH THESE STATEMENTS



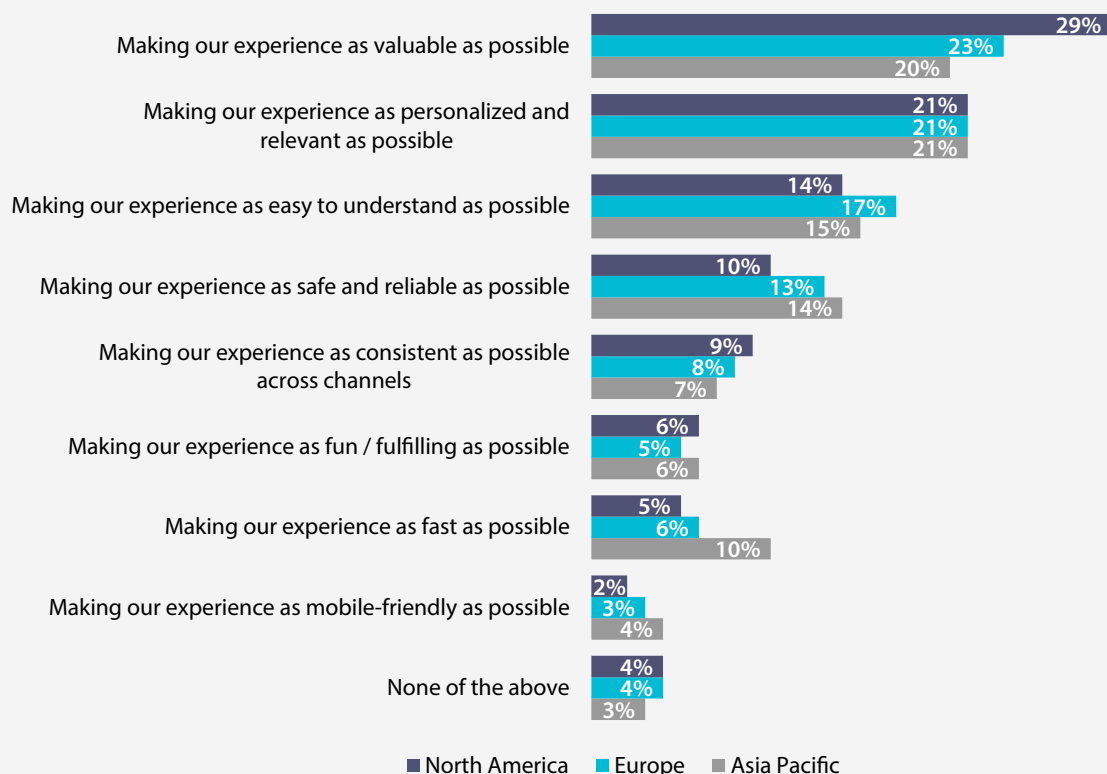
Respondents 2018: 3,534
Respondents 2017: 2,136



Figure 6 shows where companies in different regions are putting most emphasis when it comes to improving CX. For North American and European respondents, the main focus is on making the experience as *valuable as possible* (29% and 23% respectively), whereas those in APAC are most likely to focus on making the experience *as personalized and relevant as possible* (21%). APAC survey respondents are more likely than their peers in other regions to prioritize the safety and reliability of the experience, and also the speed of the experience.

The emphasis on value in North America suggests a greater appreciation of the importance of differentiating through the customer experience, likely resulting from more competition across many business sectors in North America where a sub-standard CX is simply not commercially viable.

FIGURE 6: WHERE DOES YOUR ORGANIZATION PLACE THE HIGHEST EMPHASIS IN TERMS OF IMPROVING THE CUSTOMER EXPERIENCE? (REGIONAL COMPARISON)



Respondents: 3,285

5. Dual focus on content and data fuels UX and customer journey optimization

The pivotal role of content in delivering a great CX has already been evidenced in this survey by the widely recognized opportunity to create compelling content for digital experiences (Figure 4).

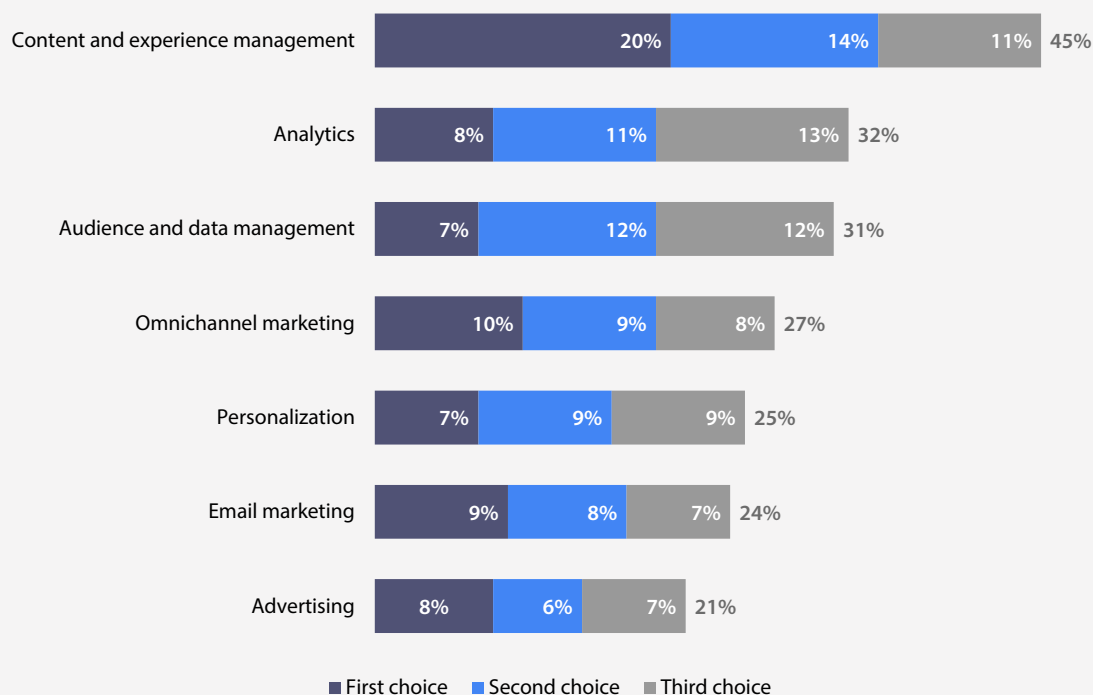
The top strategic priority for organizations in 2018 is *content and experience management* (Figure 7), encapsulating the importance of harnessing content and media assets as effectively as possible to ensure the most effective interactions with customers and prospects. Almost half (45%) of companies surveyed rank this as one of their three most important priority areas for the year ahead, with a fifth (20%) stating that this is their primary focus. As a priority area, content and experience management is head-and-shoulders above all other areas, across all regions, including North America, Europe and Asia Pacific.

And this shouldn't come as a surprise. Content is the lifeblood of marketing activities across a whole host of different touchpoints on owned and third-party digital properties, from website and advertising copy through to email marketing and social media activities. It is the fuel that drives digital experiences without which most businesses would eventually grind to a halt.



Top-performing companies are **50% more likely** than their peers to 'have well-designed user journeys that facilitate clear communication and a seamless transaction' (69% vs. 46%).

FIGURE 7: PLEASE RANK THESE SEVEN AREAS IN ORDER OF PRIORITY FOR YOUR ORGANIZATION IN 2018.



Respondents: 2,796

Although agencies can play an important role in helping their clients to develop compelling content, its increasingly strategic nature means that more organizations are seeing this as a crucial in-house competency. More than four in five (82%) respondents agree they are looking to bring content creation in-house (Figure 10). Organizations that are bringing content creation in-house are 29% more likely to have exceeded their top 2017 business goal by a significant margin (18% vs. 14%).

The next most important areas of priority for organizations are *analytics* and *audience and data management*, cited as top-three priorities by 32% and 31% of respondents respectively. The prominence of these data-related disciplines is a reminder that effective digital experiences are not possible without a strong foundation in data and analytics, to ensure that the content is being harnessed as effectively as possible, at the right time and through the right touchpoint.

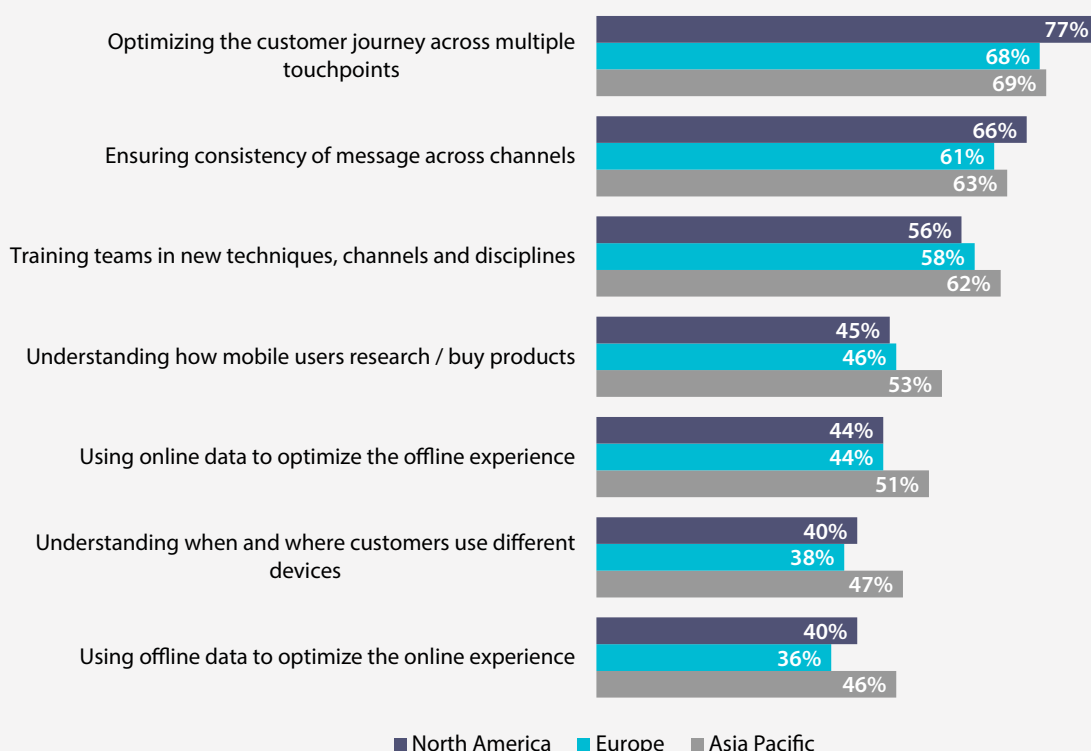
Content and data need to work in unison for delivery of the best possible digital experiences. It is evident from Figure 8 that companies in the Asia Pacific region are particularly focused on a range of data-related capabilities, including *understanding how mobile users research / buy products*, *understanding when and where customers use different devices*, *using online data to optimize the offline experience* and vice-versa (i.e. *using offline data to optimize the online experience*).

Out of the disciplines shown in Figure 8, the need to orchestrate experiences effectively across different channels and points of engagement is seen as the most crucial. *Optimizing the customer journey across multiple touchpoints* is regarded as ‘very important’ by 71% of marketers globally. In North America, this area of focus has assumed even greater importance, with more than three-quarters (77%) of respondents giving it a high-importance rating.

Tellingly, the largest organizations are more likely to be prioritizing this, with 81% of respondents at companies with more than \$195m in annual revenues saying this will be very important, compared to only 69% of their counterparts at companies beneath this revenue threshold. The larger the company, the more difficult it can be to manage a multitude of different touchpoints often overseen by different teams in different countries.

These companies are right to be putting this discipline high on the agenda. Those organizations that ‘have well-designed user journeys that facilitate clear communication and a seamless transaction’ (see Figure 5) are 57% more likely than their peers to have exceeded their business goals by a significant margin (22% vs. 14%).

FIGURE 8: PROPORTION OF COMPANY RESPONDENTS SAYING THESE WILL BE ‘VERY IMPORTANT’ FOR THEIR DIGITAL MARKETING OVER THE NEXT FEW YEARS (REGIONAL COMPARISON)



Respondents: 3,110

Key to the optimization of the user journey across channels is the effective use of data, with around two-thirds (65%) of respondents saying that *'improving data analysis capabilities to better understand customer experience requirements'* has been identified as an important internal prerequisite for CX success (Figure 9).

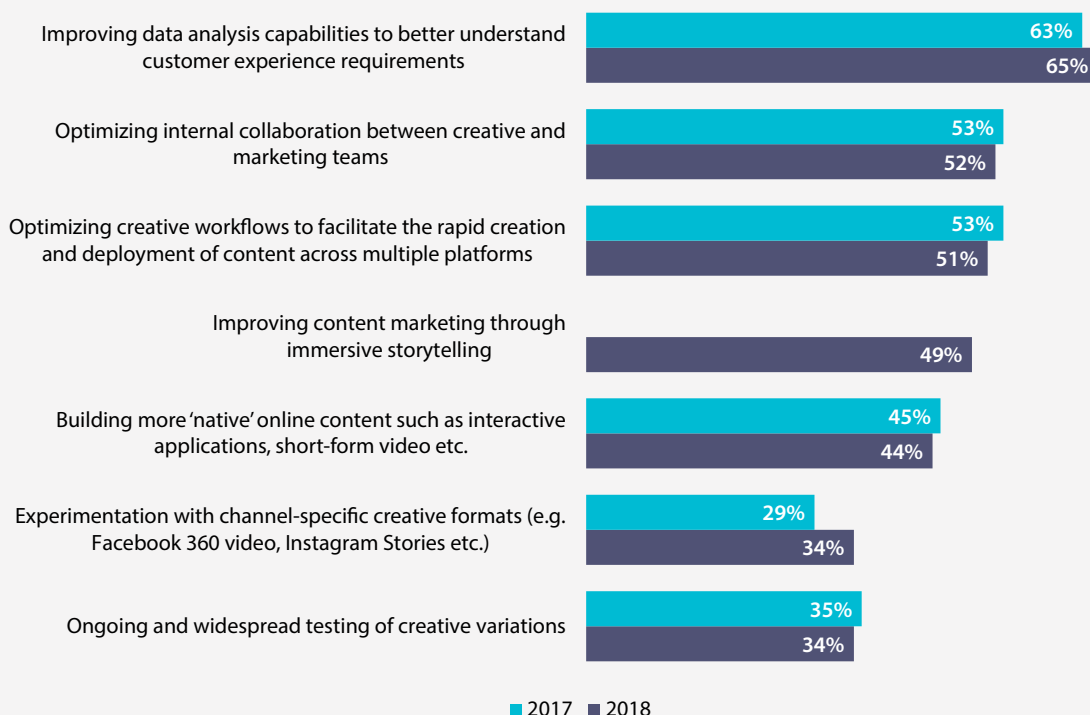
As part of the content imperative, there is also a focus on *optimizing creative workflows to facilitate the rapid creation and deployment of content across multiple platforms*. Around half (51%) of marketers rank this as very important for their business, though this percentage has fallen from 53% last year. It is worrying that this figure has not climbed as it has become more crucial than ever for organizations – especially enterprise businesses – to be able to create, maintain and control workflows with minimum friction, as they strive to cater for growing content requirements across an ever-increasing array of channels and touchpoints.

