



2020 Digital Trends

Media and Entertainment in Focus

Table of contents

Executive Summary	4
1. Content still reigns for business focus	6
2. CX focus and confidence on the rise—especially as a brand differentiator	
3. Putting the right infrastructure, strategy, and investment in place	
4. Transformative technologies are being embraced—but challenges lie ahead	
Methodology	20

Foreword

Welcome to Adobe's *Digital Trends* report, our annual survey of marketing, advertising, e-commerce, creative, and technology professionals around the world. Now in its 10th year, *Digital Trends* continues to reveal the most significant shifts in the industry that are driving marketing strategies, company investment, and consumer behavior.

This 10th edition of the report gives us the opportunity to reflect on the last decade. Adobe, in partnership with Econsultancy, has gathered more than 75,000 senior leaders' experiences and insights across this period. Our commitment to measuring the industry viewpoint from business leaders and influencers delivers a fascinating window into how much change the technology sector has experienced.

When we produced the first report in 2011, marketers were obsessed with digital channels. How would social media impact e-commerce? Would people buy anything on a mobile device? How would television advertising be affected by digital channels?

Of course, the landscape we operate in today is very different from that of 2011. Today's consumer expectations are far greater, but so is the opportunity. Technology and data are empowering brands to build direct, emotional relationships with consumers that are changing the way businesses operate forever. This is a new era for marketers. We can understand and interact with our audience in more meaningful ways than ever before.



Michael Grier
Media & Entertainment Industry
Strategy & Marketing

This also poses challenges for brands. Customer-centricity is magnifying organizations' structural, cultural, and technological barriers that shape data management and customer experience delivery, and ultimately define business success. The regulatory environment, artificial intelligence, and emerging tech are all providing challenges and opportunities whose impact are explored in detail in the report.

Fundamentally, the [Digital Trends 2020](#) report shows that today the value of customer experience is unquestionable. Brands leading the way in customer experience are three times more likely to have significantly exceeded their 2019 business goals.

Digital Trends continues to be a valuable tool for our teams at Adobe and marketers across the globe to track industry developments. This year's report is a fantastic opportunity to reflect on how these changes have evolved over the last decade and how they drive success for our customers in 2020 and beyond.

Executive summary

Competition in the media and entertainment industry remains fierce as companies battle to launch new digital services, develop premium subscription offerings, and transform operations to become direct-to-consumer brands. Content remains the key differentiator, but in an increasingly atomized digital environment, consumer experience and engagement lie at the heart of business strategy.

Media companies are having to evolve rapidly, and the *2020 Digital Trends* report takes a look at some of the building blocks and key CX trends that are impacting the industry. It explores themes around technology, data infrastructure, automation, business strategy and ROI, and their implications for the media industry in building CX.

Why? The financial benefits are clear. The *2020 Digital Trends* report shows CX leaders are three times more likely than other industries to have exceeded their business goals.

Our research indicates that there is confidence across the industry in its ability to create exceptional user experiences which outstrips all other sectors.

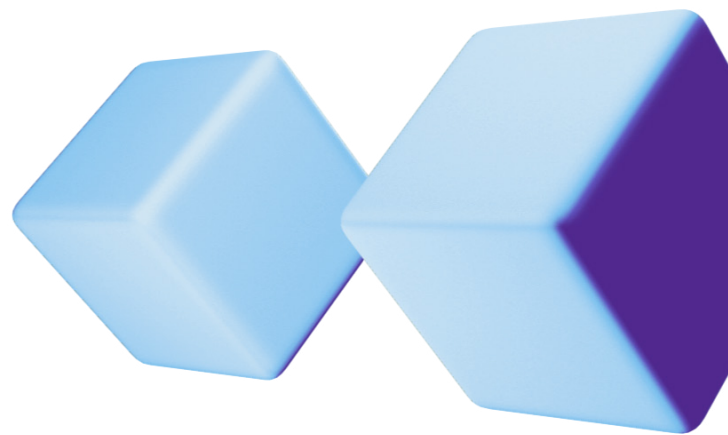
But do media organizations have the right infrastructure and investment roadmaps in place to change the way they operate to reinvent user experience and meet changing consumer needs? Or are they hampered by inefficient legacy processes, complex and time-consuming integrations, and lack of budget as they increasingly adopt digital technology and move processes and workflows to the

Premium content is top priority

- Media and entertainment companies are in the business of premium content, with video being the most important. Almost half the businesses in the sector (43 percent) said video content was their top priority for next year, and a quarter see the extension of compelling content across all digital experiences as their biggest opportunity in 2020.
- Building a multichannel strategy for video is a core competency for media companies, requiring complex orchestration of creative formats, delivery workflows, and data technologies.

CX focus and confidence on the rise—especially as a brand differentiator

- Almost a quarter of media and entertainment businesses (22 percent) said customer experience would be their prime source of differentiation from their competitors in the next five years, almost equal with product/service quality (23 percent).
- The industry is very confident of its ability to deliver competitive differentiation. Despite a lot of sectors not far behind at 48 percent, media and entertainment is ahead at 54 percent.

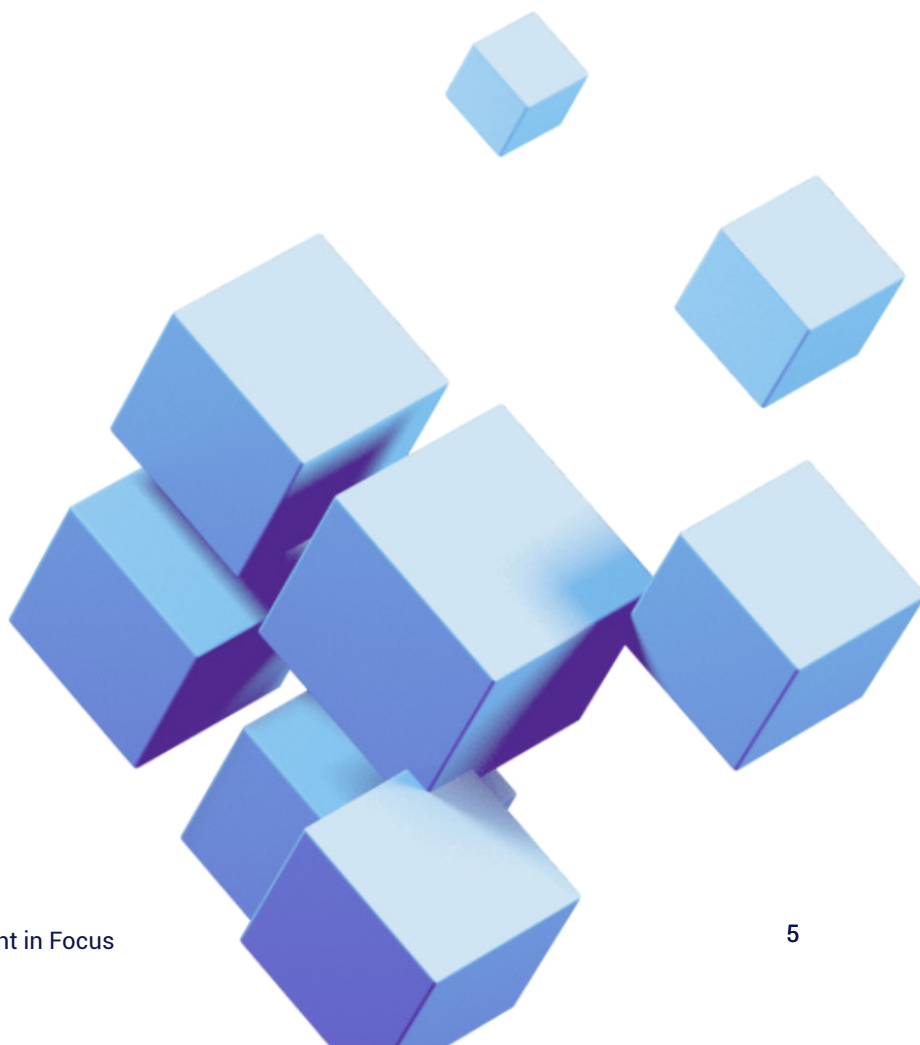


Infrastructure, strategy, and investment issues behind the confidence

- Behind this confidence, however, there are still issues. Almost two-thirds of media and entertainment businesses (62 percent) still have either a fragmented approach to marketing technology or have little to no cloud-based technology. This is the same as companies in other sectors surveyed, including retail, travel and hospitality, media and entertainment, and telecommunications.
- They're also falling behind in CX training for their staff. Almost a third of media and entertainment companies provide no learning resources for their employees, compared to a quarter of other companies.
- Despite this, the sector is less likely to increase their investment in CX technology this year—only a third are planning to spend more, compared to half of other types of companies.

