

A Forrester Consulting
Thought Leadership Spotlight
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The Business Impact Of Investing In Experience

A Spotlight On Media And Entertainment

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Introduction

The media and entertainment industry is in the midst of a fundamental transformation. First off, digital-native entrants in the market are disrupting the way all firms develop and deliver products. And secondly, programmatic buying is changing the way advertisers plan and purchase media — the ecosystem of adtech and martech is significantly growing, but it is doing so in a fragmented way.¹ Most importantly, customer expectations and behaviors are changing too. In 2013, 12% of US online adults were considered to be a current or likely cord cutter — that number has more than tripled to 40% in 2017.² Consumers are also increasingly turned off by advertising, using ad blocking technology to avoid it whenever possible.³ Meanwhile, consumption across all media, save for newspapers and magazines, is on the rise.⁴ Satisfying the needs of quality-, convenience-, and value-driven consumers requires firms to think holistically about customer experiences. In order to thrive, savvy media and entertainment firms must begin leveraging customer insight to create compelling content across devices and channels.

In February 2018, Adobe commissioned Forrester Consulting to evaluate the business impact of investing in customer experience across the customer life cycle. Forrester conducted an online survey with 1,269 marketing, advertising, CX, digital, and analytics business leaders at global enterprises to explore this topic. This spotlight focuses on the results of the 151 media and entertainment industry respondents from our global study. We found that media and entertainment firms that invest in experience transformation across people, process, and technology disciplines demonstrate superior performance. These firms — that we have defined as experience-driven businesses (EDBs) — deliver on metrics that align to their revenue and brand differentiation goals.

KEY FINDINGS

- › **Media and entertainment firms focus on customer and prospect experience to deliver on top business priorities.** Seventy-seven percent of firms are prioritizing an improved customer and prospect experience in the next 12 months, followed by digital business acceleration (77%), revenue growth (75%), and improved differentiation (75%). To achieve top business priorities, global firms are investing in improved content experiences, particularly in content marketing delivery via social channels.
- › **Experience-driven media and entertainment firms embrace CX best practices in people, process, and technology.** Leaders in experience-driven media and entertainment deliver the types of experiences that draw customers in and keep their attention. By dedicating budget to digital and cross-channel experience design, as well as the systems of customer feedback necessary to optimize experiences, EDBs consistently put customers at the center of every business decision.
- › **It pays to be an experience-driven media and entertainment firm.** EDBs have more work to do when it comes to accelerating digital business. Yet despite setbacks, their experience investments pay off in stronger, sustainable business growth and greater brand differentiation than less mature media and entertainment firms.



Experience-driven media and entertainment firms are 1.3x more likely than their less mature peers to increase customer lifetime value.

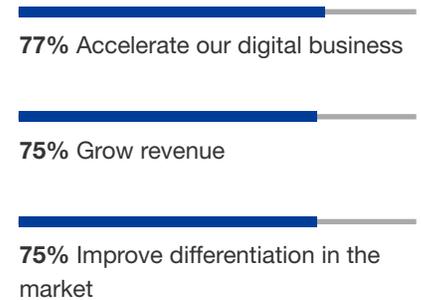
Experience-Driven Media And Entertainment Firms Adjust For Best-In-Class CX

Consumers' media and entertainment consumption has become fractured across platforms and devices. While a world without linear TV is still a distant reality, media and entertainment firms are evolving their digital strategy to vie for consumer attention — so much so, that accelerating digital business now tops revenue growth and improving differentiation in the list of business priorities (see Figure 1). To drive the types of experiences that draw customers in and keep their attention, media and entertainment firms need: an organization built for customer-centricity; processes that drive continuous improvement through customer insights; and technology that enables strong experiences. We found:

- › **Global media and entertainment firms plan to delight customers through improved content experiences.** The top CX initiative for media and entertainment firms is improving or expanding content marketing capabilities (52%). With nearly 48% of online adults saying they actively avoid ads online, B2C marketers — as well as the publishers and platforms that have traditionally relied on them for revenue — find themselves with a shrinking digital reach.⁵ In order to grab the attention of consumers without turning them off, firms are focusing on the targeted, relevant, and entertaining advertising achieved through content marketing. Additionally, adding or improving social media experiences is a top priority for 50% of firms. This means that as firms focus on content marketing, they are doing so by extending beyond their owned channels into earned channels, like social, to expand upon their brand's engagement with consumers' attention.
- › **Experience-driven media and entertainment firms are organized for consistent, high-quality customer experiences.** Our survey outlined best practices for building superior experiences and asked respondents to rate their organizations' effectiveness along organizational, process, and technology pillars. We found that many firms have difficulty embracing CX best practices consistently across these three pillars. We applied a maturity framework to identify companies in our survey who lead the industry in employing best practices in people, process, and technology, and only 34% can claim the fact that they are *experience-driven businesses* (EDBs) (see Figure 2).⁶