Investment in integrated technology solutions can allow companies to automate, optimize and personalize at scale, in a way that simply isn't feasible if you are relying on manual input to make this happen. The right processes and workflows are paramount, but only 17% of companies strongly agree they have *'streamlined workflows that allow [them] to respond to increasing demands from new channels'* (Figure 10).

According to our research, organizations that 'have tools that allow for streamlined workflows between creative and content marketers / web teams' are 62% more likely to have exceeded their business goals by a significant margin (21% vs. 13%).



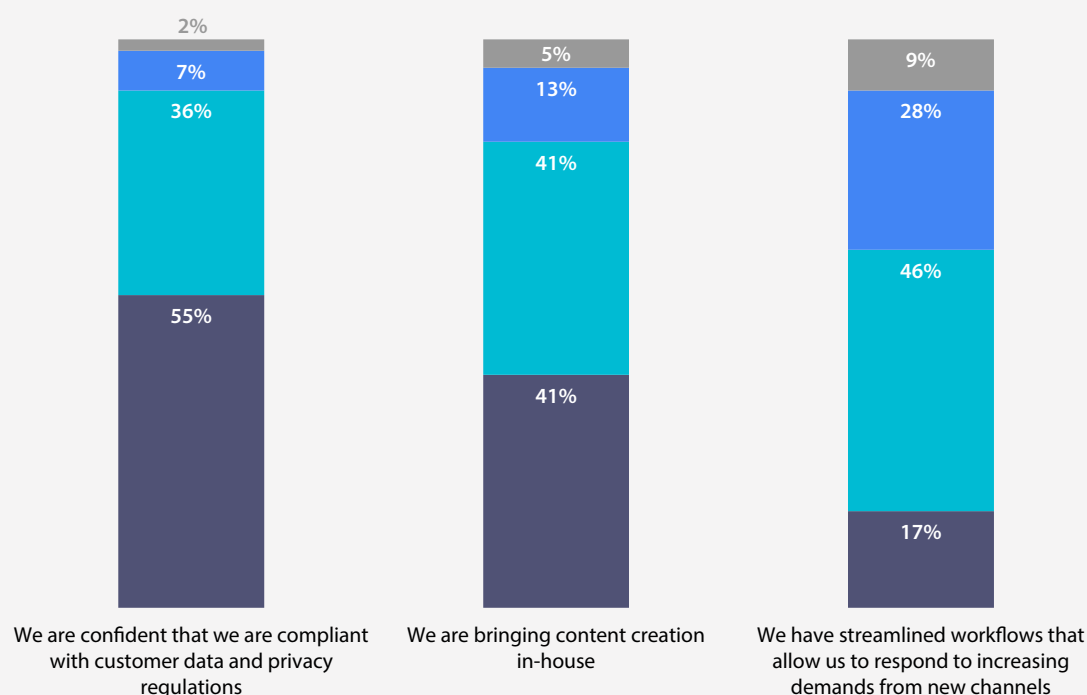
FIGURE 9: PROPORTION OF COMPANY RESPONDENTS RATING THE FOLLOWING INTERNAL FACTORS AS 'VERY IMPORTANT' IN DELIVERING A GREAT CUSTOMER EXPERIENCE OVER THE COMING YEAR



Note: 'Improving content marketing through immersive storytelling' is a new option for this year's survey.

Respondents 2018: 2,919
Respondents 2017: 3,812

FIGURE 10: PLEASE INDICATE WHETHER YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS.



Respondents: 4,198

DATA ACCESS AND CONTROL

2018 has very much been on the radar for Europe-focused businesses as the year when the EU's General Data Protection Regulation (GDPR) kicks in. Encouragingly, 91% of companies globally (and 89% in Europe) say they are confident that they comply with customer data and privacy regulations, compared to only 9% who say this is not the case (Figure 10). Only time will tell if companies are right to be confident about GDPR, or whether they have simply been burying their heads in the sand.

As was seen in Figure 5, just under two-thirds of respondents say that their organizations have 'access and control over customer and marketing application data', a capability that makes these organizations 62% more likely to have surpassed their business goals by a significant margin (21% vs. 13%).

Companies face an ongoing tension in trying to balance the growing requirement for data-driven marketing with the need for increasingly stringent data regulation. Control over customer-related data has become a hygiene factor for companies seeking to stay on the right side of the law, and is increasingly recognized as a capability that facilitates compliance rather than somehow jeopardizing this. Accessible, user-friendly and joined-up marketing platforms make it much easier to ensure 'the right to be forgotten', by enabling the deletion of personal data from a company database on request.

GDPR does not prevent businesses from gathering and storing customer information, for example their browsing history, contact information or engagement with social media posts. It just means that consumers need to have provided an opt-in to having their data stored and used, and that they are fully informed about how their information will be used.

According to Ashley Friedlein, Econsultancy Co-founder and President of Centaur Marketing, 2018 will be a year in which marketers increasingly focus on 'making sure they more directly collect and own customer and marketing data'.⁷

While privacy and regulation are an important consideration in the context of how companies organize themselves from a data perspective, the applications for data – and actual sources of data – are extremely broad-ranging.

According to Friedlein: "I believe data is the new digital. Just as digital became a 'thing', with its own teams, plans, budgets, job titles and board positions (Chief Digital Officer), in earnest around a decade ago, the same thing is happening with 'data' now. CDO is as likely to be Chief Data Officer as Chief Digital Officer. Expect dedicated data roles and teams and expect the same challenges around talent, silos, integration and matrix-working, that we have experienced, and continue to have, with 'digital'."

7. <https://econsultancy.com/blog/69737-ashley-friedlein-s-marketing-and-digital-trends-for-2018>

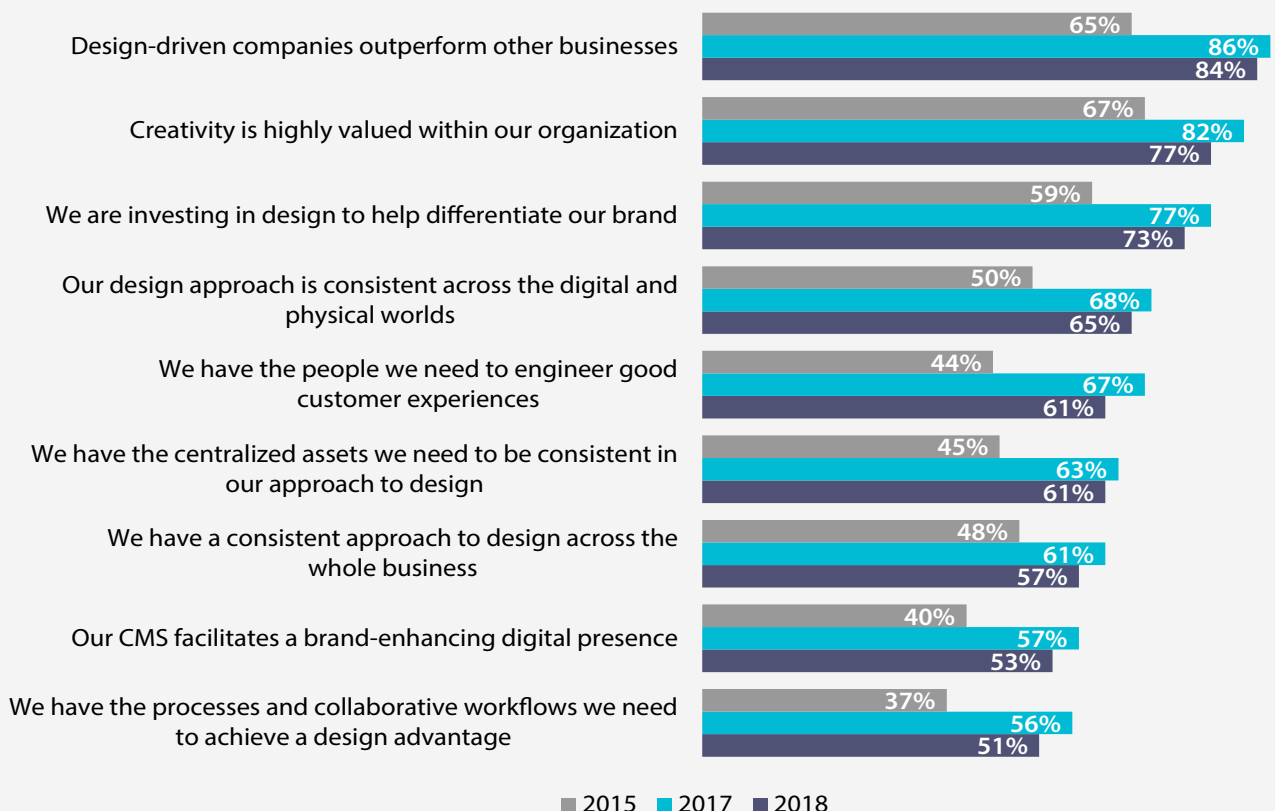
6. The design and creativity renaissance

Making the complicated seem simple doesn't happen by luck. It takes excellence in experience design (including product and service design), a capability which has never been more important for businesses that want to succeed in establishing and maintaining customers' loyalty. When respondents were asked whether they believed that design-driven companies outperform other businesses, the overwhelming majority (84%) indicated they continue to agree this is the case (Figure 11).



Organizations describing themselves as 'design-driven' are **69% more likely** to have exceeded their business goals by a significant margin.

FIGURE 11: PROPORTION OF COMPANY RESPONDENTS AGREEING ('STRONGLY' OR 'SOMEWHAT') WITH THESE STATEMENTS



Respondents 2018: 4,866
Respondents 2017: 6,508 | 2015: 781

The survey has found that just under three-quarters (73%) of respondents say their companies are *investing in design to differentiate their brands* (Figure 11). According to the Design Management Institute's Design Value Index⁸, design-driven companies outperformed the S&P 500 by 219% between 2005 and 2015. Our analysis of data for this report provides more evidence that a design-first approach pays dividends, with these companies 69% more likely than their peers to have surpassed their business goals last year by a significant margin (22% vs. 13%).

Despite this compelling evidence about the value of design, there has been a decline in the proportion of companies that describe themselves as design-led. As can be seen in Figure 12, only 17% of respondents describe themselves 'definitely' as such, a decrease from 21% in 2017 though still higher than in 2015. Companies in the Asia Pacific region are most likely to say they are 'definitely' design-led (22%).

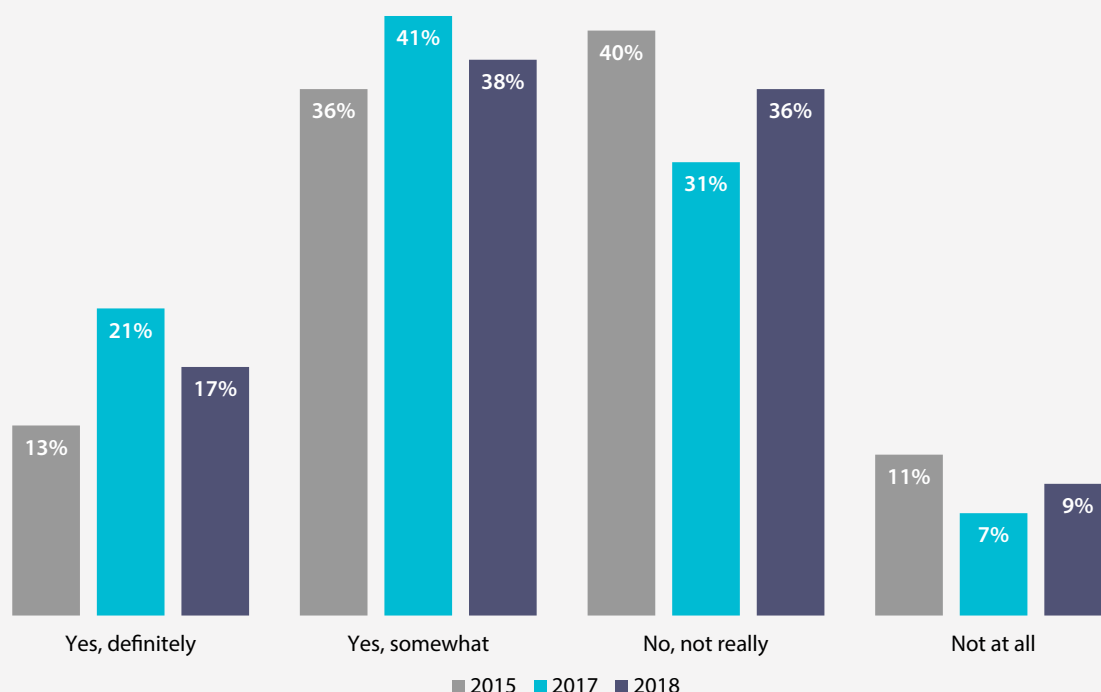
The overall fall in the number of respondents claiming that their companies are design-driven is difficult to explain, though it appears that larger organizations are struggling the most to embed this ethos within their businesses. Only 12% of the largest companies (those with annual revenues of more than \$195m) say they are definitely design-driven.

Despite the fall in design-driven companies, there remains an appreciation that creativity, along with design, are key components for effective marketing and creation of great customer experiences. Figure 11 also shows that more than three-quarters (77%) of respondents believe creativity to be 'highly valued' within their organization, a drop from 82% in 2017, but still ten percentage points higher than 2015.

Although agencies and user experience experts can play a key role in helping companies to remove the friction from the customer experience, organizations will benefit from having the in-house skills to oversee this. Disappointingly, the proportion of companies who say they have *the people they need to engineer good customer experiences* has fallen from 67% last year to 61% (Figure 11), suggesting that companies face a significant challenge in finding the right talent.

8. <http://www.dmi.org/?page=2015DVIandOTW>

FIGURE 12: WOULD YOU DESCRIBE YOUR COMPANY AS A DESIGN-DRIVEN ORGANIZATION?



Respondents 2018: 4,896
Respondents 2017: 6,508 | 2015: 821

This challenge is exacerbated by the inherent difficulty in mastering UX design. In fact, a strong UX capability (described as the ability to *create well-designed user journeys that facilitate clear communication and a seamless transaction*) is regarded as the most difficult to master, harder than a host of other fundamental areas such as data, technology, strategy, culture and skills (Figure 13).

Design-led thinking is ultimately about having the customer at the heart of your business strategy, building the experience based on an intimate understanding of how people use your products and services, and where there is friction in the process to iron out.

While individuals who specialize in UX and service design are important, an organizational approach to design means ensuring that individuals from different customer-facing departments are building as clear a picture of use cases as possible, and contributing to design-driven solutions. Companies are also more likely to learn from their failures than their successes, so it is important that organizations use setbacks as a springboard for CX improvements.