Transformative technologies are being embraced—but challenges lie ahead

- Media and entertainment companies face the same barriers as many other sectors when it comes to creating digital experiences successfully. The percentages of businesses citing lack of budget (43 percent), the challenge of keeping up with new technologies (34 percent) and the difficulty of finding and retaining the right people (30 percent) are roughly the same across the entire survey. But the sector appears to struggle much more with outdated workflows, lack of senior management support, and cross-departmental issues than other sectors.
- And it's also lagging behind in its adoption of artificial intelligence (AI) and machine learning (ML). Only 15 percent of media and entertainment businesses are already using AI/ML, and 19% are planning to invest in the technology. This compares to 18 percent already using AI/ML, and 27 percent planning to invest in other sectors.



1

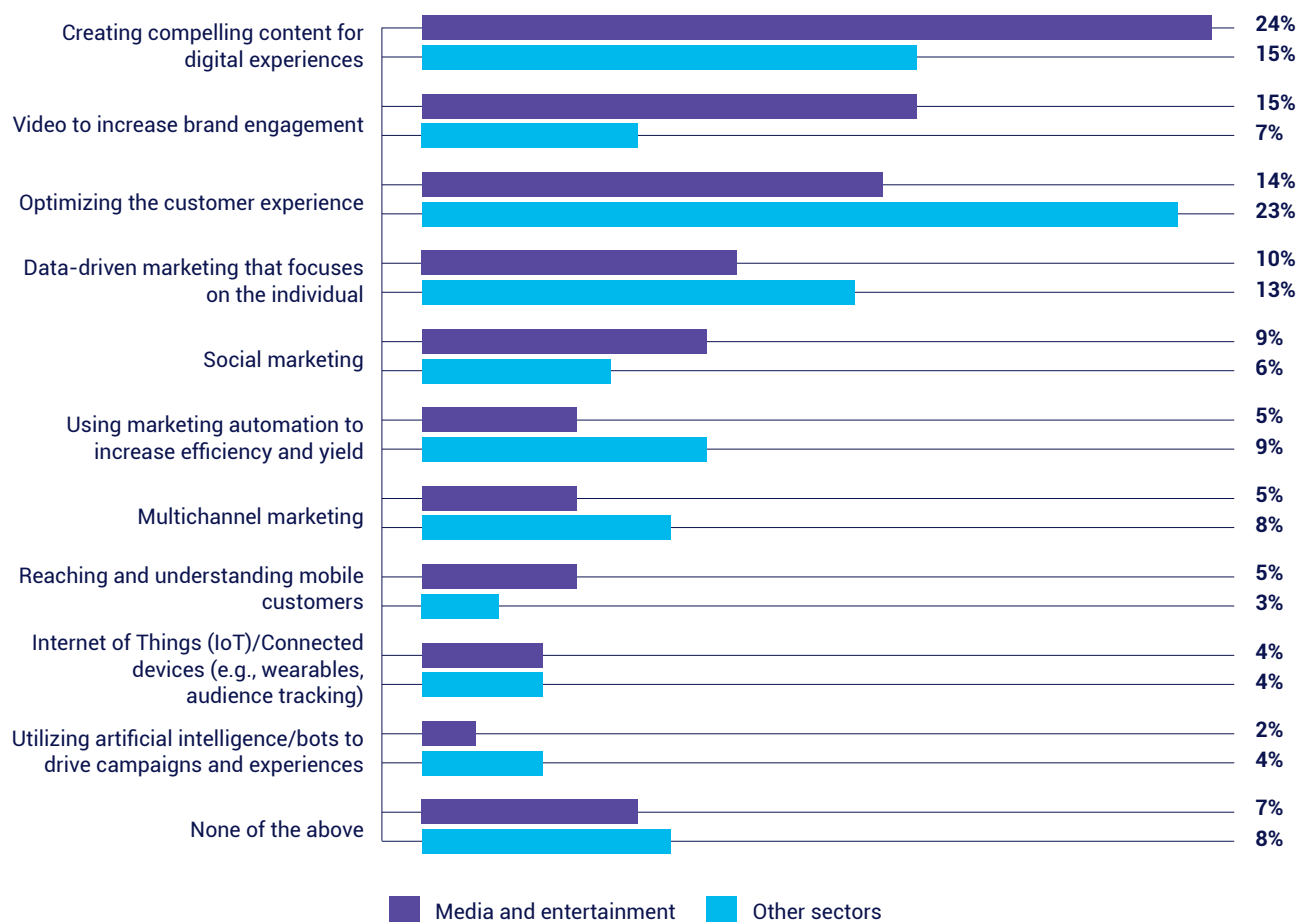
Content still reigns for business focus

The 2020 *Digital Trends* report shows that customer experience is the key focus for most business sectors in the coming year, but media and entertainment companies are understandably focusing on content, and video content in particular:

- A quarter (24 percent) of media and entertainment companies see creating compelling content for digital experiences as their most exciting opportunity for 2020 (*Figure 1*), compared to almost the same percentage of companies in other sectors which rated optimizing CX as most exciting.
- Almost half the media and entertainment sector (45 percent) expect creating standout content to be one of the areas that jumps furthest up their priority list this year (*Figure 2*).
- A similar percentage (43 percent) see video content as their top priority for the coming year (*Figure 2*).
- Media and entertainment companies also seem to be prioritizing video over the strategic building blocks of CX, such as targeting and personalization (21 percent), customer journey management (17 percent), and customer data management (16 percent).

Last year Cisco predicted that video will account for 82 percent of total global IP traffic by 2022, up from 75 percent in 2017.¹ This change has made digital channels a natural home for those media and entertainment businesses that produce video. At the same time, it's driven those companies that traditionally specialize in other formats—such as newspaper publishers—to add video to their outputs.

Figure 1: Which one area is the single most exciting opportunity for your organization in 2020?



Respondents: 5,000

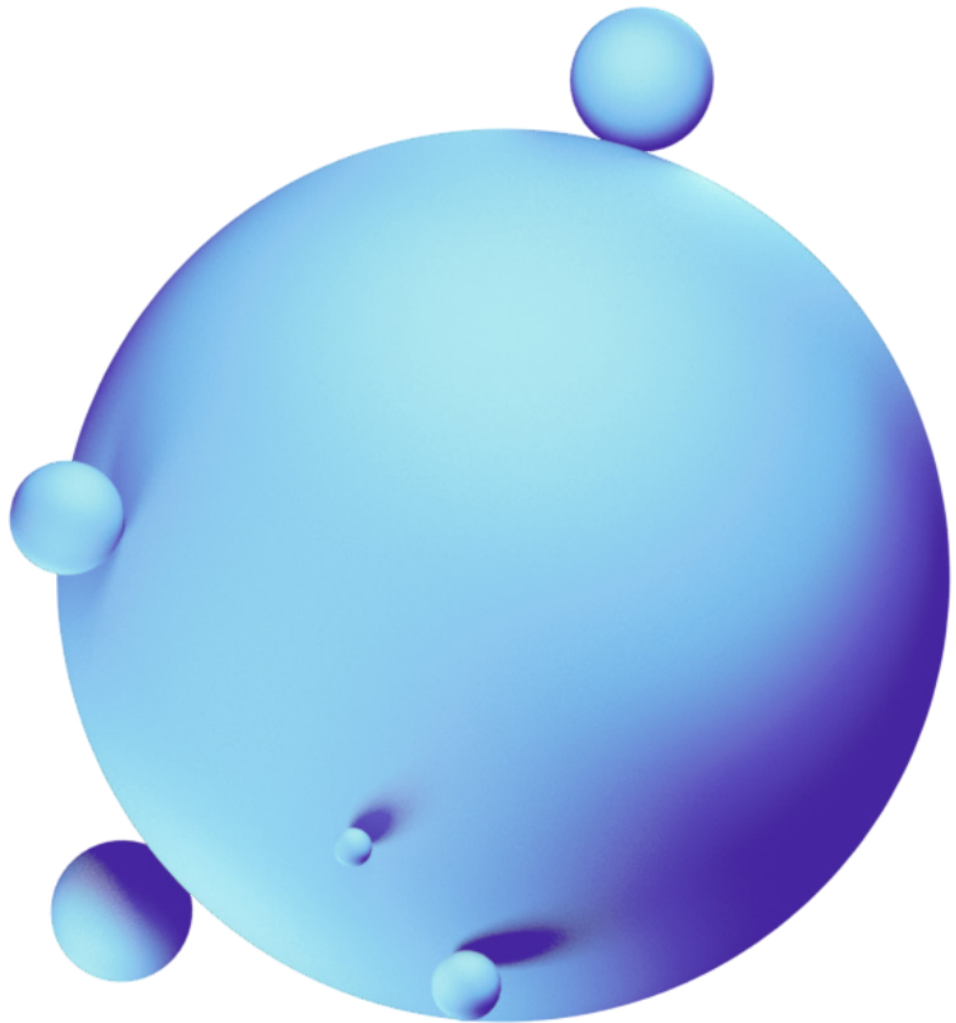
¹ "Cisco Annual Internet Report (2018–2023) White Paper," March 9, 2020.