Figure 1

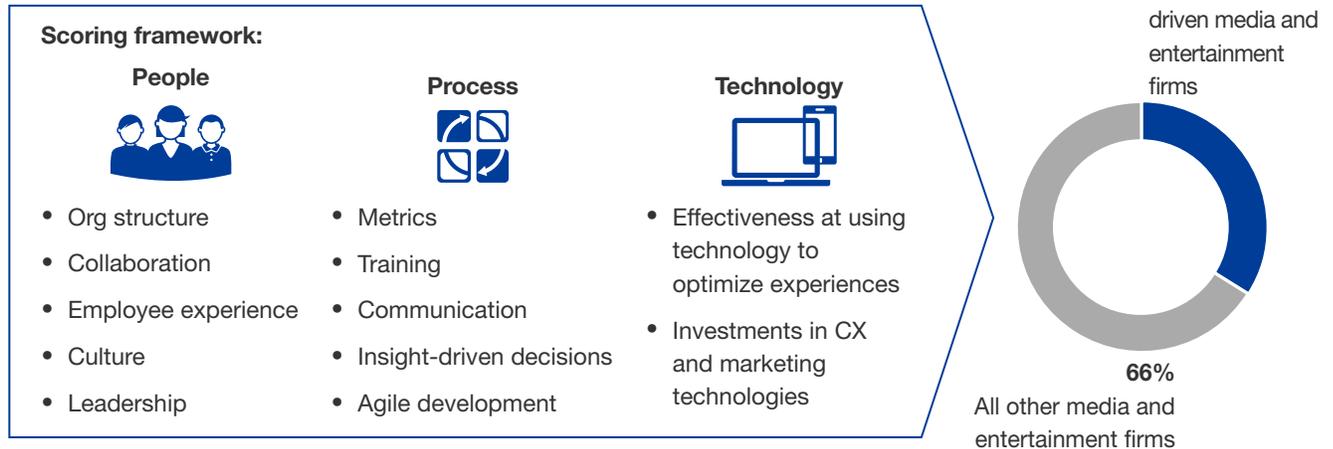
Top business priorities over the next 12 months (rated “critical” or “high” priority):



Base: 151 CX technology and metrics decision makers at global media and entertainment companies
Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, February 2018

Figure 2

We used a three-pillar scoring framework to define experience-driven businesses.



Base: 151 CX technology and metrics decision makers at global media and entertainment companies
Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, February 2018

Media And Entertainment EDBs Tailor Content To The Customer’s Journey

Experience-driven media and entertainment firms have taken to heart the customer’s preference for personalized and seamless content experiences across devices. Excelling in this post-digital world — where digital is no longer a channel but part of everything — requires all firms to meet customers in their moment of need and create a value exchange between their brand and the customer.⁷ Therefore, EDBs are notable for driving the organizational, process, and technology best practices that put the customer’s preference at the center. In our assessment of experience-driven best practices, we learned:

- › **Experience-driven media and entertainment firms take a three-pronged approach to CX investment.** EDBs take aim at their digital business goal by ensuring customers have great experiences on every device: 71% of EDBs have a specific budget for mobile experience design improvement, versus just 42% of other firms. This effort is then supported by their investments in cross-channel experience design (57% versus 39%) and customer feedback management (63% versus 42%). So not only are EDBs focused on improving the look and feel of content on-the-go, they are making sure it’s connected seamlessly across the customer journey. From there, they ensure systems are in place to manage customer feedback and optimize experiences further.
- › **Media and entertainment EDBs build an organization with the flexibility to pivot around customer preference.** EDBs are overwhelmingly effective at deploying new content or service offerings to address customer or channel demands (96%). It’s not surprising that content is a strong suit for the industry — however, EDBs are not only focused on content, but how content is tailored to a customer need or preference; they are also skilled at curating and dynamically assembling personalized content to customers and prospects at scale (94%). Only 63% and 64% of other firms, respectively, can claim to do this.



“[As a result of our investment in experience improvements], we received more feedback [from customers] which helped us enhance our services.”