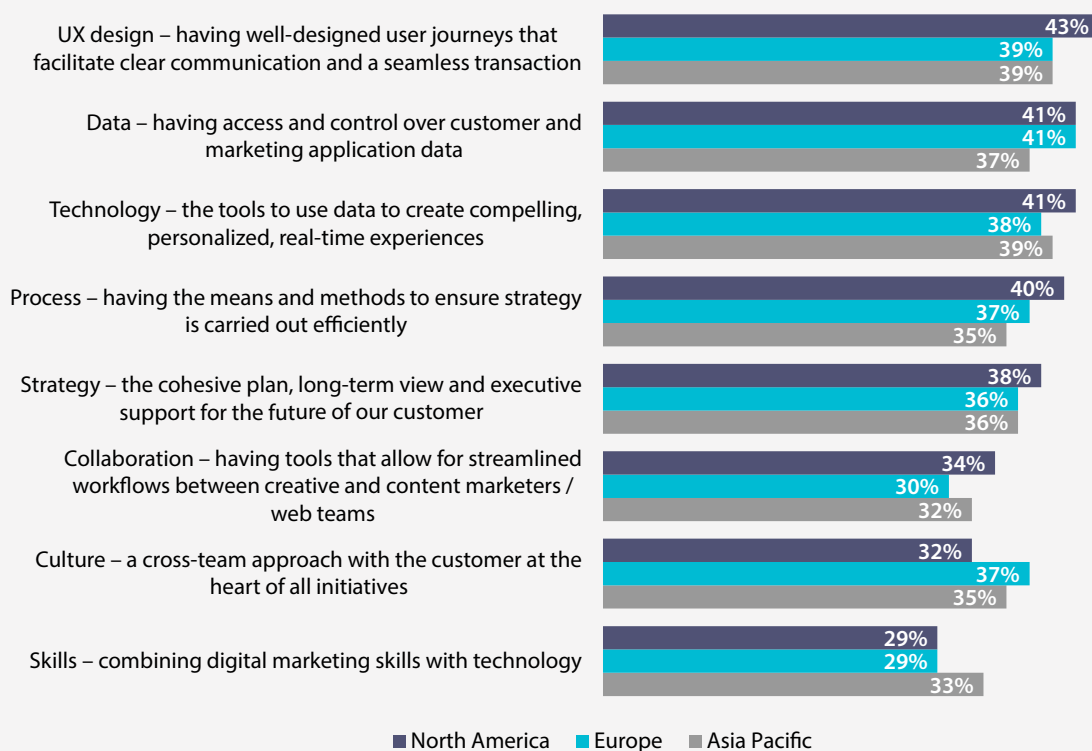
There is a mixed picture when it comes to the extent to which companies have *a consistent approach to design across the whole business*, with only 57% of respondents agreeing that this is the case (Figure 11). Similarly, less than two-thirds (65%) of organizations agree that design is *consistent across the digital and physical worlds*.

Speaking at Adobe MAX—The Creativity Conference last year, Adobe CEO Shantanu Narayen said that we are living through ‘the dawn of the 21st Century Renaissance’. According to Narayen, the first Renaissance period famed for the likes of Michelangelo and Leonardo da Vinci focused on the individual artist, but the blend of art, science, data and design that defines the new renaissance will take human creativity to new heights.

Adidas is a good example of a brand that has worked hard to embed digital thinking into its design processes, including core principles such as testing, iteration, understanding the user and solving pain points. Simone Cesano, Senior Director of Design Operations at Adidas, told the same conference that one of the secrets to their success in digitizing the design experience was harnessing the talents of the company’s early adopters: *“The first thing we realized is that there is always a small number of individuals in any company that are early adopters. These are people within the organization who will try new things just because they are new.”*⁹

9. <http://www.cmo.com/features/articles/2017/10/18/at-adidas-design-gets-a-vip-seat-at-the-table.html>

FIGURE 13: PROPORTION OF COMPANY RESPONDENTS RATING THESE ELEMENTS OF THE CUSTOMER EXPERIENCE AS DIFFICULT TO MASTER (REGIONAL COMPARISON)



Respondents: 1,571

7. Investment in digital skills and education pays dividends

As part of this research we have classified 9% of our sample as the top performers, defined as those companies that exceeded their top 2017 business goal by a significant margin (*Figure 2*) and who are significantly outperforming their competitors (*Figure 33*). It is abundantly clear from *Figure 14* that significant investment in digital skills and training is strongly correlated with high performance, with top-performing companies twice as likely to be investing significantly in digital skills and education during the coming year (45% vs. 23%).

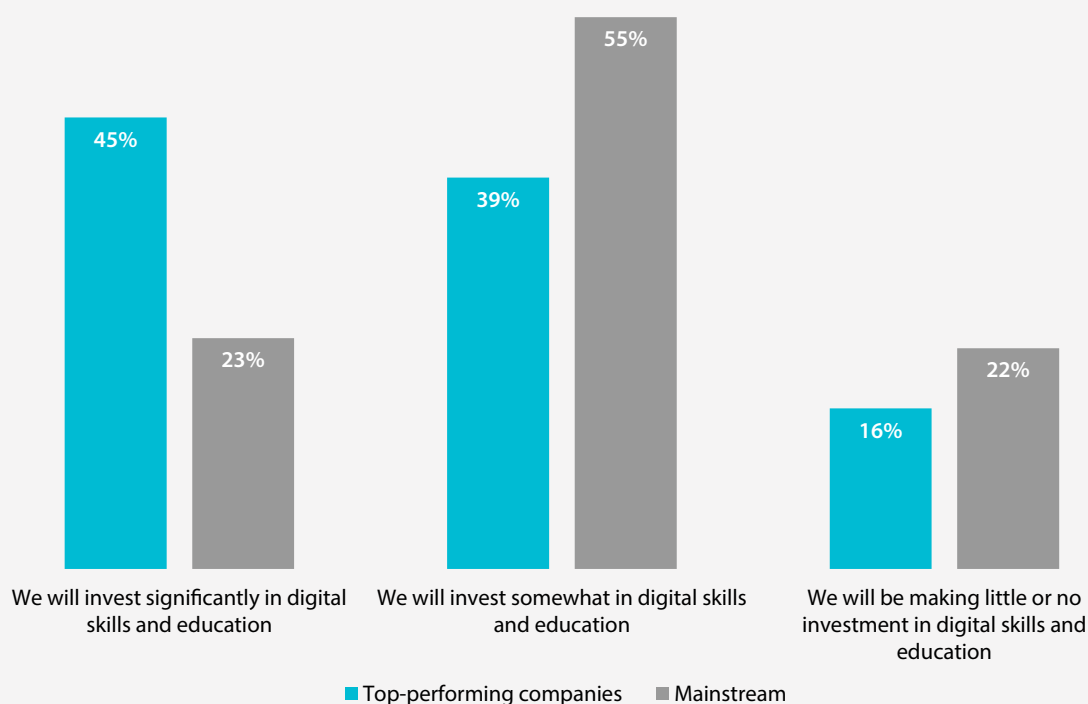
Digital marketing and ecommerce have evolved hugely in the last few years, with specialist skills increasingly required for individual marketing channels and corresponding tools and platforms.

Companies need to ensure they have a balance of skills between the analytical thinkers who can draw insights from data, and the creative talent to bring marketing and advertising campaigns to life.



Top-performing organizations are **twice as likely** to be making significant investment in digital skills and education in 2018.

FIGURE 14: WHAT BEST DESCRIBES YOUR ORGANIZATION'S PLANS TO INVEST IN UPSKILLING ITS WORKFORCE IN 2018? (TOP-PERFORMING COMPANIES VS. THE MAINSTREAM)



Respondents: 3,091

Organizations must ensure that they are keeping their employees up-to-speed with the latest trends and technologies, whether through internal face-to-face and online training courses, or one-to-one mentoring and coaching in specific skillsets. Third-party companies such as technology vendors, agencies and independent training companies can also help to ensure that upskilling requirements are catered for.

The temptation for businesses is to neglect skills and training if they are struggling commercially, because they don't have such readily available budget as their more successful counterparts. However, this is ultimately a false economy because the level of employee performance required to drive commercial success can only be achieved if staff have the right training and skills to succeed.

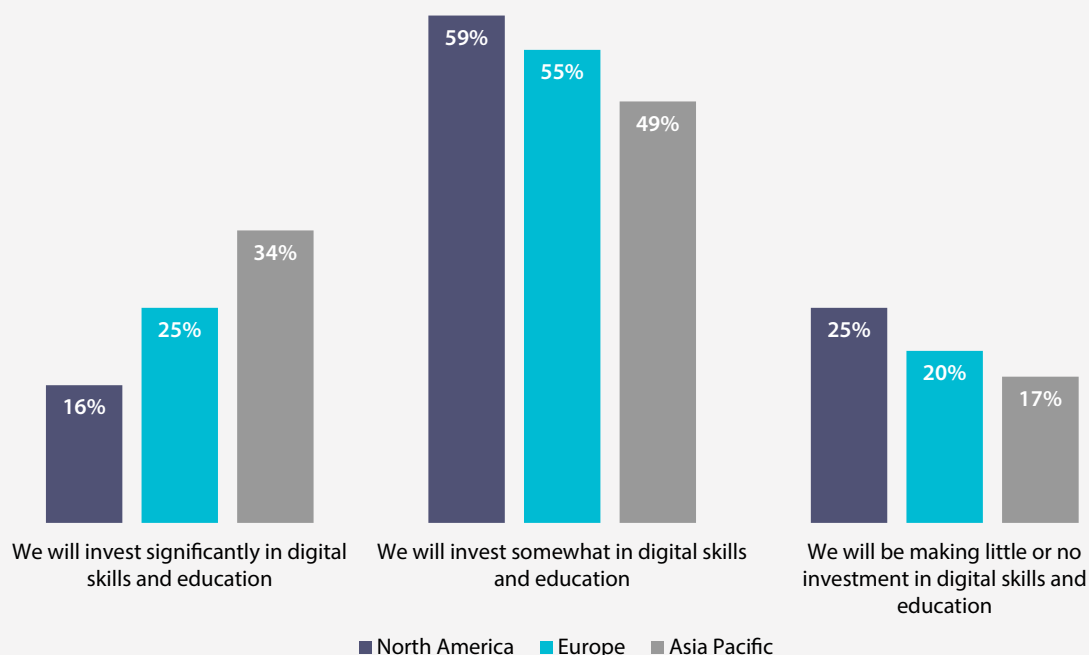
Figure 15 shows that the intended level of digital training investment for 2018 differs greatly by region. Respondents in Asia Pacific are more than twice as likely as their North American counterparts to say they will be investing significantly (34% vs. 16%), while those in Europe fall in the middle (25%). A hypothesis could be that companies in North America have been at the forefront of many of the latest trends, including use of increasingly sophisticated marketing technology. It may be that less investment is required by these companies because ongoing training and skills development is regarded as business as usual.



Although there are some leading digital technology companies based in APAC, many organizations in this region are starting from a much smaller base of digital activity in the past, and their definition of 'significant' may differ from their counterparts in EMEA and North America. Nonetheless, it does show that APAC companies recognize that digital skills and training are important considerations, even though investment is likely to be heavily scrutinized for financial value and benefit by those holding the company purse strings.

Looking at the level of investment through the lens of company size, 30% of companies with annual revenues of more than \$195m are planning to invest significantly in digital skills and education, compared to 25% of their smaller counterparts.

FIGURE 15: WHAT BEST DESCRIBES YOUR ORGANIZATION'S PLANS TO INVEST IN UPSKILLING ITS WORKFORCE IN 2018? (REGIONAL COMPARISON)



Respondents: 3,091

Digital skills are now inextricably linked to a range of marketing tools and platforms. It was seen in *Figure 5* that 73% of respondents agree that their companies are 'combining digital marketing skills with technology'. Companies doing this are nearly twice as likely to have surpassed their 2017 business goals by a significant margin (20% vs. 11%), according to our analysis.

Figure 16 shows where companies are prioritizing their efforts in 2018, and therefore where they should be focusing their training activities. It is no surprise to see that *social media engagement* (26%) figures so prominently, given the extent to which this discipline was deemed to be an exciting opportunity in 2017 (*Figure 1*). *Content marketing* (25%) and *targeting and personalization* (24%) are also among the top-three priorities for the year.

Further analysis of the data shows that targeting and personalization is the top priority in North America, with 30% of companies in this region saying this is one of their three main areas of focus. *Content marketing* (26%) is top of the agenda in Europe, narrowly ahead of targeting and personalization (25%), while respondents in Asia Pacific are more likely to point to *social media engagement* (31%) and *brand building / viral marketing* (25%).



FIGURE 16: WHICH THREE DIGITAL-RELATED AREAS ARE THE TOP PRIORITIES FOR YOUR ORGANIZATION IN 2018? (REGIONAL COMPARISON)



Note: Respondents could select up to three options.

Respondents: 4,123

8. Companies with integrated technology stacks outperform competitors

The nature of a company's technology infrastructure can make or break its attempts to provide an optimal experience for customers across a growing number of channels and touchpoints. A new question introduced into this annual survey looks at the nature of the marketing and CX-related cloud technology setup used by companies, ranging from the highly integrated to the non-existent (Figure 17).

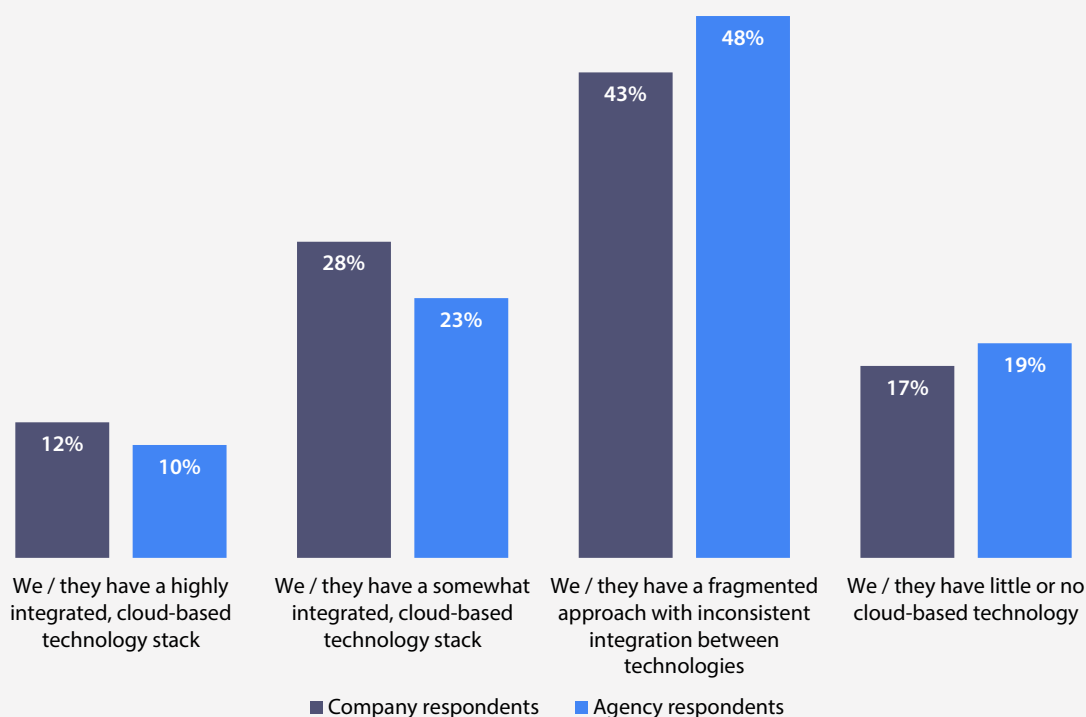
Organizations are most likely to have a *fragmented approach with inconsistent integration between technologies*, an unsatisfactory state of affairs indicated by 43% of company and 48% of agency respondents. A lack of integration reduces the chances of providing a seamless customer experience. It can also be frustrating for marketers and other employees who want to go about their jobs without unnecessary restrictions in their ability to acquire, retain and delight customers.