Video as a multichannel tool

While other forms of content have their roles to play in delivering consumer experience, the research shows that media and entertainment companies are seeking ways to put video at the center of their multi-device and channel strategies (*Figure 1*):

There's a big difference between the percentage of respondents (24 percent) who regard creating compelling content for digital experiences as their most exciting opportunity and the percentage who are most excited about social marketing (9 percent), or enthused by either mobile (5 percent) or multichannel marketing (5 percent).

By extending their video strategy, media and entertainment companies are connecting content with customers across multiple channels and platforms, including web, mobile, and social. This view is backed up by Animoto's *2018 State of Social Marketer Trends* report,² which found that video is consumers' favorite type of content to see from brands on social media.

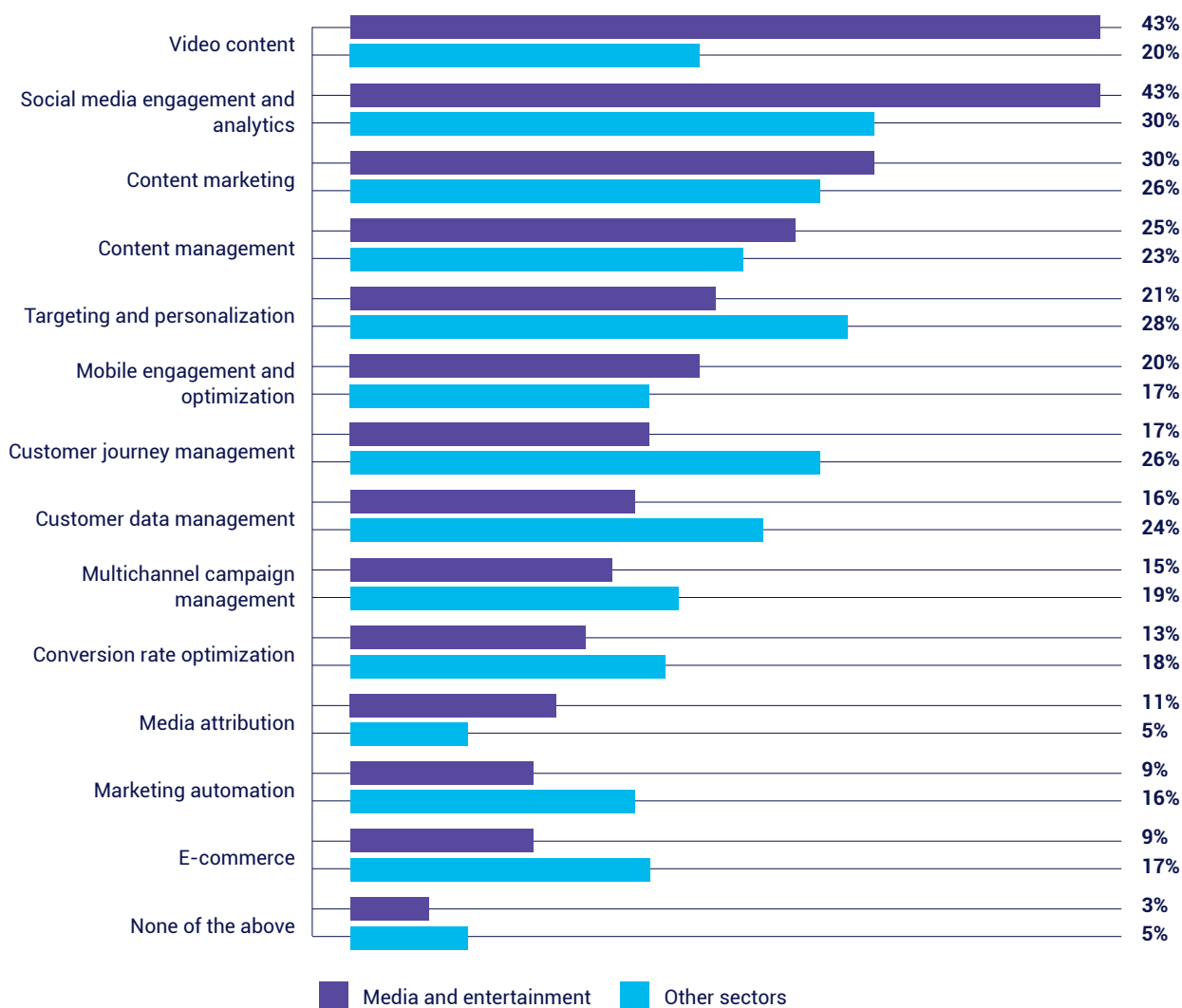


² Megan O'Neill, "2018 State of Social Video: Consumer Trends [Infographic]," Animoto, October 23, 2018.

Media and entertainment businesses seek to understand the value of social media

Looking more closely at media and entertainment companies' attitudes toward social media throws up a seeming contradiction. Topping their list of priorities for 2020, alongside video content, is social media engagement and analytics, chosen by 43 percent of respondents (Figure 2). That contrasts markedly with the 9 percent who see social marketing as their most exciting opportunity (Figure 1).

Figure 2: Which three digital-related areas are the top priorities for your organization in 2020?



Respondents: 5,140

The most likely explanation is that the use of social media is already deeply embedded in media and entertainment companies' communications with consumers. For example, a 2018 study by MusicWatch found that 90 percent of social media users take part in some form of music- or artist-related activity on social platforms.³

So what this year's research indicates is that media and entertainment companies are now prioritizing a better understanding of what social delivers, and how that, in turn, impacts on the bottom line.

Media and entertainment companies are currently still focused on content, and video is the most important content of all—partly because of its popularity with consumers, and partly because it works across all channels and platforms.