*Marketing manager,
Australian media and
entertainment firm*



- › **Media and entertainment EDBs are fearful of overstepping the bounds of privacy.** The top challenge that EDBs face in optimizing experiences is the constraint of security and privacy (49% versus just 27% of other firms). Given their focus on personalized content, EDBs are weary of the “creepy” factor and the loss of trust when customers feel a brand seems to know too much about their personal life.⁸ More tangibly, the main focus of GDPR is ensuring firms get consent from customers to use data for legitimate purposes only. Cross-device identification approaches — a tactic employed to better manage a customer’s content journey — raise major privacy risks because they provide little transparency into the source of customer data.⁹

MEDIA AND ENTERTAINMENT EDBS ACHIEVE REVENUE AND DIFFERENTIATION GOALS, DESPITE ACCELERATION SETBACKS

By connecting experiences across devices, prioritizing flexibility of content, and internalizing the customer’s perspective, media and entertainment EDBs overachieve in business growth and differentiation metrics. However, we found that EDBs have so far sacrificed speed for quality. We found that EDBs experience (see Figure 3):

- › **Lower acceleration.** Increased speed to market with digital products requires Agile approaches that deliver small iterative changes fast.¹⁰ Even though EDBs are investing in digital experiences and services, they have not increased the speed of software development cycles beyond their less mature peers (31% of EDBs cite faster cycles versus 30% of others). As a result, they have yet to see the benefit in speed to market: they are 1.2x less likely than non-EDBs to cite this benefit.

While media and entertainment EDBs may not be faster, they are demonstrably better in two key business priorities. We found that EDBs succeed in capturing:

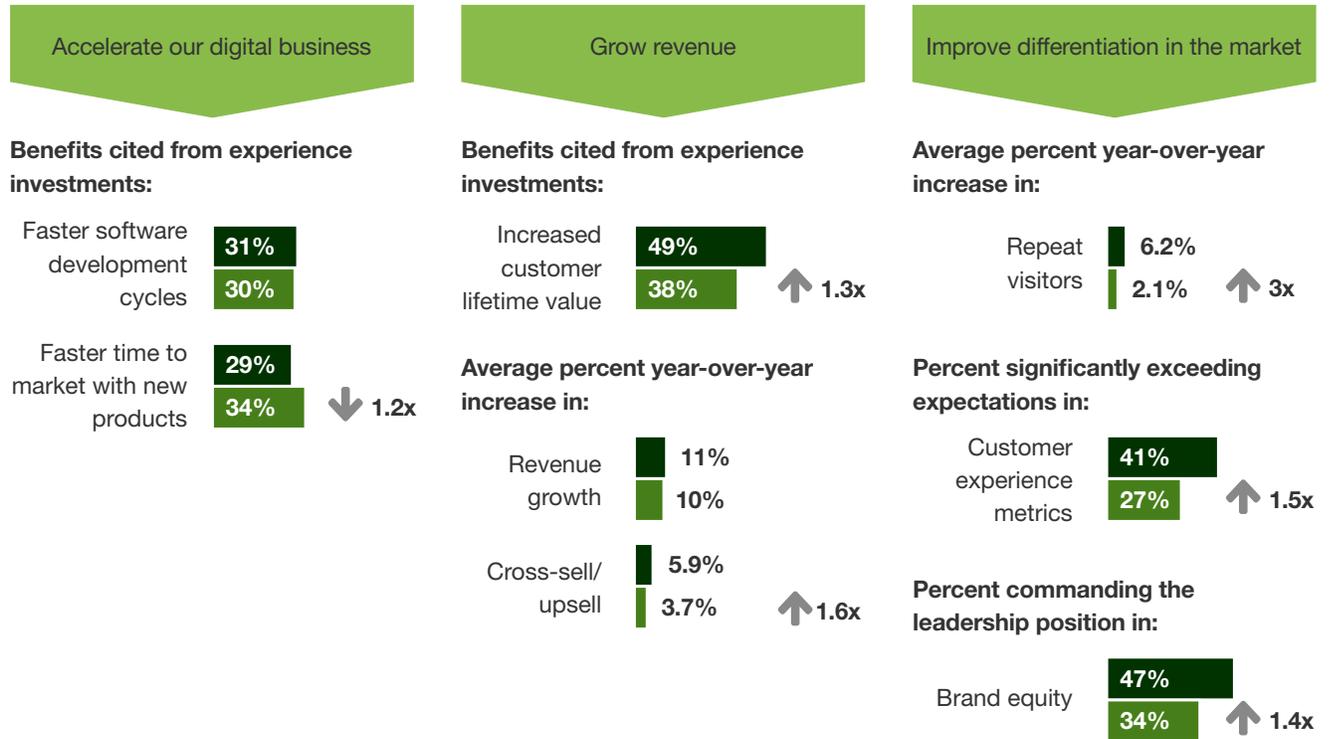
- › **Strong, sustainable business growth.** EDBs outperform their peers in the industry on business growth. They are 1.3x more likely to cite increased customer lifetime value as a result of experience investments. They also grow at an average of 11% in revenue and 5.9% in cross-sell/upsell year-over-year.
- › **A brand that stands out.** Differentiation is key for media and entertainment firms as they contend with a fragmented market. The effort that EDBs put into differentiating their brand is paying off in three key metrics. First, they boast 3x year-over-year growth in repeat visitor rates compared to others — meaning their unique message resonates. Second, they are 1.5x more likely to significantly exceed customer experience expectations. And finally, they are 1.4x more likely to have leading brand equity.