With an ever-growing number of marketing technology point solutions available (more than 5,000 at the last count¹⁰), it is no surprise that many companies are struggling to build the kind of unified platform that is increasingly a prerequisite for success.

Top-performing companies are **almost three times as likely** as their mainstream peers to have invested in an integrated, cloud-based technology stack.

10. http://cdn.chiefmartec.com/wp-content/uploads/2017/05/marketing_technology_landscape_2017_slide.jpg

FIGURE 17: WHAT BEST DESCRIBES YOUR ORGANIZATION'S (OR YOUR CLIENTS') APPROACH TO MARKETING AND CUSTOMER EXPERIENCE TECHNOLOGY?

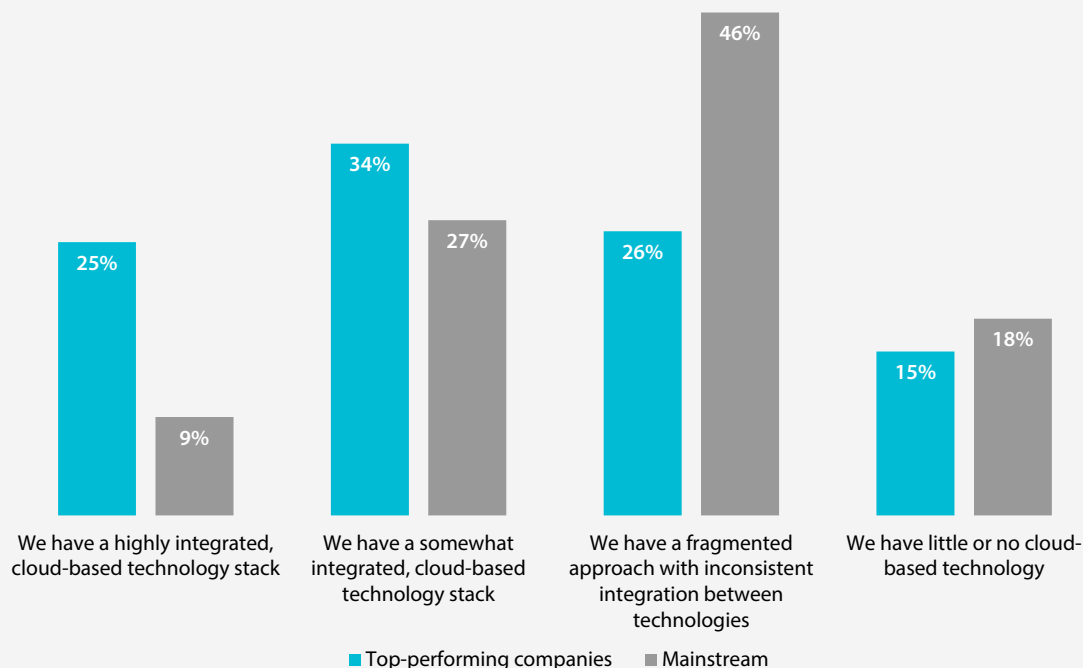


Company respondents: 3,181
Agency respondents: 1,733

In an interview with CMO.com last year¹¹, Stephan Pretorius, Global CTO at ad agency group Wunderman, warned enterprises about adding point solutions without thinking about the overall marketing stack: *“People often implement new tools without really thinking through how they need to be configured, how they need to be designed and, most importantly, how they need to connect into the broader marketing technology architecture and even the business process.”*

Our research shows that a highly-integrated, cloud-based tech stack for marketing and customer experience requirements is very much possible, with 12% of respondents claiming to have this in place. It is also very much worth the effort. As can be seen in Figure 18, top-performing companies are almost three times more likely than their mainstream peers to have this kind of infrastructure in place (25% vs. 9%).

FIGURE 18: WHAT BEST DESCRIBES YOUR ORGANIZATION’S APPROACH TO MARKETING AND CUSTOMER EXPERIENCE TECHNOLOGY? (TOP-PERFORMING COMPANIES VS. THE MAINSTREAM)



Respondents: 3,181

The rise of the marketing cloud owes much to greater levels of co-operation between the Chief Marketing Officer (CMO) and the Chief Information Officer (CIO), an important relationship axis that can define the success of the marketing and CX technology setup. Senior stakeholders need to be united in recognizing the importance of an integrated technology stack in enabling a more unified approach to data and seamless customer experience across different points of engagement. A common customer profile and established rules for personalization need to be available seamlessly, and within a secure technical environment, without any latency across campaigns and touchpoints.

To bring the concept of a unified customer experience to life, Heathrow Airport is a good example of a brand that has harnessed cloud technology to facilitate smoother customer interaction and frictionless experiences across its airport, rail, parking and retail operations¹². Acxiom and Adobe’s Connected Spaces solution, rooted in technology and data, allows Europe’s busiest airport to deliver more personalized communications as part of a multichannel approach, resulting in a 22% increase in loyalty retail spending, 19% growth in loyalty membership, 20% growth in active membership, 34% increase in reactivated members and 23% increase in spending per visit.

11. <http://www.cmo.com/features/articles/2017/5/24/could-cloud-based-martech-become-the-new-enterprise-technology-infrastructure-tlp-ptr.html>

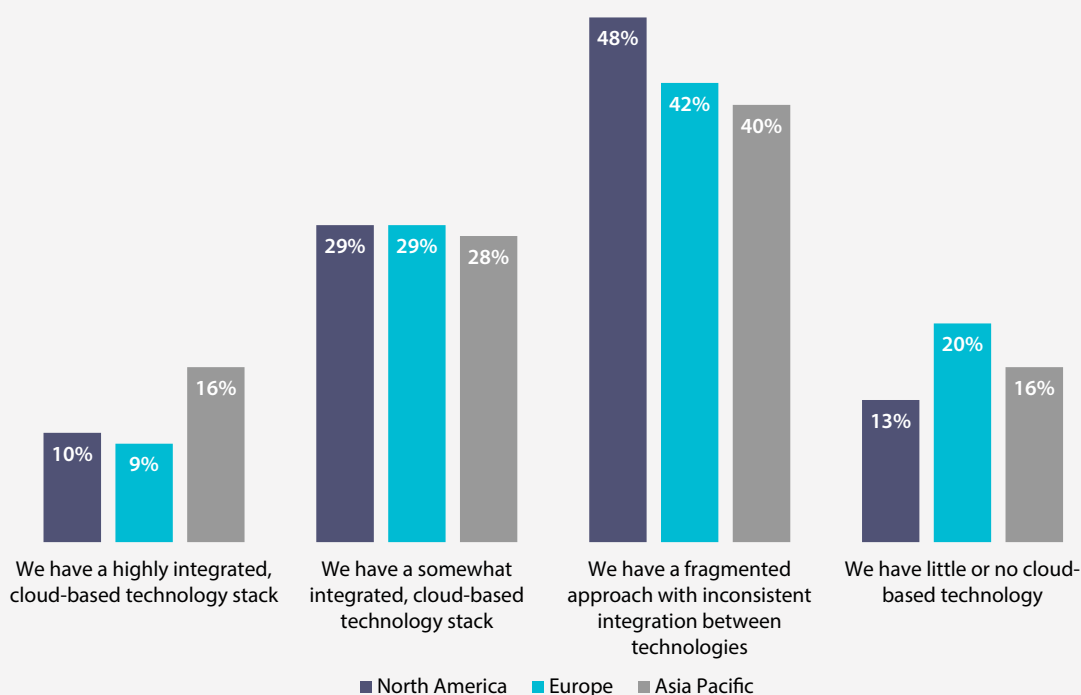
12. <http://www.adobe.com/content/dam/acom/en/customer-success/pdfs/us-london-heathrow-airport-final.pdf>

According to Simon Chatfield, Head of eBusiness and CRM, Heathrow: “We aim to offer our customers a rich and varied experience, tailored to their specific needs. By connecting our data with retailers, airlines and other partners’ assets, we are able to recognize, better understand and creatively engage the growing number of customers who visit Heathrow each year.”

With consumer expectations growing all the time, no business can afford to rest on its laurels. Digital transformation is very much a journey rather than a destination, so the onus is on CMOs and CIOs to make sure they have a clear roadmap and technology in place for the rest of 2018 and beyond.

Figure 19 shows how organizations in different regions approach their technology. APAC respondents are more likely to have an integrated, cloud-based technology stack, with 16% of research participants in this region saying their companies have this in place, compared to 10% in North America and 9% in Europe.

FIGURE 19: WHAT BEST DESCRIBES YOUR ORGANIZATION’S APPROACH TO MARKETING AND CUSTOMER EXPERIENCE TECHNOLOGY? (REGIONAL COMPARISON)



Respondents: 3,181

“

People often implement new tools without really thinking through how they need to be configured, how they need to be designed and, most importantly, how they need to connect into the broader marketing technology architecture and even the business process.

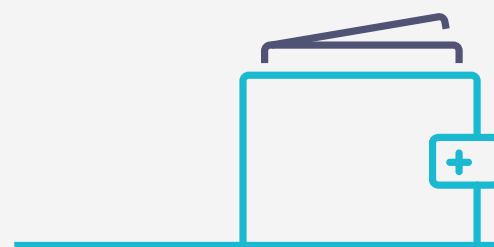
Stephan Pretorius, Global CTO, Wunderman

9. Ability to measure ROI helps boost digital marketing investment

As we move into another year in digital marketing, the foundations for success appear increasingly robust. Companies continue to demonstrate their confidence in digital marketing techniques by backing marketers with additional budget. Around two-thirds (66%) of company respondents say they plan to increase digital marketing spending in 2018, a slight (two-percentage-point) improvement on the already-impressive figure reported in 2017. Only 6% of respondents say their companies are planning to decrease spend.

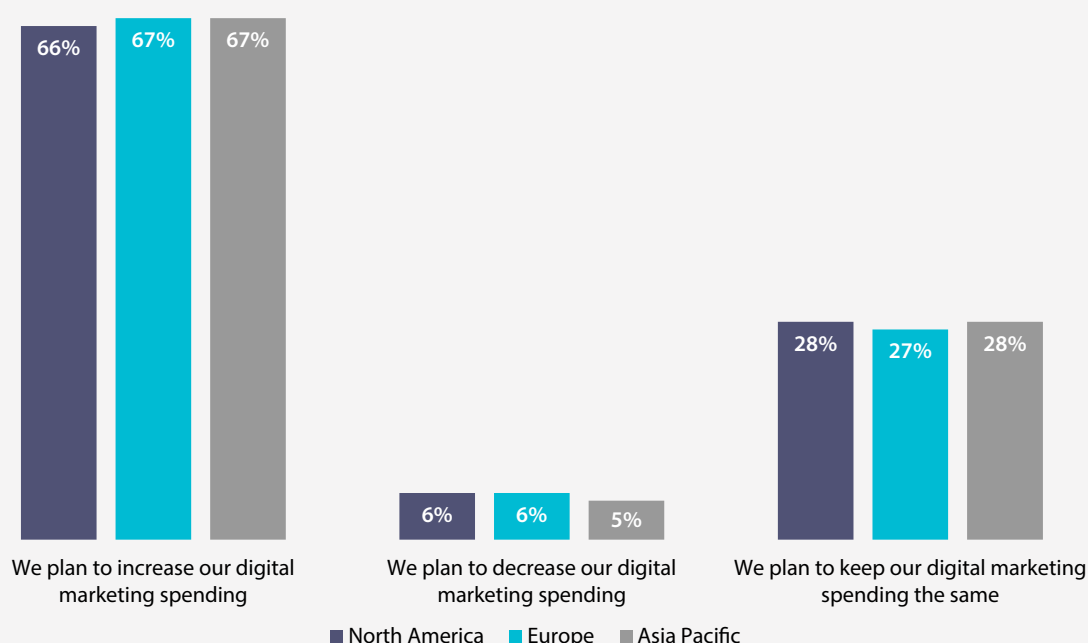
The results are strikingly consistent across regions (*Figure 20*), emphasizing digital marketing's increased levels of maturity all over the world. The level of investment points to a supporter base of which many industries would be envious. A significant majority of companies are reaping demonstrable benefits and are prepared to invest more. While there are some marketers reining in budget, it is inevitable that some practitioners will be unable to unlock performance, or are being forced to reduce spend for reasons unrelated to digital marketing ROI.

It is clear that business success breeds further digital investment which, in turn, breeds further success. Organizations that have exceeded their 2017 business goals by a significant margin are 12% more likely to be increasing their digital marketing spend (73% vs. 65%) for the year ahead.



Organizations that are confident in measuring their return on investment for digital marketing programs are **more than twice as likely** to have exceeded their 2017 business goals by a significant margin.