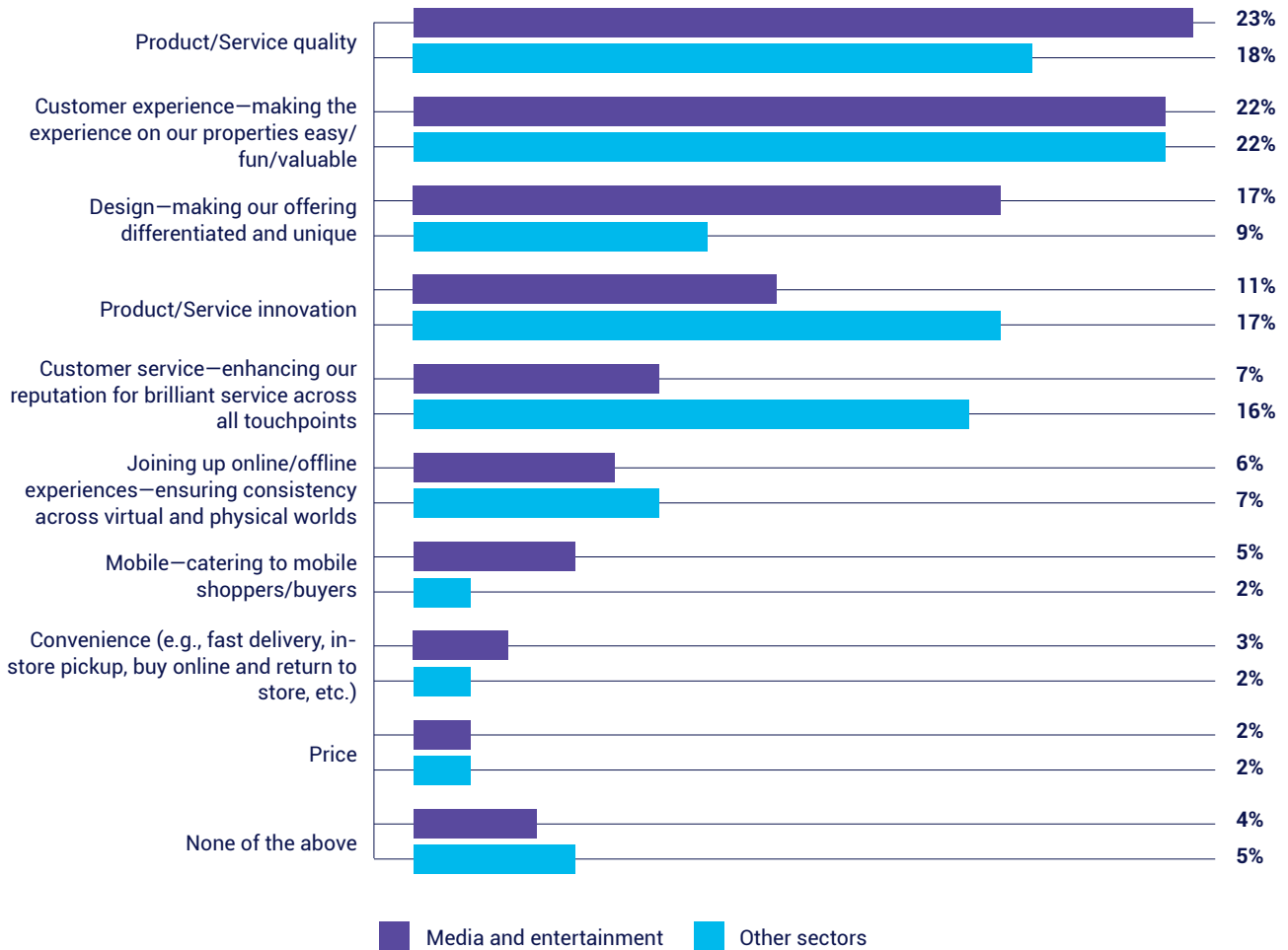
³ Russ Crupnick, "Music Scores a Gold Record on the Social Media Charts," MusicWatch, August 6, 2018.

2

CX focus and confidence on the rise—especially as a brand differentiator

Media and entertainment companies see content as key for the next 12 months, but their view changes as we look at how they plan to differentiate themselves in the future.

Figure 3: Over the next five years, what is the primary way your organization will seek to differentiate itself from competitors?



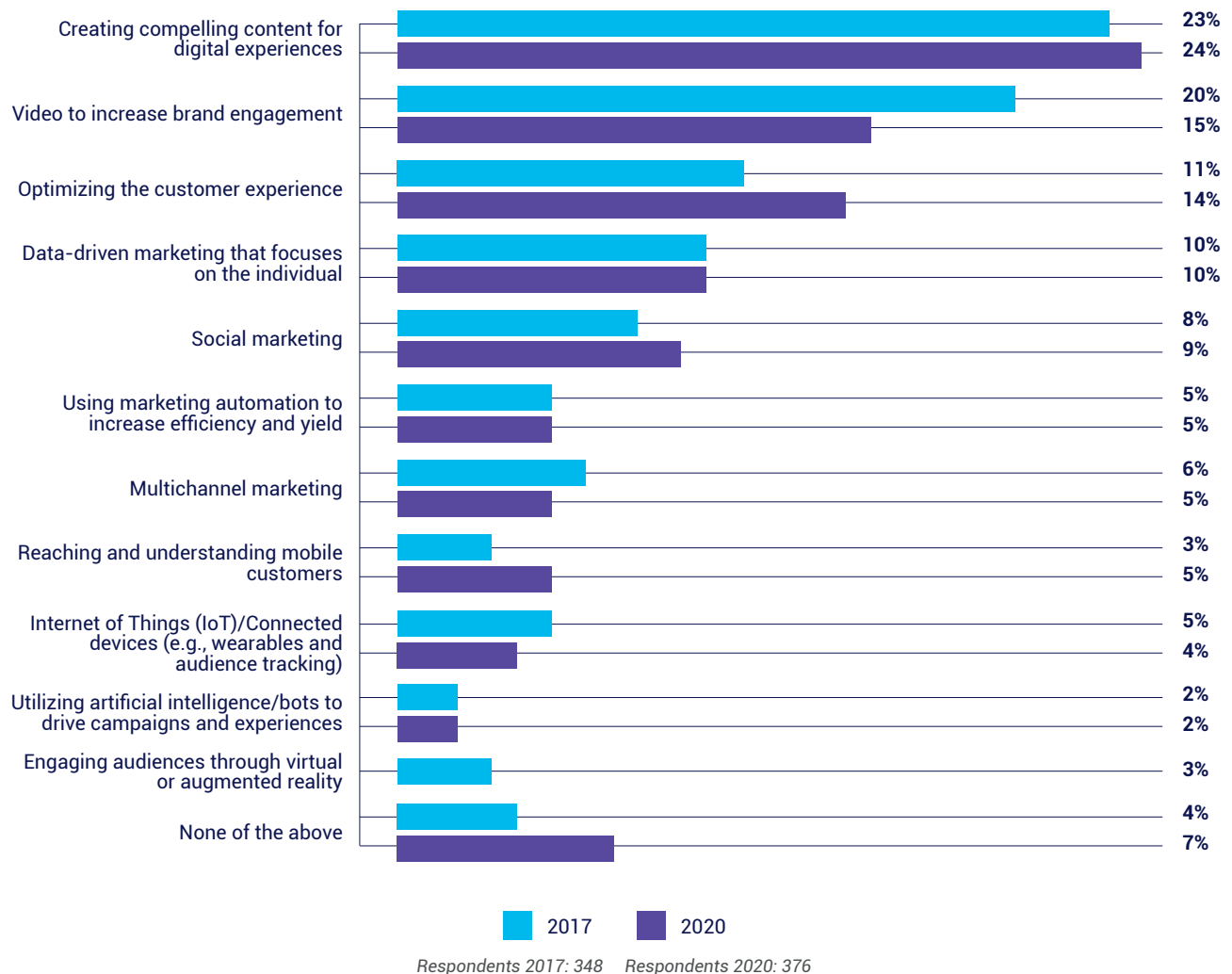
Respondents: 4,680

Product and service quality and customer experience are seen as the key sources of competitive differentiation for media and entertainment companies over the next five years, as shown in *Figure 3* (23 percent). This view of the importance of CX mirrors other sectors across the *2020 Digital Trends* report.

But the way the media and entertainment sector's priorities are changing can be seen by comparing the 2017 *Digital Trends* results with those from 2020 (Figure 4).

- The percentage of respondents rating creating compelling content for digital experiences as their single most exciting opportunity has stayed almost the same, at 23 percent in 2017 compared to 24 percent in 2020.
- 20 percent of respondents were most excited by video in 2017. That's now dropped to 15 percent.
- 14 percent now see CX as the most exciting opportunity, up from 11 percent in 2017.

Figure 4: Which one area is the single most exciting opportunity for your organization in 2020?