Figure 3

Media and entertainment EDBs perform well on CX and brand metrics despite falling short of acceleration goals.

TOP CRITICAL PRIORITIES FOR MEDIA AND ENTERTAINMENT FIRMS:

■ Experience-driven media and entertainment firms ■ All other media and entertainment firms



Base: Variable CX technology and metrics decision makers at global media and entertainment companies (N = 51 for EDBs, N = 100 for all others)

Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, February 2018

Key Recommendations

Amid upheaval caused by digital disruption and a fractured customer landscape, media and entertainment companies must start their CX transformations now. Insights from this study, coupled with Forrester's existing research into CX transformation, show that media and entertainment firms should:



Start with a differentiating CX vision. A company's CX vision is its aspirational depiction of the intended experience for customers. It provides a north star for an organization's efforts, aligning them to deliver not just a positive experience but the *right* positive experience — one that resonates with customers and makes the brand stand out. Strong CX visions are: authentic, because they embody the brand's values; inspirational, in that they galvanize employees to act creatively and entrepreneurially; and mobilizing, because they are prescriptive and actionable enough to focus the entire organization around a specific course of action.¹¹



Track the experience across devices with journey analytics. To understand the quality of the experience, media and entertainment firms must combine qualitative and quantitative data to analyze customer behaviors and motivations across touchpoints and over time. This allows companies to test journey hypotheses, orchestrate tasks among stakeholders and with customers, and design future-state journeys. Start by working on a simple use case, like decreasing the number of steps in one key journey, to build a success story that proves the value of journey analytics. Then scale up to more advanced use cases, like creating next-best-action models and analyzing how parallel journeys influence each other. Ultimately, companies that use journey analytics enterprisewide will be able to track how CX changes in one part of a journey affect KPIs in far-flung parts of the customer life cycle.¹²



Bring customer-centric experiences to market faster with Agile CX. Agile CX focuses on delivering the most critical customer outcomes as soon as possible. To do this, Agile CX blends journey mapping with other Agile practices such as frequent adaptation and sprint planning meetings. To succeed with Agile CX: First, create a cross-functional team led by a product manager, that includes a UX lead, a technical lead, designers, and developers. Second, incorporate quantitative and qualitative customer insights into every sprint. Third, align scrum teams to customer journeys so Agile CX teams can see how customers use touchpoints to try to achieve a goal. Fourth, track minimum viable experience — the basic interactions that customers expect from the brand and what's required for the minimum viable product (MVP) to deliver that experience — in addition to MVP.¹³