FIGURE 20: WHAT BEST DESCRIBES YOUR PLANS FOR YOUR DIGITAL MARKETING SPENDING IN 2018? (REGIONAL COMPARISON)



Respondents: 2,050

THE CONTENT ARMS RACE CONTINUES

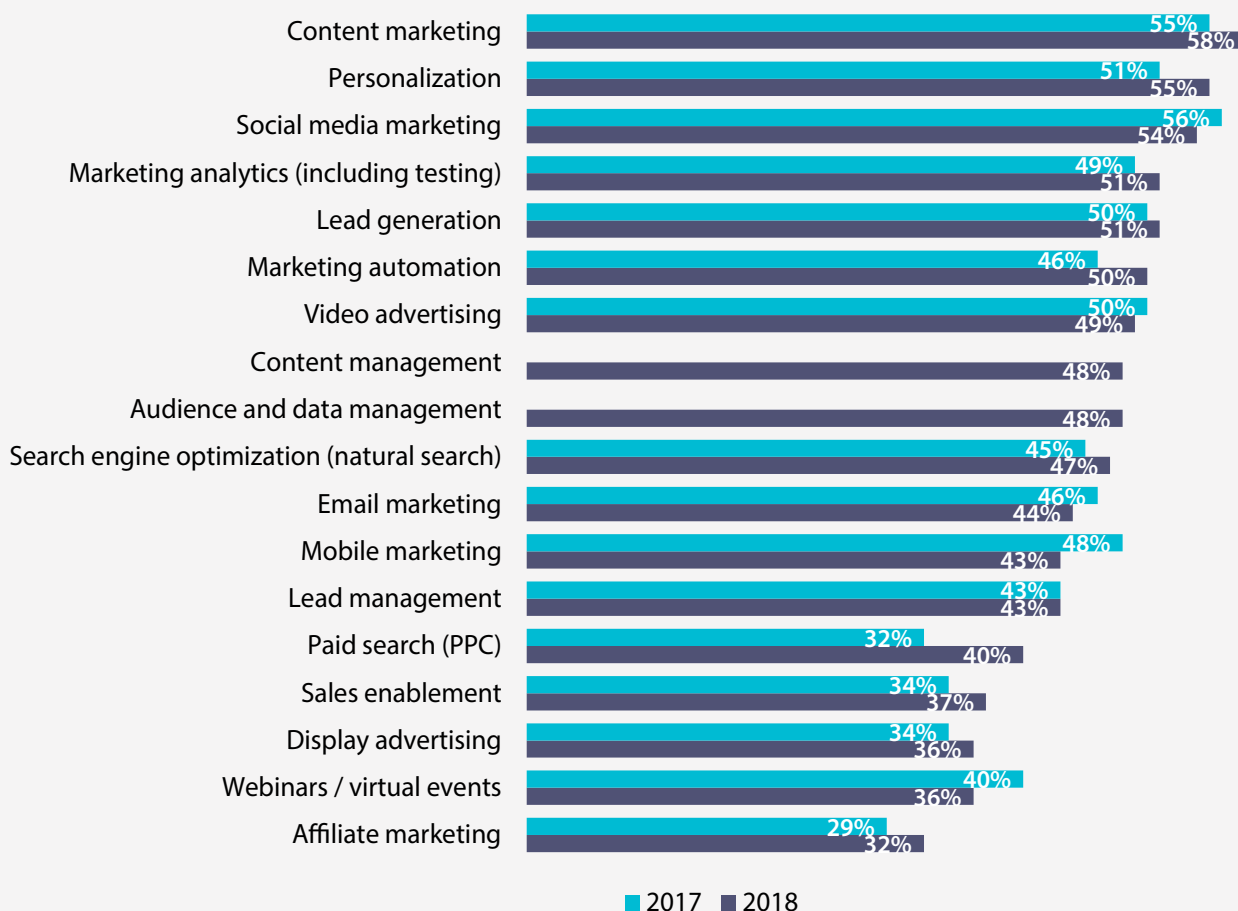
Drilling into marketers' spending priorities for 2018, the report again demonstrates the burgeoning role of content as a differentiator in digital marketing (*Figure 21*). This year, marketers will continue to focus heavily on creating compelling and useful content that can enrich the customer experience, and grease the wheels for acquisition, retention and conversion.

While content management refers to the creation and modification of digital content, content marketing is about the distribution and promotion of that content to the right audiences. *Content marketing* (58%) is the area where respondents are most likely to be planning a budget increase during 2018, while *content management* is also being allocated greater investment by a significant proportion of marketers (48%). These trends are consistent across regions.



As noted previously, investment in content – or, indeed, any digital asset – is nothing without an understanding of the 'why', with insight into how it will help or engage customers, and ultimately drive sales. This is reflected by the presence of *marketing analytics (including testing)* near the top of the fiscal priority table for 2018. More than half (51%) of respondents plan to increase budget in this area, up from 49% in 2017. This level of interest is, again, repeated across all regions.

FIGURE 21: PROPORTION OF COMPANY RESPONDENTS PLANNING TO INCREASE THEIR BUDGET FOR THE FOLLOWING DIGITAL MARKETING CHANNELS OR DISCIPLINES IN 2018



Note: 'Content management' and 'Audience and data management' are new options for this year's survey.

Respondents 2018: 1,864
Respondents 2017: 3,437



BACK TO THE FUTURE WITH SEARCH

Another finding of note is the evidence of a renewed focus on search marketing, despite the huge range of options now available to marketers in terms of spend allocation.

Paid search (PPC) has seen the largest jump in the proportion of marketers planning to increase budget for 2018 (by eight percentage points, to 40%). This is a particularly noticeable trend in North America, where 43% of respondents are putting more money on the PPC table. Across all regions, *search engine optimization* is also set to see greater spend than in 2017 (47%, up from 45%).

It could be that marketers are turning back to search – an area where they have long-established expertise, systems and processes – after recent and well-publicized transparency and measurement issues in ‘newer’ channels such as programmatic display and video advertising.

Consumers continue to rely on search, both for researching and buying both products and services. Mobile search is becoming increasingly important in our daily lives, as we seek out immediate answers to questions on the spur of the moment and while we are on the move. While mobile search is important for research, it is also often the first touchpoint when consumers want to buy something. According to Google, smartphone users are increasingly likely to purchase something immediately while using their smartphone, especially from companies whose mobile sites or apps are customized with local information¹³.

Display advertising is the area where most marketers are planning to reduce budget (15%). It will be interesting to see whether display advertising will regain some lost ground in the next few months, given the improvements in the data, metrics and tools available for brands to mitigate concerns around transparency and ad fraud, while also improving their ability to personalize messaging to make advertising more relevant.

Furthermore, advances in data techniques and new measurement capabilities are allowing advertisers to understand the true value of their overall digital media investment rather than focusing only on what have historically been more measurable channels such as paid search advertising.

While search is set to fare well this year, other tried and trusted marketing techniques are not ostensibly seeing the same level of backing. At first glance, for example, *email marketing* is still not feeling the love in the same way as other channels, despite the demonstrable returns it can offer. As *Figure 21* shows, fewer marketers are planning to increase spending on email marketing in 2018 than in 2017 (44%, down two percentage points). This is despite the fact that Econsultancy’s 2017 Email Marketing Industry Census¹⁴ highlighted email marketing as the most effective marketing channel, with 73% of respondents deeming its ROI ‘excellent’ or ‘good’.

One explanation for email’s drop could merely be its increased integration with other marketing systems and capabilities, and that this trend towards joined-up capabilities bodes well for its future. Noticeably, 2018 will see increased budgetary impetus for *marketing automation* (50%, up from 46%) and *personalization* (55%, up from 51%). Both these disciplines have close links with email marketing, with the potential to help brands get the right messaging to the right user at the right time. They are, however, technically and organizationally challenging, and potentially hoover up budget if companies don’t have the right platforms and know-how in place.

Instead of allocating cash merely to increase email volume, it seems plausible to conclude that many marketers are directing budget to build the human and technical foundations that could increase its effectiveness further, as well as driving broader marketing gains.

13. <https://www.thinkwithgoogle.com/consumer-insights/micro-moments-consumer-behavior-expectations/>

14. <https://econsultancy.com/reports/email-census>

MEASURABILITY STILL A WORK-IN-PROGRESS

The increased spending directed towards digital marketing techniques that have inherent measurability, such as paid search, shows that the capability to accurately track ROI remains vital to marketers.

Companies must strive for a holistic view of their total digital investment and how different channels work together, rather than giving too much credit to activities which are more measurable in isolation, such as paid search and paid social.

Organizations that are confident in measuring their return on digital ad spend are nearly twice as likely as their peers to have exceeded their 2017 business goals by a significant margin (29% vs. 15%). This gap is even more evident for those that are confident in measuring their ROI for digital marketing programs (30% vs. 14%).

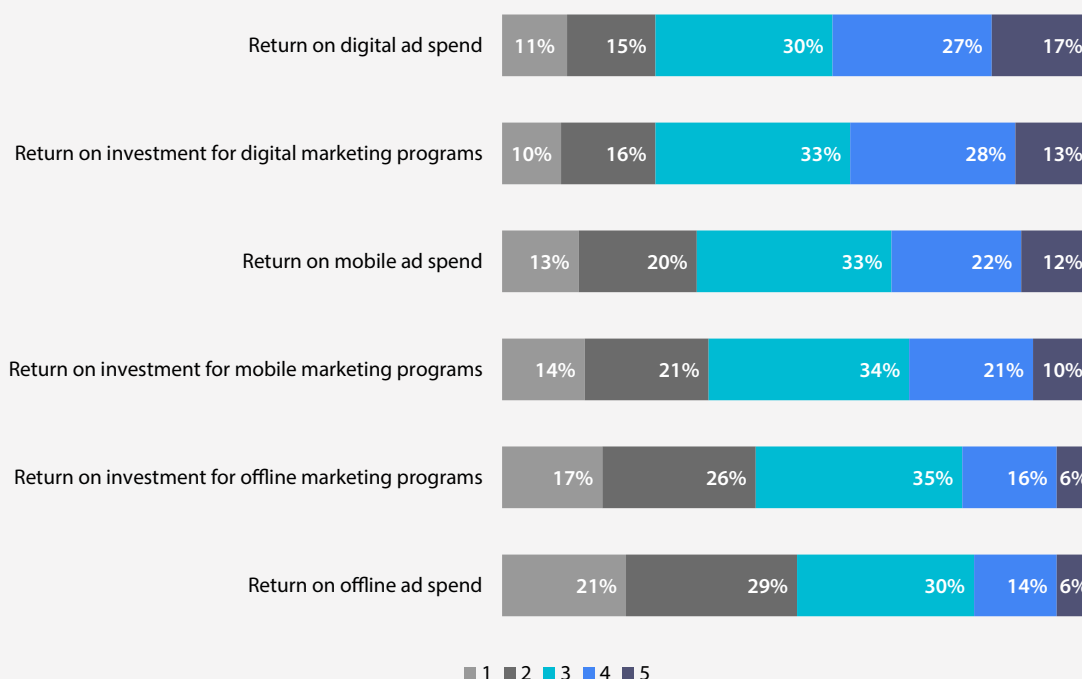
Yet *Figure 22* shows there remains a lot of ground to cover, and complexity to work through, for marketing to demonstrate tangible ROI in all its forms. Only a minority of respondents rate their confidence in measurability of digital advertising and marketing programs a '4' or '5' on a five-point scale (44% and 41%, respectively). These figures drop further for mobile campaigns.

Predictably, digital channels comfortably exceed offline alternatives in terms of accountability, but this is not necessarily a cause for optimism among digital proponents, considering the propensity of boardrooms to hold digital advertising up to higher levels of scrutiny than offline channels which are more well established even if outcomes are less measurable.

More worryingly, organizations haven't made much progress since last year: across the board, marketers are less likely to report confidence at the higher end of the scale. The only exception is confidence in measuring digital ad spend ROI, which remained stable at 44% (rating of '4' or '5'). Following a surge in confidence in 2017, marketers are now more realistic about their ability to measure ROI effectively.

It is important for brands to have a full view of their total digital investment in terms of how digital and more traditional forms of advertising work together. Organizations need to develop measurement capabilities that allow them to optimize their investment against metrics that drive value for the business, instead of vanity metrics and standard KPIs that don't give a true view on sales.

FIGURE 22: ON A SCALE OF 1-5, WHERE 1 IS 'NOT AT ALL CONFIDENT' AND 5 IS 'EXTREMELY CONFIDENT', HOW CONFIDENT ARE YOU IN YOUR ORGANIZATION'S ABILITY TO MEASURE THE FOLLOWING?



Respondents: 2,035

10. Looking ahead – AI set to help companies with quest to provide more compelling real-time experiences

In an industry where innovation is constantly creating fresh opportunities to engage users, it remains crucial for marketers to keep gazing into the crystal ball, and to monitor the technology pipeline. Everyone has finite resources, however, and judging where to focus investment is key to success.

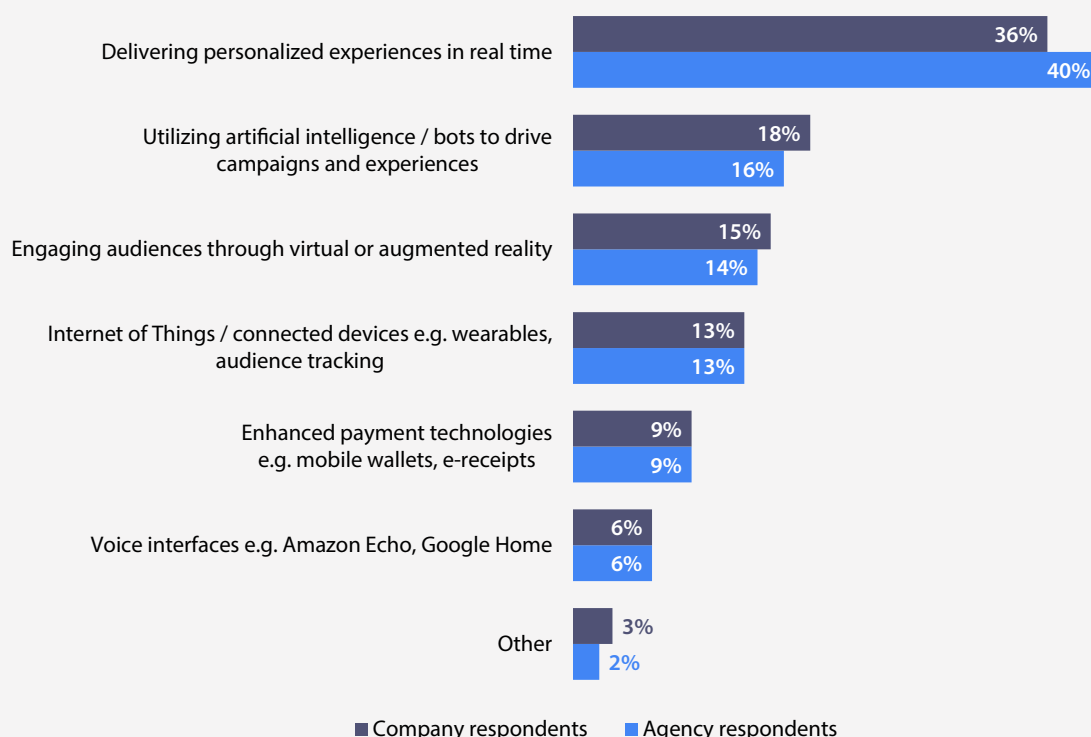
We asked marketers to highlight some of the themes and technologies they are most excited about over a three-year timeframe (Figure 23). 'Delivering personalized experiences in real time' is by far the most popular choice across all regions, with more than a third (36%) of company respondents, and 40% of their agency counterparts, selecting this option.

The responses suggest that while plenty of interesting technologies are emerging, marketers are avoiding the distraction. Instead, they remain focused on delivering against core objectives, namely creating a relevant, timely and engaging experience for each of their users, to maximize sales and efficiency. Many marketers, for example, remain focused on personalization of their communications with users, a trend that cuts across numerous digital marketing techniques, including analytics, marketing automation, programmatic ad buying and dynamic content. This is 'unfinished business', though, and there is plenty of room to hone these capabilities further.