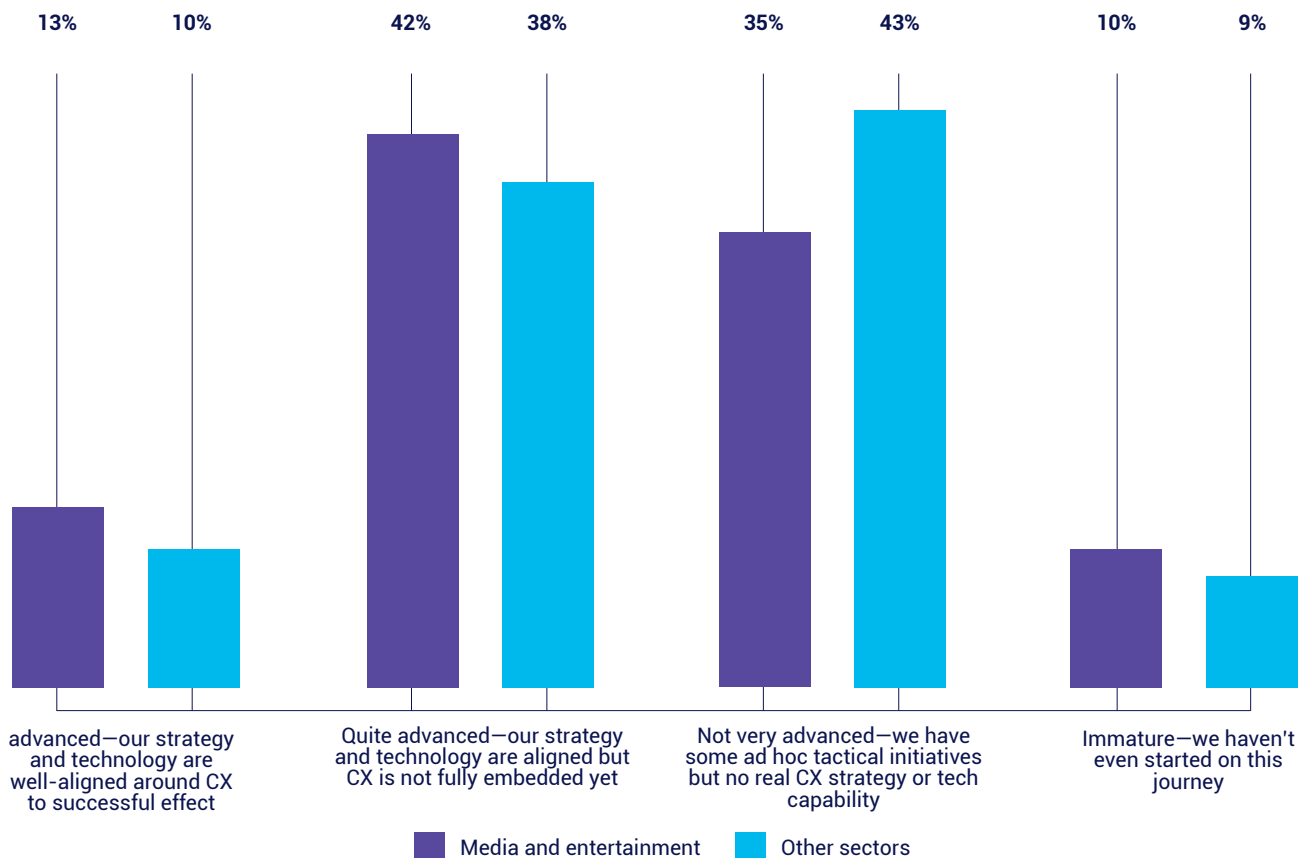


High CX confidence across media and entertainment companies

As *Figure 5* shows, media and entertainment companies are slightly more likely to feel they are more mature in their adoption of CX than other sectors.

- 13 percent describe themselves as “very advanced” and 42 percent as “quite advanced,” compared to 10 percent and 38 percent, respectively, for other sectors.
- This is borne out by the fact that significantly fewer companies in media and entertainment say they adopt a decentralized approach to the management of CX than the global norm (35 percent compared to 40 percent), since such an approach is a hallmark of a company that has yet to prioritize customer experience (*Figure 6*).

Figure 5: How do you rate your company in terms of customer experience (CX) maturity?



Respondents: 5,432

Product and service quality and design are also key for market standout

Product and service quality is neck and neck with CX as a key differentiator, chosen by 23 percent of media and entertainment respondents (Figure 3). This is followed by design, chosen by 17 percent. These figures are noticeably higher than in other sectors, where 18 percent chose product and service quality and 9 percent picked design.

The likely explanation for the perceived importance of product/service quality is what Kevin Westcott, Deloitte's U.S. leader of telecommunications, media, and entertainment has called the "all-out streaming war" currently being waged in the U.S.⁴ All the big media companies are building and launching subscription streaming services, and competing for the mass audience. At the same time, digital publishers are building subscription-based services and putting premium content behind paywalls.

Publications such as *The Economist*, *The New York Times* and the *Financial Times* have seen subscriber numbers boom as readers look for trustworthy sources of information.

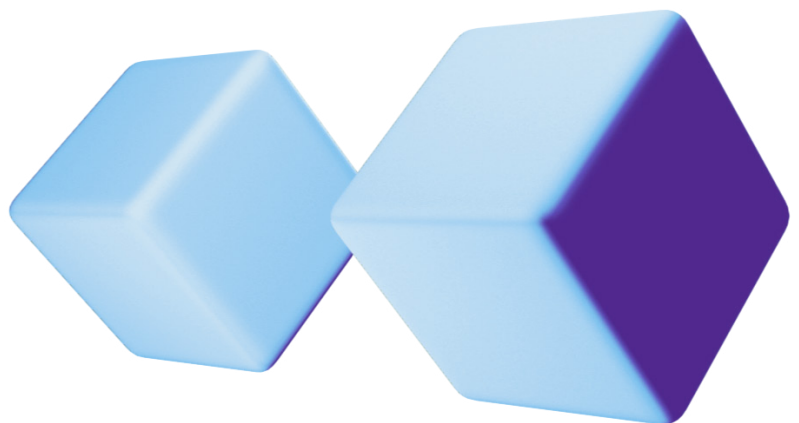
No one yet knows how many services customers will be prepared to pay for, but it's likely that the services offering the biggest choice of high-quality content will be the winners. This also explains the recent spate of mega-mergers among media companies.

Good service design, meanwhile, is crucial for media and entertainment businesses offering a big choice of content. How easy it is to find the film or TV show you want to watch is a key determinant in customers' perception of the service, as demonstrated by Netflix's personalisation of its home page based on individual users' viewing behavior. Similarly, Spotify has a Premium design team responsible for improving the user experience of the service's 100 million Premium subscribers, driving their long-term engagement and making them feel like Spotify Premium is a brand where they belong.⁵

Digital publishers are also adopting personalization strategies to deliver a more adaptive news experience to drive reader acquisition, loyalty, engagement, and retention.

From this perspective, the emphasis on both product and service quality and design can be seen as part of the growing importance of customer experience to the media and entertainment sector.

Media and entertainment companies believe customer experience will be equally as important as quality content in differentiating themselves from their competitors in the future. And they're confident in their ability to deliver it.



⁴ "2020 Media and Entertainment Industry Outlook," Deloitte.

⁵ Katie Koch, "Using Service Design to Create Better, Faster, Stronger Designers," *Spotify Design*, July 11, 2019.

3

Putting the right infrastructure, strategy, and investment in place OR Are the right infrastructure, strategy, and investment in place?

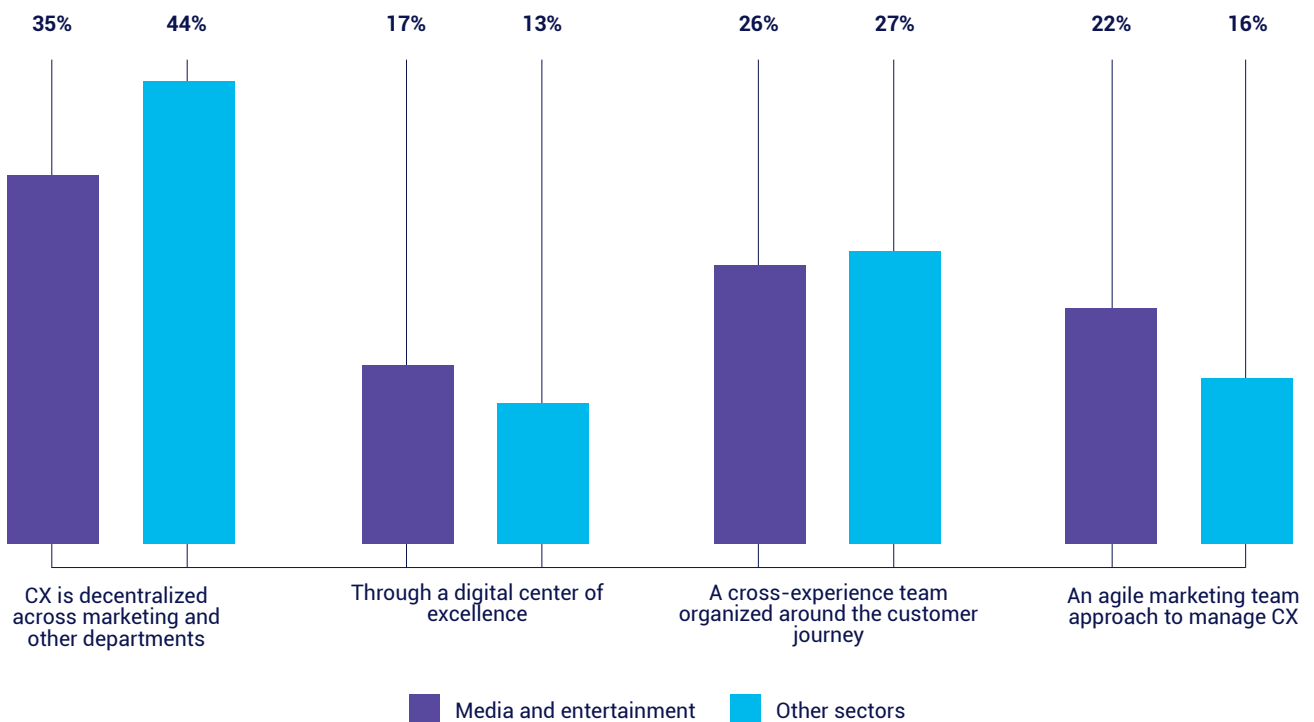
Media and entertainment companies may be more confident about their CX capability than those in other sectors, but behind this confidence the research shows a mixed picture.