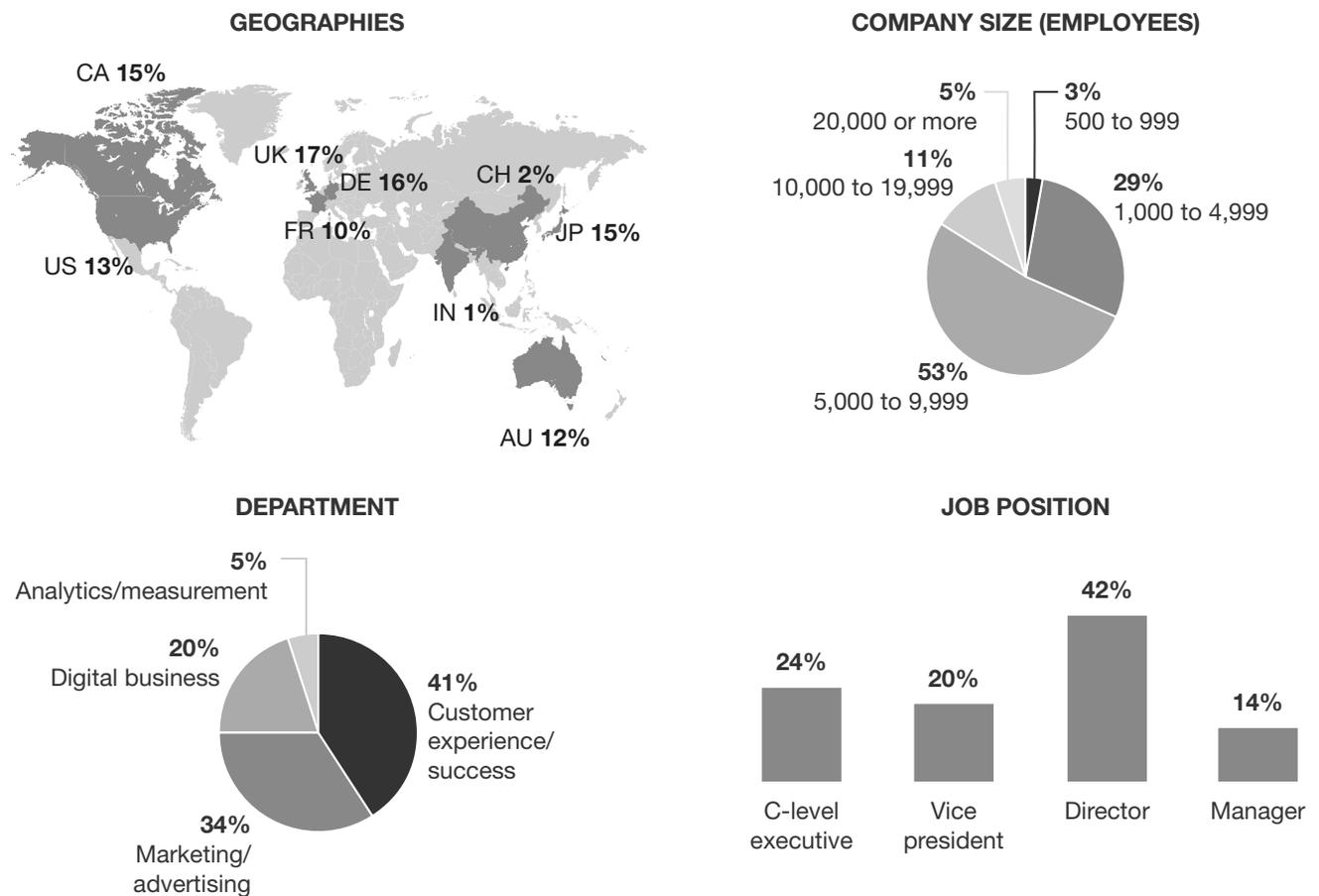


Make trust a competitive differentiator. There's no substitute for flawless ethics, security, privacy, and compliance, but for optimal impact, customers need to perceive the company's commitment to transparency and providing trust during every interaction. Start by identifying the promises that your firm makes to its customers in the firm's strategy documents, and determine how authentic those promises are. Then, get beyond boilerplate terms like "transparency" and "integrity" to identify root causes of trust problems. Finally, study how information asymmetry affects the customer experience, and consider embedding education as a key experience principle.¹⁴

Appendix A: Methodology

In this study, Forrester conducted an online survey of 1,269 organizations in North America, Europe, and Asia Pacific to evaluate their approaches to engaging customers and prospects across the customer life cycle and the investments they have made in these areas. Survey participants included decision makers in customer experience/success, marketing, digital business, and analytics roles. While the overall study included firms in eight industries (manufacturing, financial services and insurance, government, healthcare, media and entertainment, retail, B2B technology, and travel and hospitality), this report's analysis is limited to 151 respondents in the media and entertainment industry. Questions provided to the participants asked about business priorities and challenges, current approaches to supporting CX across the customer life cycle, and business metrics resulting from marketing and CX efforts. Respondents were offered a small incentive as a thank you for time spent on the survey. The study began in January 2018 and was completed in February 2018.

Appendix B: Demographics/Data



Base: 151 CX technology and metrics decision makers at global media and entertainment companies
 Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, February 2018

Appendix C: Supplemental Material

RELATED FORRESTER RESEARCH

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<https://www.forrester.com/report/The+Integration+Imperative+Of+Digital+Experiences/-/E-RES119667>

Appendix D: Endnotes

¹ <https://www.forrester.com/report/A%20Developers%20Guide%20To%20Forrester%20Strategies%20For%20Integration%20And%20Digital%20Business%20Platforms/-/E-RES137952>

² <https://www.forrester.com/report/Digital+Business+Design+Is+The+New+Integration/-/E-RES83641?objectid=RES83641#reference1>