Top-performing companies are **more than twice as likely** to be using AI for marketing (28% vs. 12%).

FIGURE 23: LOOKING AHEAD, WHICH OF THESE DO YOU REGARD AS THE MOST EXCITING PROSPECT IN THREE YEARS' TIME?



Company respondents: 4,121
Agency respondents: 2,370

The report finds that organizations that *'have the tools to use data in order to create compelling, personalized, real-time experiences'* are 50% more likely than their peers to have exceeded their 2017 business goals by a significant margin (21% vs. 14%). There are ample gains to be had if businesses can elevate themselves above the noise of more traditional, one-size-fits-all marketing.

At the same time, true one-to-one marketing is not something that has been widely cracked, by any means, and marketers clearly see potential to drive gains much further.

More 'bleeding-edge' trends, such as virtual reality, are on marketers' radar, but there is greater focus on real-time personalization's potential for deeper connection with users, progressively learning more about them, and serving them with the right content and messaging at key moments and touchpoints.

Perhaps surprisingly, given recent levels of attention, 'excitement' about *voice interfaces* such as Amazon Echo and Google Home is only in single figures. Although these present a new way for users to navigate the digital world – and research companies' products and services – it appears that many brands are yet to be convinced of the case for tapping into them, even though new research from Adobe Digital Insights (ADI) found that voice-assistant sales had grown 103% year on year in the fourth quarter of 2017¹⁵.

AI STILL TO INSPIRE

AI is one area of digital that has generated a copious amount of media coverage, and our analysis shows that this level of interest is justified. As *Figure 24* shows, top-performing companies are more than twice as likely to be using AI for marketing (28% vs. 12%), with this technology increasingly helping companies in their quest to provide more compelling real-time experiences.

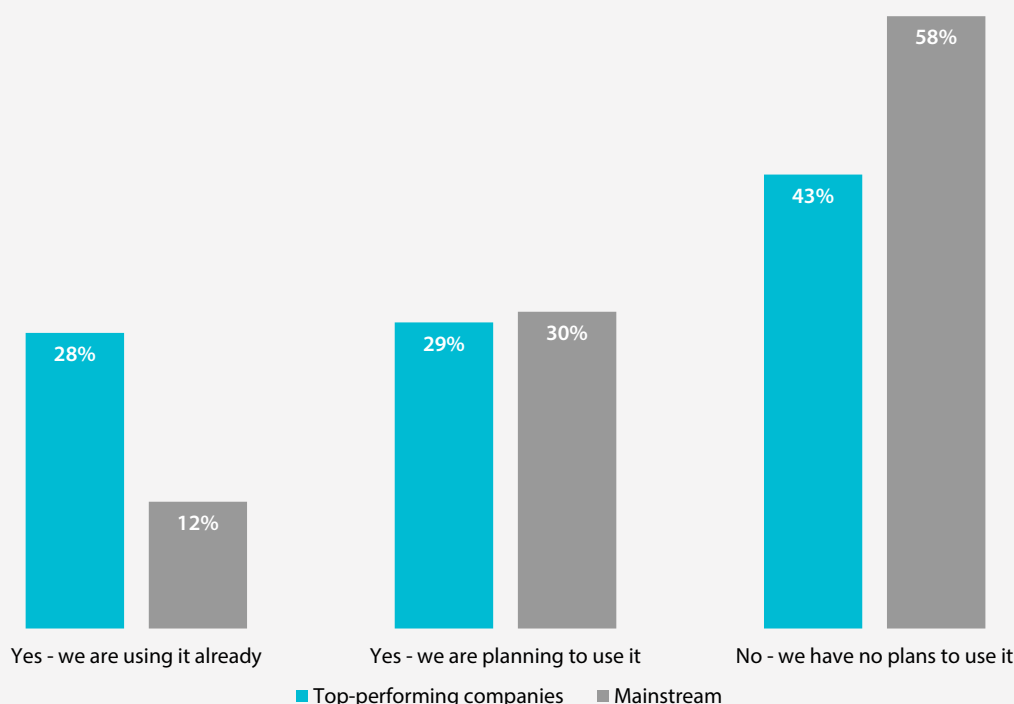
AI is already helping marketers in many different ways, including creation of content at scale in a way which is not feasible without the aid of machine learning¹⁶. Companies are also increasingly able to communicate with customers and prospects on a one-to-one basis using AI-powered chatbots, and to make smarter recommendations based on the analysis of a myriad of data sources.

As well as making laborious processes infinitely faster, technologies such as Adobe Sensei can draw on huge volumes of content and data to help marketers understand hidden opportunities by surfacing insights previously beyond their reach. As well as helping marketing, Adobe Sensei is able to serve designers with abilities such as image identification and matching, face recognition and time-saving 'design-intelligence' features.

15. <http://www.cmo.com/adobe-digital-insights/articles/2018/1/8/the-future-of-consumer-electronics-is-voice-activated.html#sign gs.il3D4WI>

16. <https://econsultancy.com/blog/69769-how-ai-marketing-can-help-brands-right-now>

FIGURE 24: IS YOUR ORGANIZATION USING OR PLANNING TO USE ARTIFICIAL INTELLIGENCE (AI) IN THE NEXT 12 MONTHS? (TOP-PERFORMING COMPANIES VS. THE MAINSTREAM)



Respondents: 3,094

Although only 15% of respondents say their companies are currently pushing forward with AI use cases, that percentage increases to 24% for organizations with annual revenues of more than \$195m. Additionally, the C-suite and top management are nearly 50% more likely to say that their companies are already using or planning to use AI than junior executives (57% vs. 39%). The greater the seniority, the more likely they are to have visibility into the strategic plans of the organization and push investment in AI further up the agenda.

Despite the obvious advantages of AI for marketers, there is certainly more room for uptake of this technology. Less than one in five (18%) respondents describe *'utilizing AI / bots to drive campaigns and experiences'* as their most exciting prospect for three years' time (Figure 23). Furthermore, a majority of respondents have no plans to use AI over the coming year.

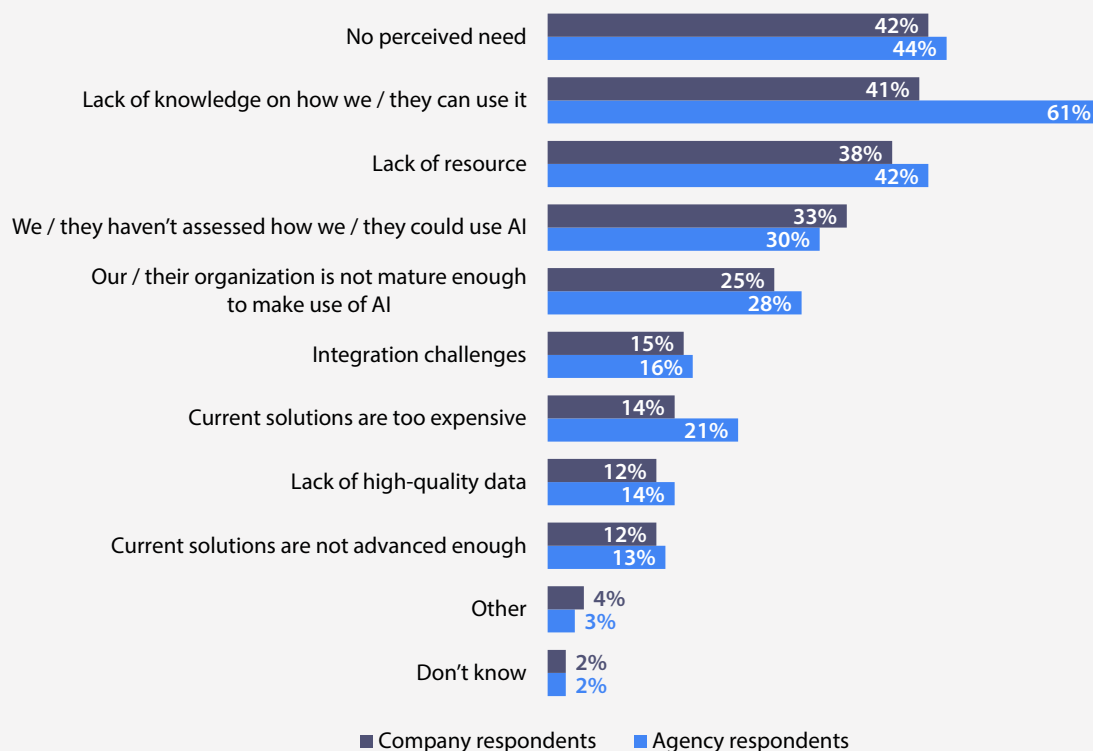
The slow adoption could be put down to confusion or lack of knowledge around AI's applications, amid widespread concerns over the societal impact of automation in general. AI and machine learning should be seen as an 'enabler' for marketing professionals to perform tasks more efficiently and effectively, whether in delivering customer experience (via chatbots), generating content, enhancing website design, aiding programmatic ad buying, or in numerous other use cases that have been put forward for AI-equipped marketing.



Demand-side factors are the main barrier to adoption of AI at this point, rather than the expense or readiness of current solutions.

Many respondents have concerns over the challenges of assimilating AI into their existing ways of working. Across all regions, more than a third of marketers report they have a *lack of knowledge* (41%) on how they can use AI or a *lack of resource* (38%) to address it (Figure 25). A quarter (25%) of respondents, again across all regions, indicate their organization is *not mature enough to make use of AI*.

FIGURE 25: WHY IS YOUR ORGANIZATION (OR ARE YOUR CLIENTS) NOT USING OR PLANNING TO USE AI?



Company respondents: 1,265
Agency respondents: 634

On a regional basis, Asia Pacific marketers are more open and enthusiastic towards AI than their European and North American peers. Within the APAC marketer base, 38% see 'no perceived need' for AI, compared with 51% of marketers in North America, although this remains a strikingly large base of users that AI proponents need to win round.

A majority (53%) of APAC marketers are either using AI already, or are planning to use it in the next 12 months, whereas in Europe and North America, adopters are in the minority.

As would be expected, with their greater access to new systems and services, agencies are well ahead of in-house respondents when it comes to reporting AI adoption.

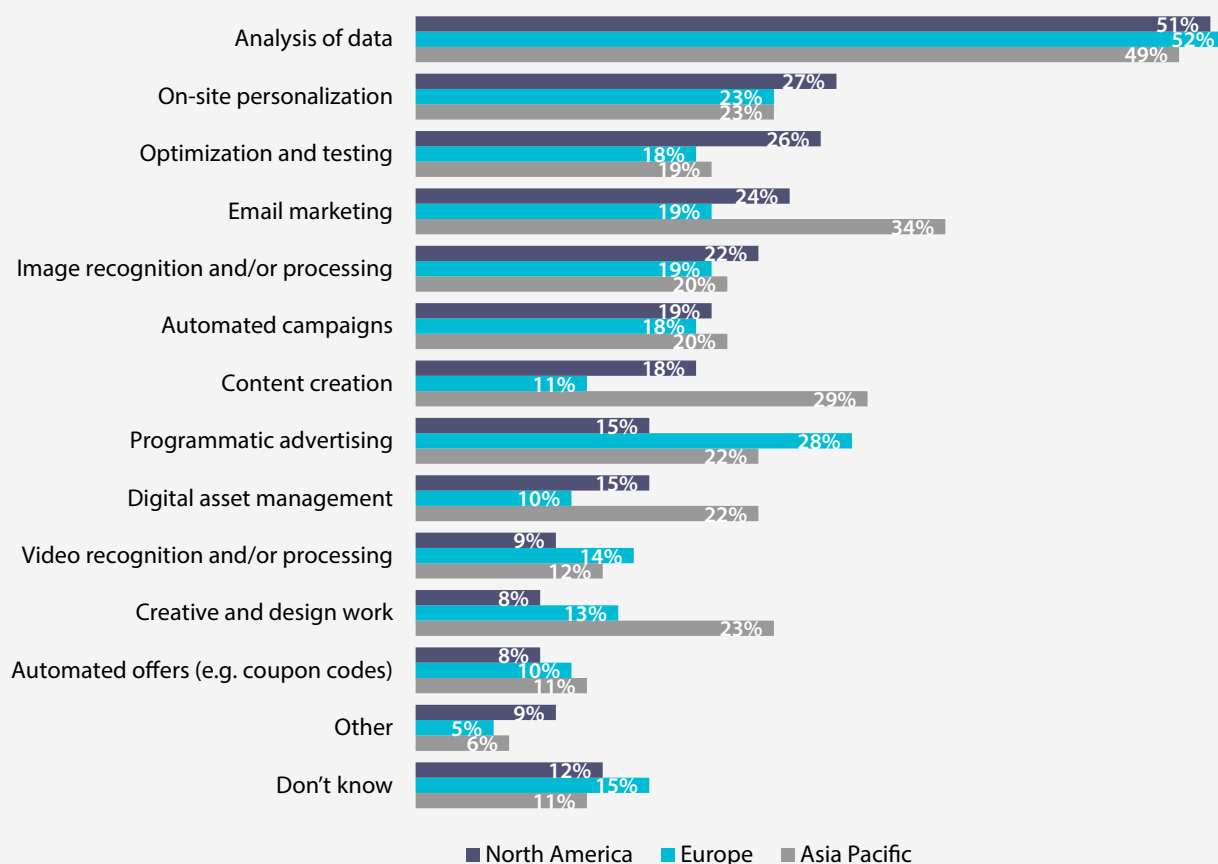
It is also notable that different regions are coming at AI from slightly different angles (Figure 26). *Analysis of data* is a key focus for all geographies, a mark of the ongoing struggle to create insight out of the vast quantities of often unstructured data being generated by customers' activity.

In North America, marketers are more interested than their peers in using AI to enhance 'core' digital marketing techniques such as *optimization and testing*, and *on-site personalization*. This could reflect North American marketers' greater focus on optimization of the customer journey, discussed previously in this report.

In Asia Pacific, these areas are also of interest, but numerous, narrow use cases are also being targeted, such as use of AI in *content creation*, *creative and design work*, and *digital asset management*. In the design sphere, AI provides an opportunity to build on capabilities such as dynamic creative optimization, which helps test the impact of different ad elements, whether images or copy, on different audience segments¹⁷. M&C Saatchi, Clear Channel and Posterscope, for example, purported to have deployed an 'artificially intelligent' poster campaign back in 2015, dynamically serving different ads to users, based on responses tracked through a camera.

17. <http://www.clearchannel.co.uk/mc-saatchi-clear-channel-and-posterscope-unveil-londons-first-artificial-intelligence-poster-campaign/>

FIGURE 26: WHAT IS YOUR ORGANIZATION CURRENTLY USING AI FOR? (REGIONAL COMPARISON)



Respondents: 341

11. Fit for the future – five areas marketers should focus on

1. Ensure the right kind of leadership and culture are in place

A great customer experience doesn't happen by accident. It takes a highly co-ordinated approach across the whole organization, with commitment from the top of the business to put the customer at the heart of all decision-making.