Media and entertainment companies are strong on CX management, but less so on execution

The sector is certainly further up the maturity curve than others in terms of the way it manages CX (*Figure 5*). However, media and entertainment companies are no more likely than those in other sectors to have reached the stage of establishing cross-functional teams to manage the customer experience (*Figure 6*). And in terms of supporting the execution of a CX strategy, media and entertainment companies are, at best, level with other sectors, and, at worst, lagging significantly behind them.

- Almost two-thirds of media and entertainment businesses (62 percent) still have either a fragmented approach to marketing technology, or have little to no cloud-based technology at all, although this figure is the same across all sectors.
- Despite this, the marketing and entertainment sector is less likely to invest in technology to support a customer experience-based approach in the coming year than others. Only 36 percent of M&E companies plan to increase their CX spending, compared to 46 percent of companies in other sectors.
- The sector is also falling behind others in its support for the staffing side of CX. Almost a third of media and entertainment companies provide no learning resources for their employees, compared to a quarter of companies in other sectors.

Figure 6: How does your organisation currently manage customer experience?



Respondents: 3,114

The overemphasis on video to improve CX ignores the fact that other, more strategic building blocks also need to be put in place in order for media and entertainment businesses to deliver the high-quality customer experiences required for differentiation in the future. As *Figure 2* shows, the sector is much less likely than others to prioritize customer journey management (17 percent against 26 percent for other sectors), customer data management (16 percent against 24 percent) and targeting and personalisation (21 percent against 28 percent).

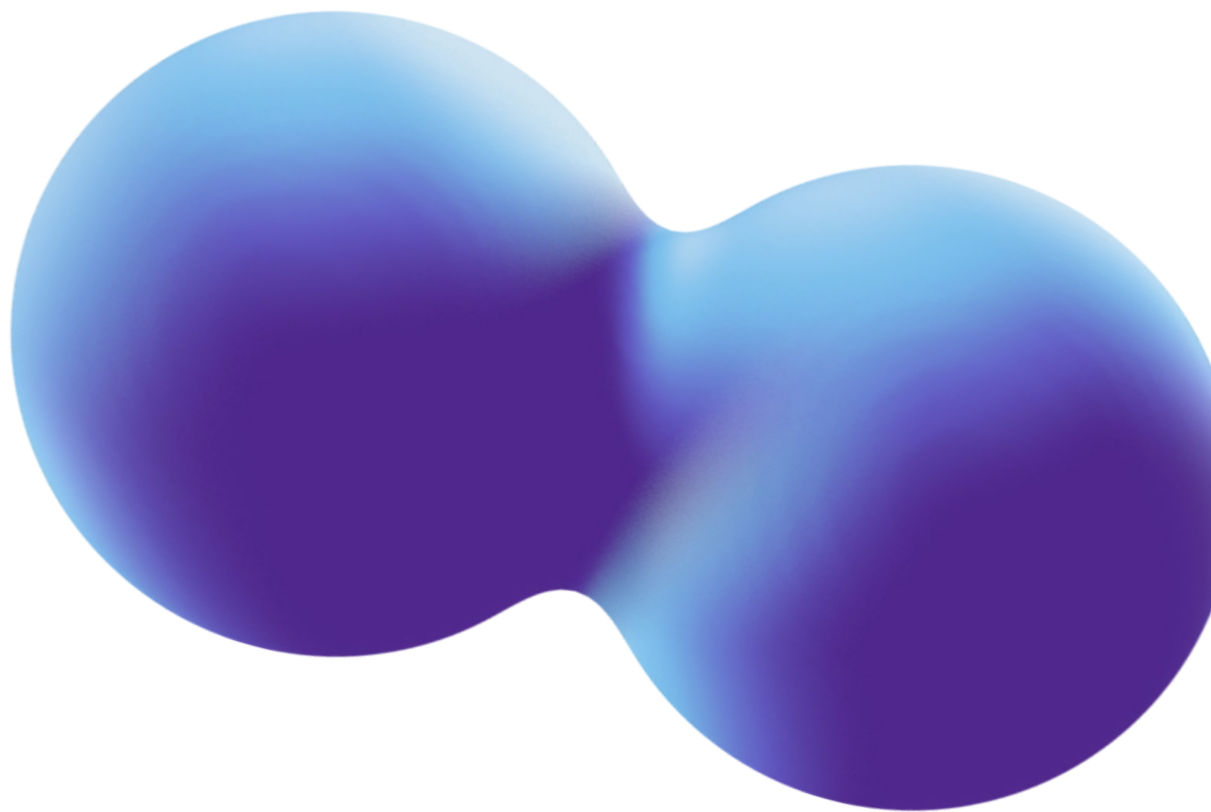
Subscription-based models replace those reliant on advertising

All of this suggests a sector in transition. It has recognized the crucial importance of customer experience in the long term, but it is still struggling with the need to move to subscription models to replace vanishing ad revenue.

As Michael Brunt, CMO of *The Economist*, told Adobe's CMO.com site in 2017: "We fully expect our advertising revenues to continue to decline; that's the challenge. The solution is hard, but it's to invest a lot more money into growing the circulation business."⁶

And at this stage, much of that investment is going to create or acquire the sort of quality content that will encourage consumers to become subscribers and then convince them to stay.

Despite media and entertainment companies' confidence around delivering customer experience, they need to do more to put the necessary technology, staff, and processes in place. For many media and entertainment businesses, content is what will bring people through the door; customer experience is what will get them to stay.



⁶ Michael Nutley, "For the Economist's Michael Brunt, It's All about the Customer's Reading Experience," CMO by Adobe.

4

Transformative technologies are being embraced—but challenges lie ahead

The media and entertainment sector was one of the first to feel the full disruptive effects of the internet. In the UK, for example, the Daily Telegraph launched electronic telegraph, Europe's first daily web-based newspaper, in 1994. File-sharing service Napster was launched in 1999 and changed the music industry completely.

As a result, the sector has had longer to adapt to the online world than most others, which may explain why 21 percent of media and entertainment businesses describe themselves as "digital-first," compared to 12 percent in other sectors. Even so, media and entertainment companies still face significant barriers in responding to consumer demand for high-quality, consistent, and personalized customer experiences.

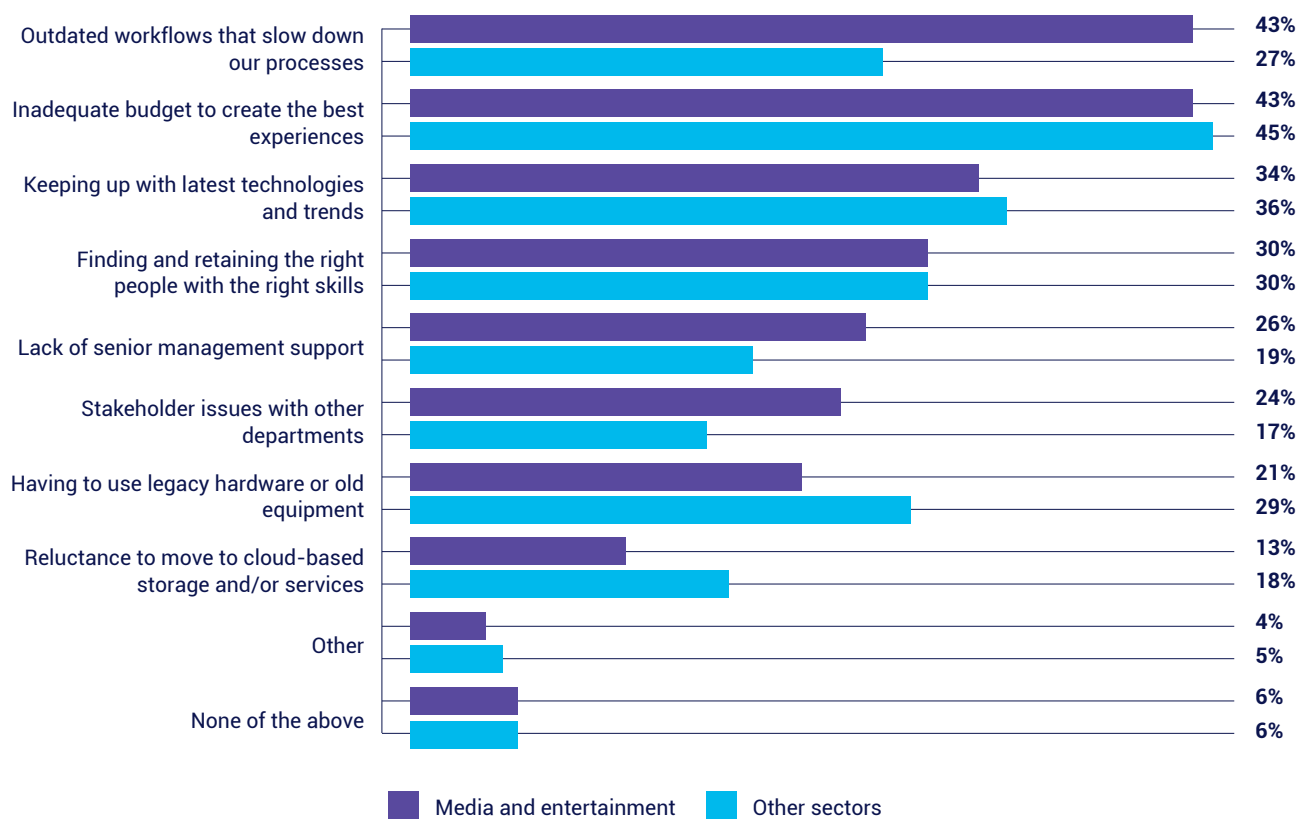
Workflow, management, and culture are bigger problems than in other sectors

As Figure 7 shows, the sector shares many of other industries' problems: lack of budget, the challenge of keeping up with new technologies, and difficulty of finding and retaining the right people. But it also appears to struggle much more with outdated workflows, lack of senior management support, and issues with other departments.

Clearly, some of these problems are closely linked. Insufficient budgets and lack of cooperation between departments will stem from the failure of senior management to understand and support a CX-based approach. This failure may, in turn, result from businesses' short-term focus on content quality—and quantity.

Also, media companies in particular have seen a proliferation of channels, platforms, and formats in which their content can be created and distributed, and the adoption of each puts pressure on existing workflows.

Figure 7: What are the top three internal barriers to successfully creating digital experiences within your organization?

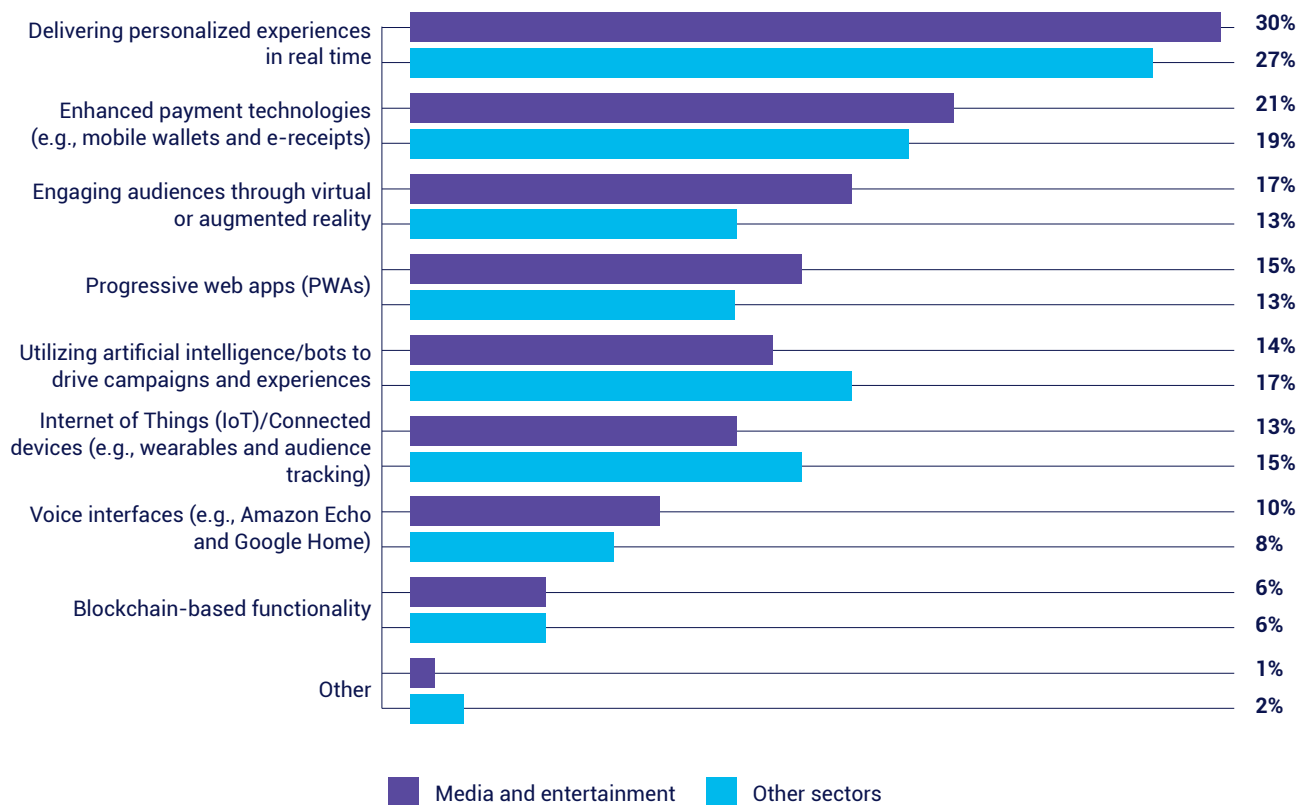


Respondents: 1,434

Personalization, payment, VR and progressive web app technologies being embraced

Media and entertainment businesses have started to incorporate a number of new technologies at a slightly faster rate than other sectors (Figure 8):

Figure 8: Which of the following have you started to incorporate into your business?



Respondents: 4,773

- Just under a third (30 percent) have introduced real-time personalized experiences into their marketing. For example, Spotify's #2018Wrapped campaign delivered an individual end-of-year round-up of every user's listening habits for the year⁷.
- Just over a fifth (21 percent) are incorporating enhanced payment technologies. In the world of publishing, for instance, Dutch digital news aggregation service Blendle launched with a pay-per-article model in 2014. However, the company reverted to a subscription service last year.⁸
- Some 17 percent are starting to use AR and VR to engage audiences. For example, *The New York Times* sent 1 million Google Cardboard VR headsets to subscribers prior to the launch of its NYTVR app in 2015.⁹
- Some 15 percent have started to adopt progressive web apps (PWAs) to help address problems including slow loading times for news sites, slow networks, and the disruptive nature of ads on mobile. The Weather Channel and Forbes have had notable success with their PWA launches.¹⁰

⁷ Sofie Lundberg, "These 5 Brands Aced Personalized Marketing in 2018," *Global Web Index*, January 29, 2019.

⁸ Christine Schmidt, "Micropayments-for-News Pioneer Blendle is Pivoting from Micropayments," *Nieman Lab*, June 10, 2019.