It is incumbent on leaders to ensure they are allocating sufficient digital budgets and prioritizing efforts to improve digital skills through education programs. An organization that is serious about prioritizing experience design needs the right organizational structure in place, with cross-disciplinary and integrated teams. The right culture depends on rewarding the right types of customer-focused behavior so that collaboration and cross-functional working come naturally to employees. With the right culture and strategy in place, employees will be more inclined to follow the right process, provided that they are sufficiently empowered and trained to deliver.



2. Prioritize design and creativity

The growing prevalence of technology and data has brought a more scientific approach to digital marketing very much into the spotlight. However, it has become clear that an equally important platform for success is excellence in design and creativity. The research shows that design-driven organizations are more likely to have exceeded their business goals by a significant margin, while the same is true for businesses where creativity is highly valued. Business leaders should be left in no doubt about the importance of a design-centric approach, or about the fundamental requirement for creative talent to complement excellence in data and analysis. Whether in the context of specific product and service design skills, or creative marketing minds to come up with powerful and compelling stories, the best talent needs to be sought after and then sufficiently nourished and rewarded.



3. Know your customers... and then delight them with the right content at the right time

If you want to delight your customers, you need to know who they are, based on both quantitative and qualitative data. Marketers should think about the different stages of the customer journey, and carry out extensive testing to see what types of communication and messaging at different touchpoints result in the best outcomes. Companies should be aspiring to target content and messaging based on individual customer preferences and behavior, inferred from both explicit and implicit data. In order to deliver a great customer experience, it is crucial to have the right content readily available. While agencies can play a key role in helping to produce certain types of content, organizations neglect in-house capabilities at their peril. As noted in this report, organizations that are bringing content creation in-house are significantly more likely to have exceeded their top 2017 business goal by a significant margin.



4. Budget for success

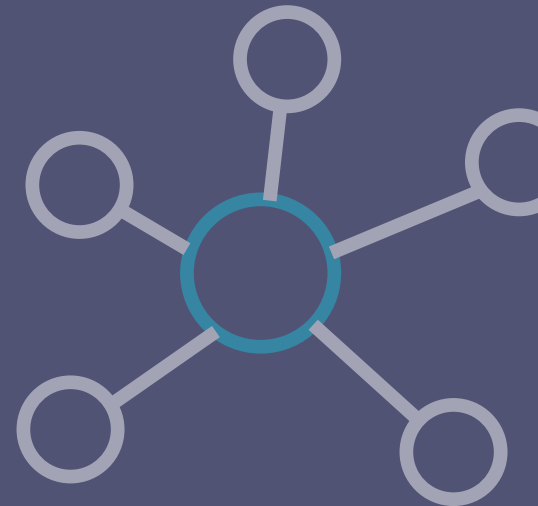
Companies that are increasing investment in digital marketing are more likely to have exceeded their business goals last year, while those identified as top performers are twice as likely to be planning significant investment in digital skills and education of their employees. The key to winning more budget internally is the ongoing demonstration of ROI from activities.

As well as investing in the tried-and-tested digital channels that are proven to deliver, businesses must also keep an eye on the latest trends and more innovative techniques that are likely to become commercially attractive in the medium term. A good example is artificial intelligence which can make marketing more efficient and enable marketers to focus on higher-value activities while machine learning takes care of some of the heavy lifting. Organizations must prioritize training internally, so that staff are equipped with the tools and techniques that will become more prevalent in the future.



5. Invest in integrated technology

Integrated customer experience and marketing technology is increasingly a prerequisite for success, as this research makes clear. Companies will struggle to provide a consistent cross-channel experience to their customers and prospects if employees are wrestling with a host of tools and sources of data that aren't connected. The onus is on CMOs and CIOs to work together so that they are thinking about solutions that deliver against their customer experience goals, as well as their marketing goals. C-suite executives should also consider the positive impact on staff morale that an integrated marketing platform can generate. The research shows that companies that are making the necessary investment are reaping the benefits.



12. Appendix: respondent profiles

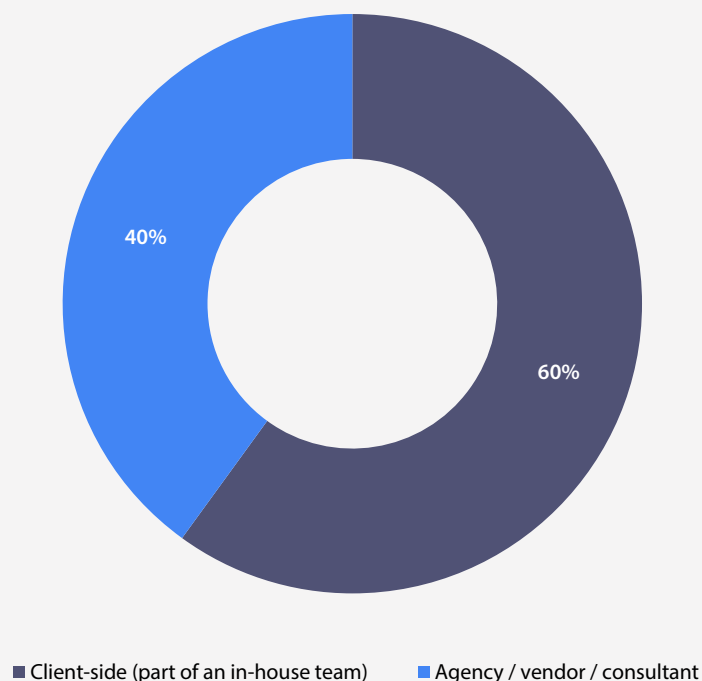
This Digital Intelligence Briefing is based on an online survey of digital marketing and ecommerce professionals, carried out between November 2017 and January 2018.

A total of 12,795 respondents took part in the survey, including 60% marketing professionals 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.

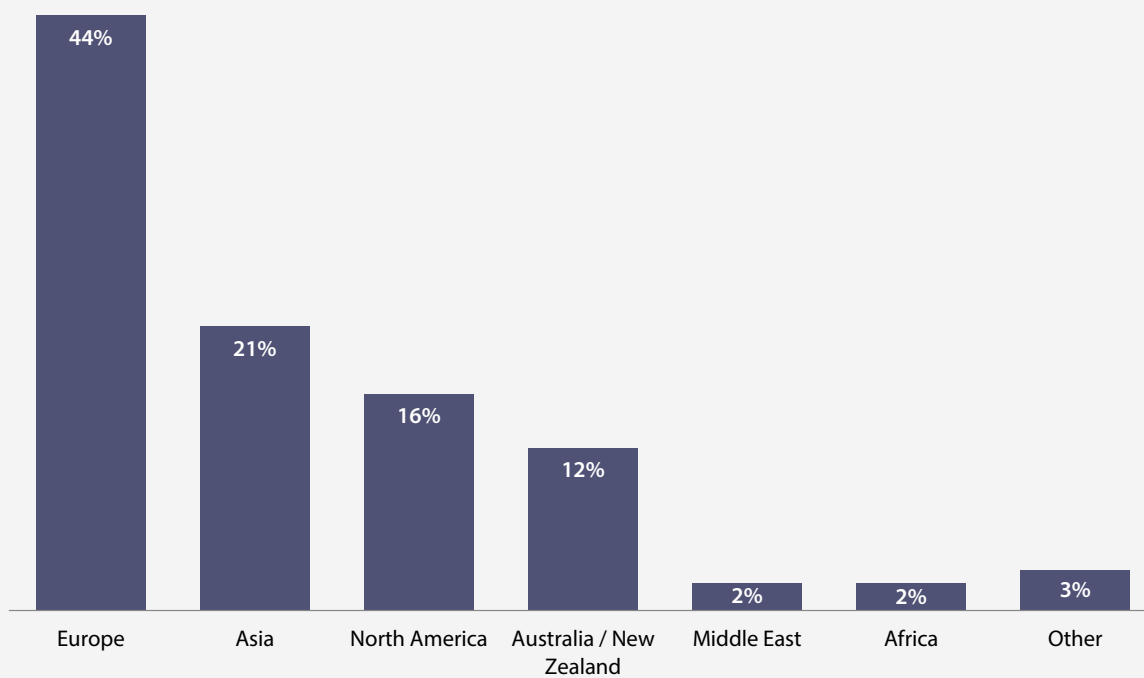


FIGURE 27: WHICH OF THE FOLLOWING BEST DESCRIBES YOUR COMPANY OR ROLE?



Respondents: 12,795

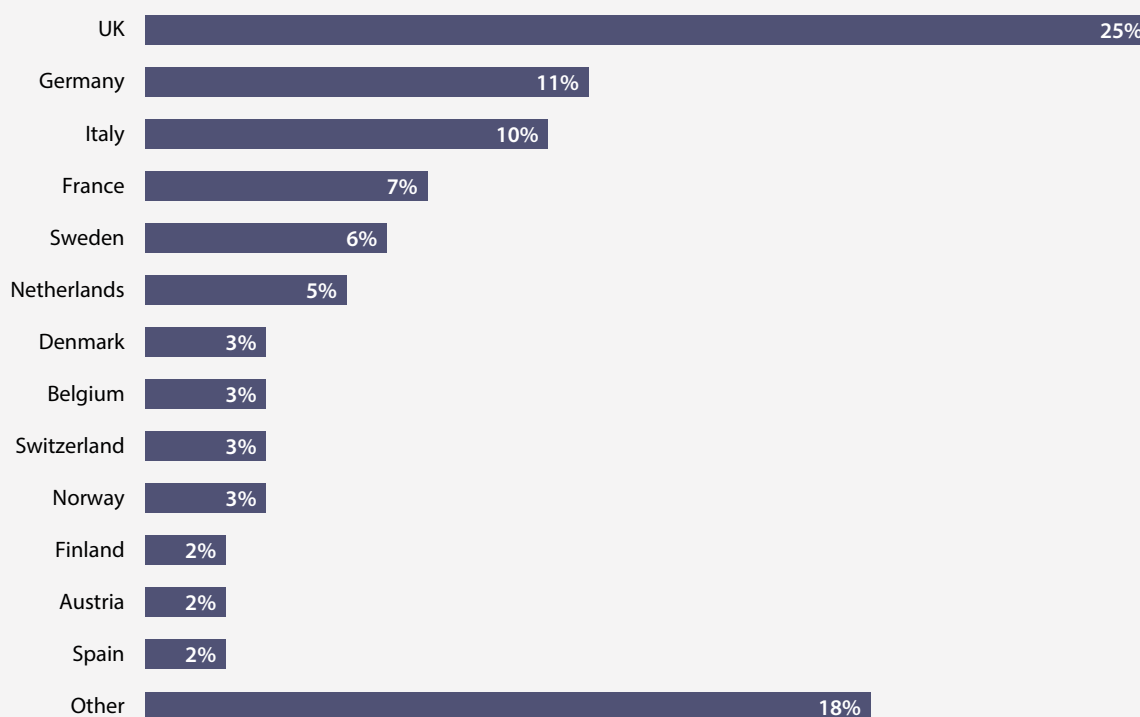
FIGURE 28: IN WHICH REGION ARE YOU BASED?



Respondents: 12,795

RESPONDENTS BASED IN EUROPE

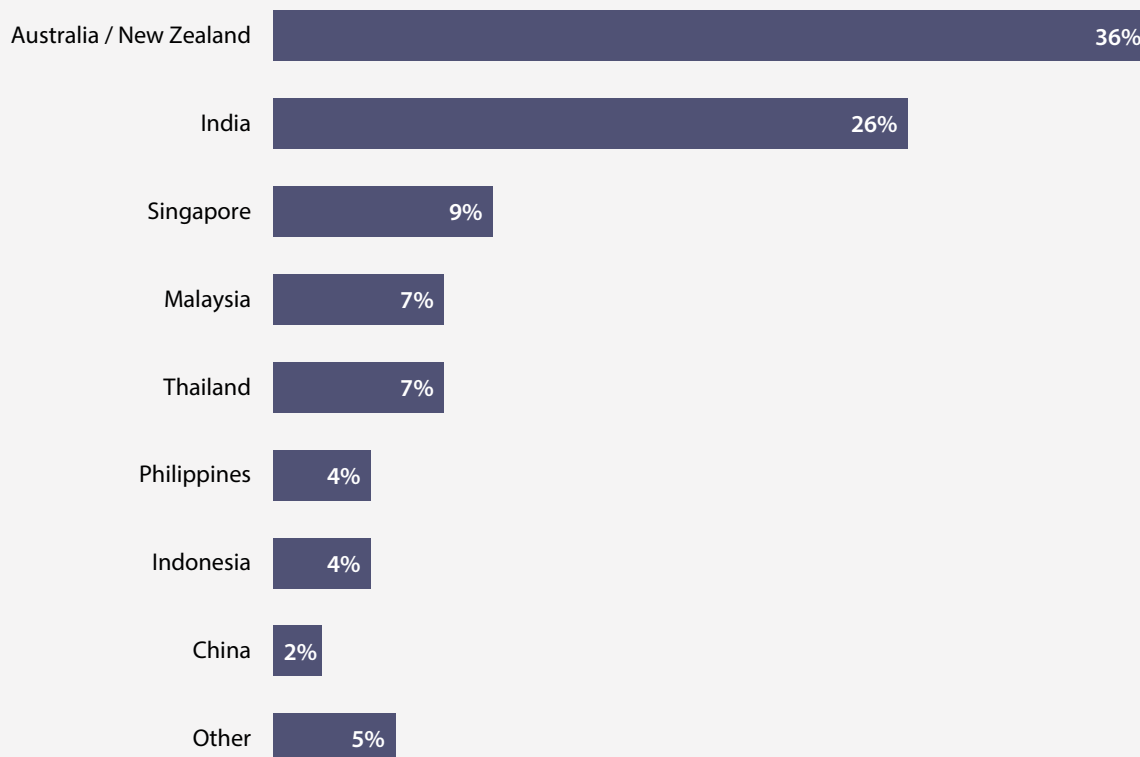
FIGURE 29: IN WHICH OF THE FOLLOWING COUNTRIES ARE YOU BASED?



Respondents: 5,641

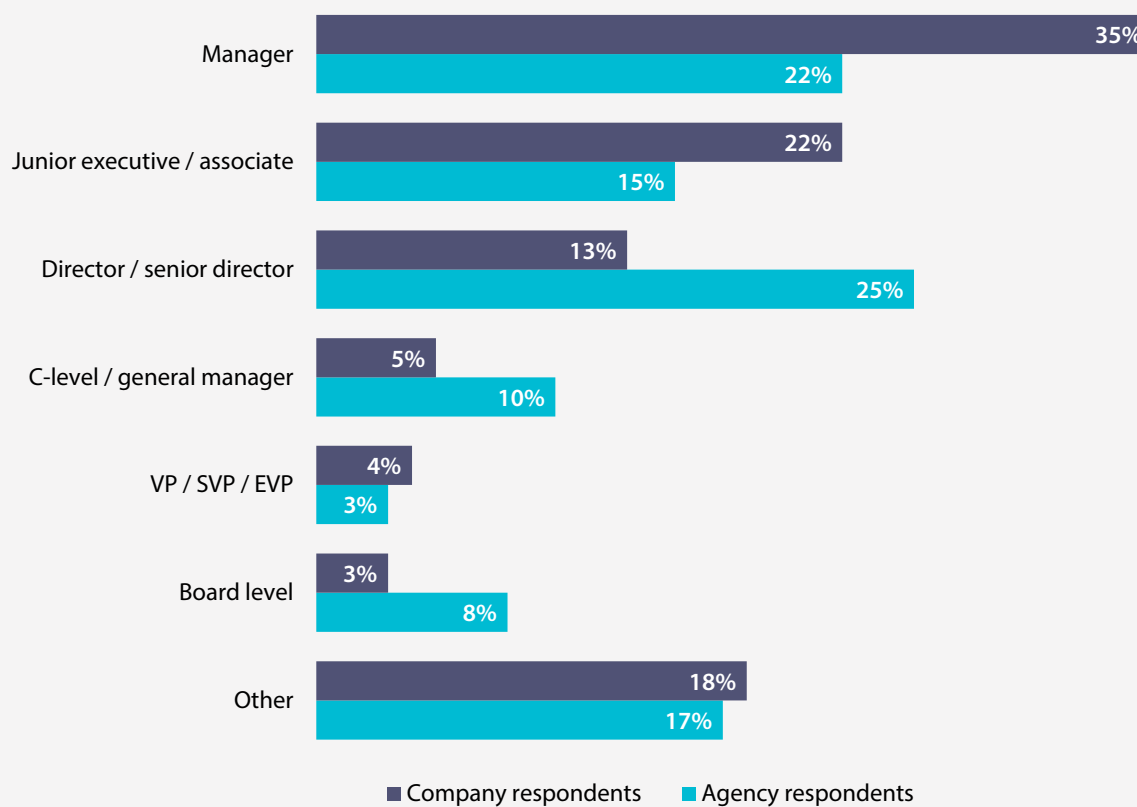
RESPONDENTS BASED IN ASIA PACIFIC

FIGURE 30: IN WHICH OF THE FOLLOWING COUNTRIES ARE YOU BASED?



Respondents: 4,248

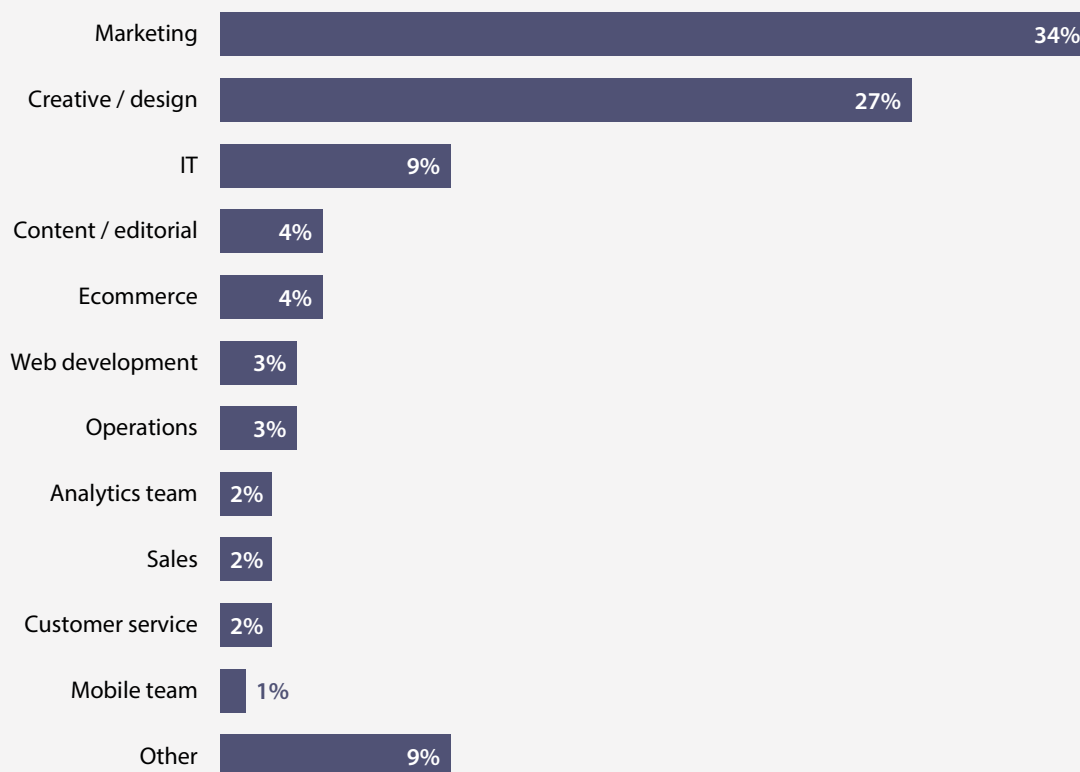
FIGURE 31: WHAT BEST DESCRIBES YOUR JOB ROLE?



Company respondents: 7,097
Agency respondents: 4,705

COMPANY RESPONDENTS

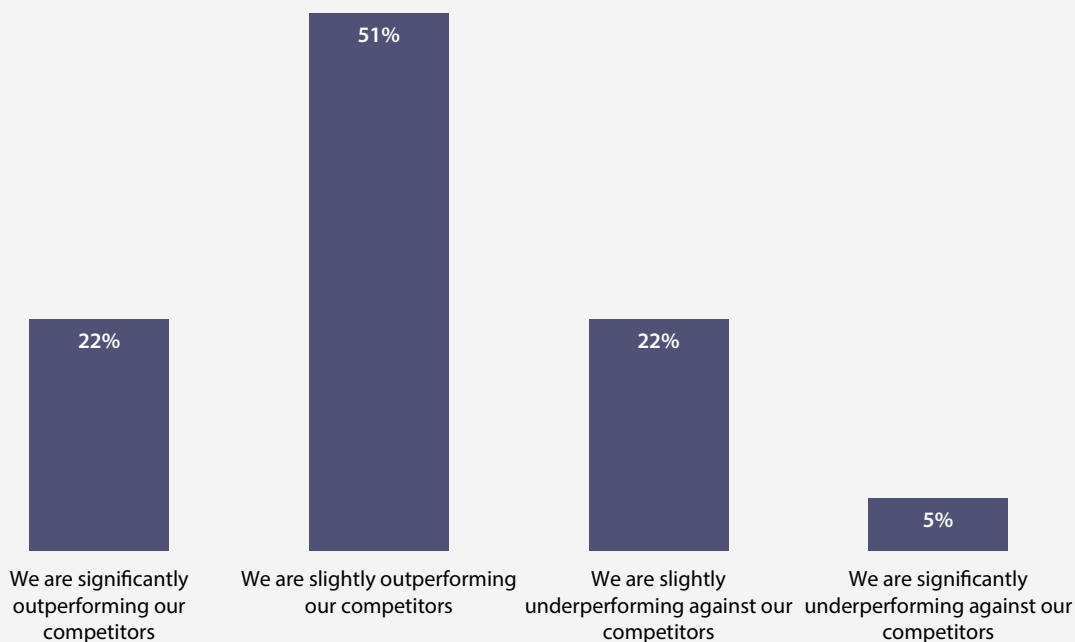
FIGURE 32: IN WHICH BUSINESS FUNCTION DO YOU WORK?



Respondents: 7,098

COMPANY RESPONDENTS

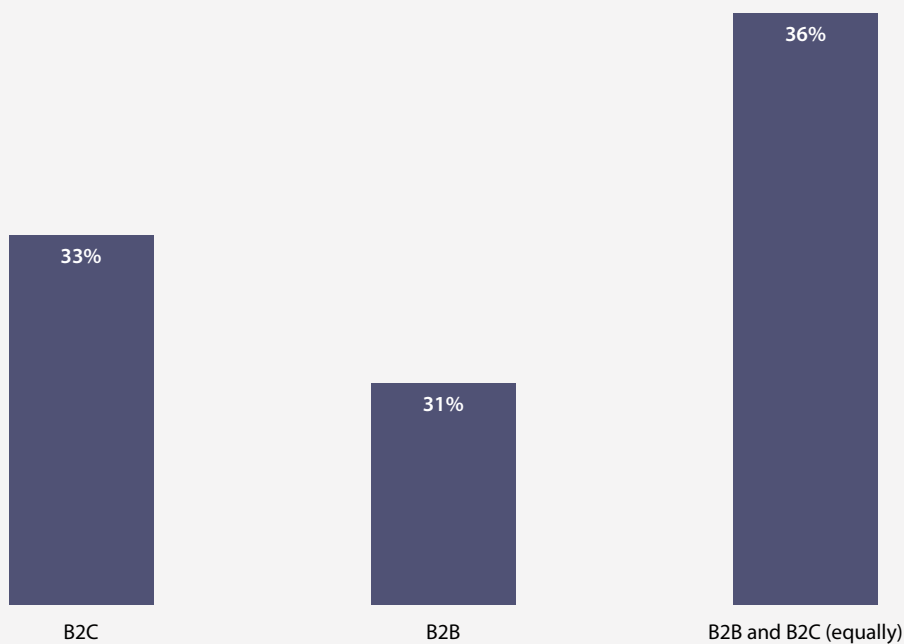
FIGURE 33: OVERALL, HOW DO YOU BELIEVE YOUR ORGANIZATION IS PERFORMING AGAINST ITS COMPETITORS?



Respondents: 5,949

COMPANY RESPONDENTS

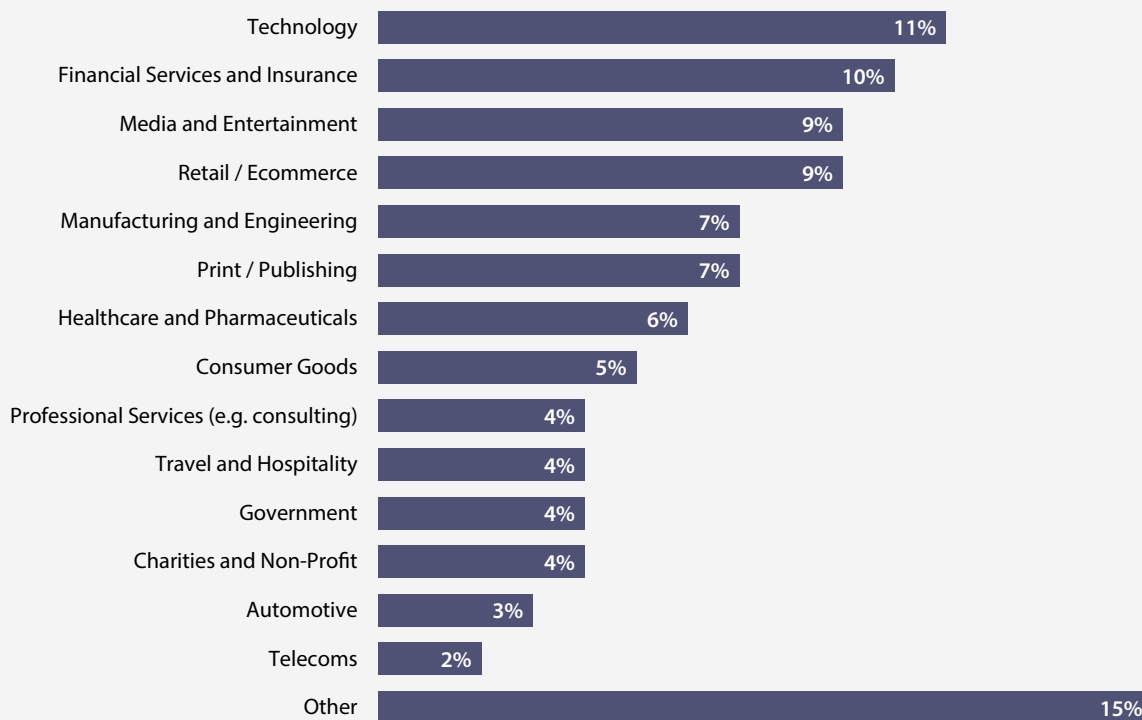
FIGURE 34: ARE YOU MORE FOCUSED ON B2B OR B2C AS A BUSINESS?



Respondents: 6,683

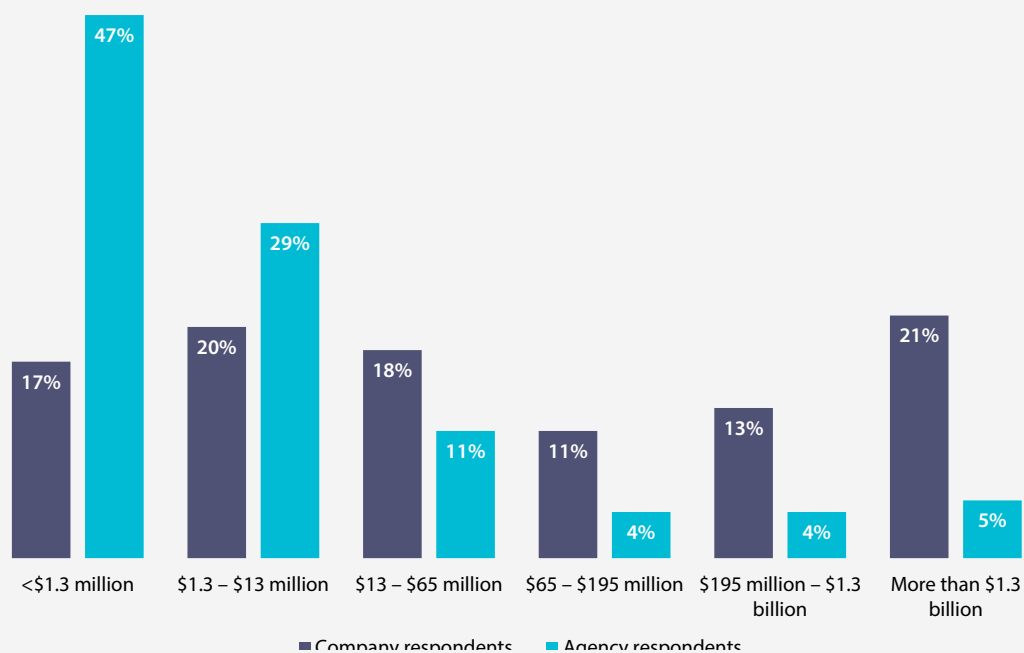
COMPANY RESPONDENTS

FIGURE 35: IN WHICH BUSINESS SECTOR IS YOUR ORGANIZATION?



Respondents: 6,706

FIGURE 36: WHAT IS YOUR ANNUAL COMPANY REVENUE?



Company respondents: 2,995
Agency respondents: 1,659



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