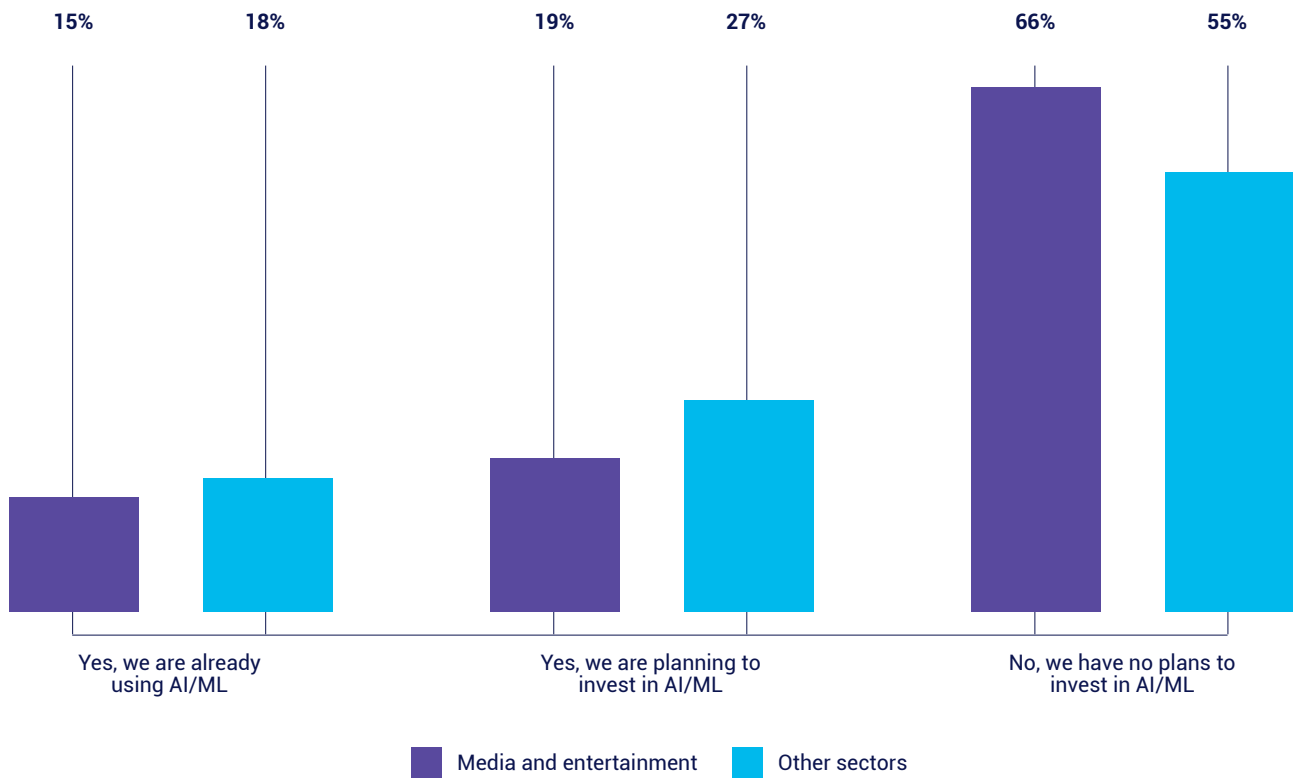
⁹ Joseph Lichterman, "The New York Times is Launching a Daily 360-Degree Video Series," *Nieman Lab*, November 1, 2016.

¹⁰ Keshav Pandey, "Successful PWA Examples of Media Industry," *Aureate*, October 23, 2019.

Is AI adoption sufficient for success?

One area of technology where the media and entertainment sector is lagging behind is in artificial intelligence and machine learning (AI/ML). The research found that 15 percent of media and entertainment businesses are using AI/ML, but only 19 percent are planning to invest in the technology (*Figure 9*). This compares to other sectors where 18 percent are already using AI/ML, and 27 percent are planning to invest.

Figure 9: Is your organization using or planning to invest in artificial intelligence AI/ML in 2020?

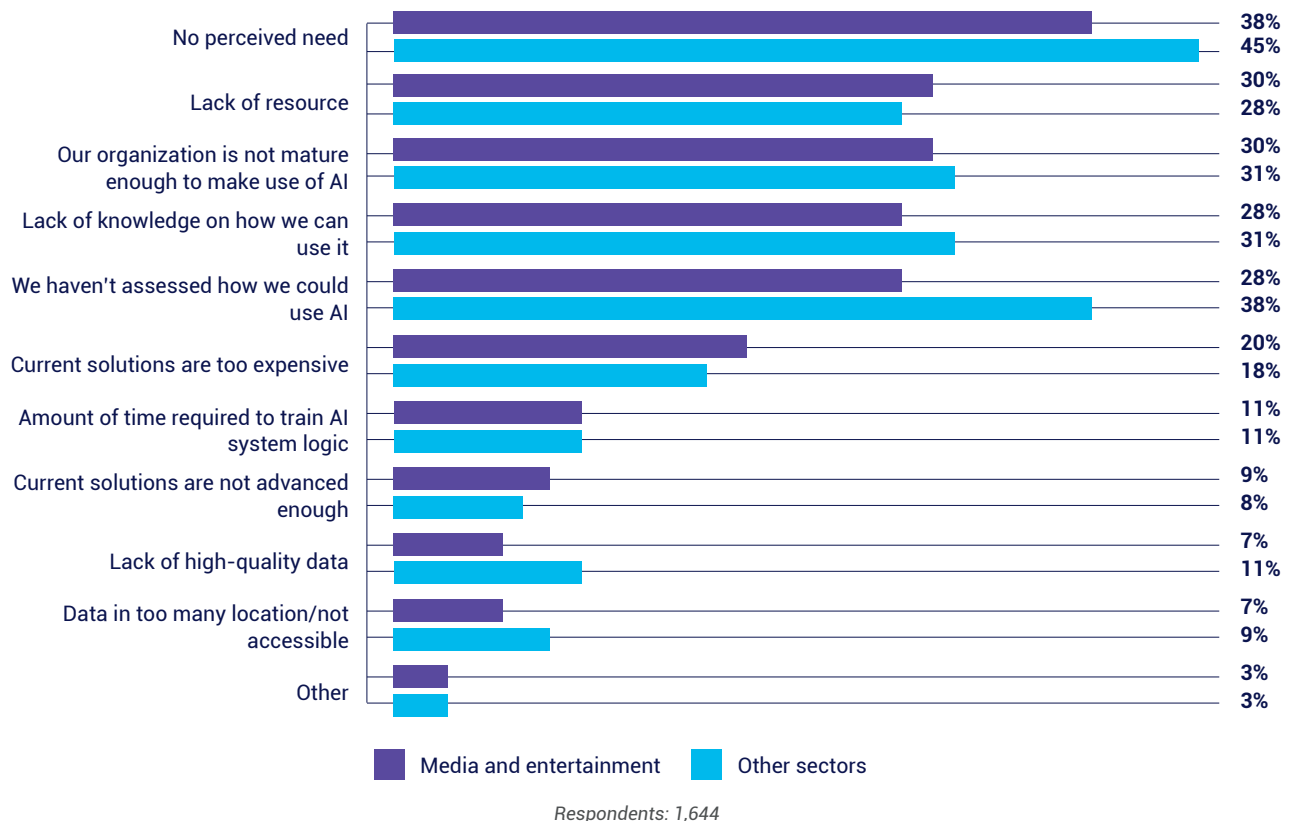


Respondents: 3,024

Figure 10 digs into the reasons behind this reluctance:

- Almost two-fifths (38 percent) of M&E companies said they had no perceived need for AI/ML.
- A third (30 percent) lack the resources to adopt AI/ML.
- A third (30 percent) feel that their organization is not mature enough to currently make effective use of AI/ML.
- Almost a third (28 percent) lack knowledge about how they could use it.
- The same percentage say they haven't even assessed how they could use it.

Figure 10: Why is your organization not using or planning to use AI?



This lack of action is all the more striking because of the growing use of AI in key roles in both the production and consumption of video.¹¹ It's already being used to automatically create sports highlight packages from raw footage at Wimbledon and the U.S. Masters, while Netflix, for example, uses AI to personalize its homepage for each individual user.

AI/ML are also a crucial element in predictive analytics, the technology that allows marketers to automatically take the best action for each individual customer at each stage in their journey (while honoring user choice), to encourage them on to the next stage. It's the basis of the mass real-time personalization of marketing messages which a third of media and entertainment companies claim to have begun to implement (Figure 8). Because AI systems learn from the data that results from the decisions they make, early adopters in this are will tend to move ahead of laggards at increasing speed. This makes it essential for the two-thirds of media and entertainment companies that have no plans to embrace the technology to reconsider their position.

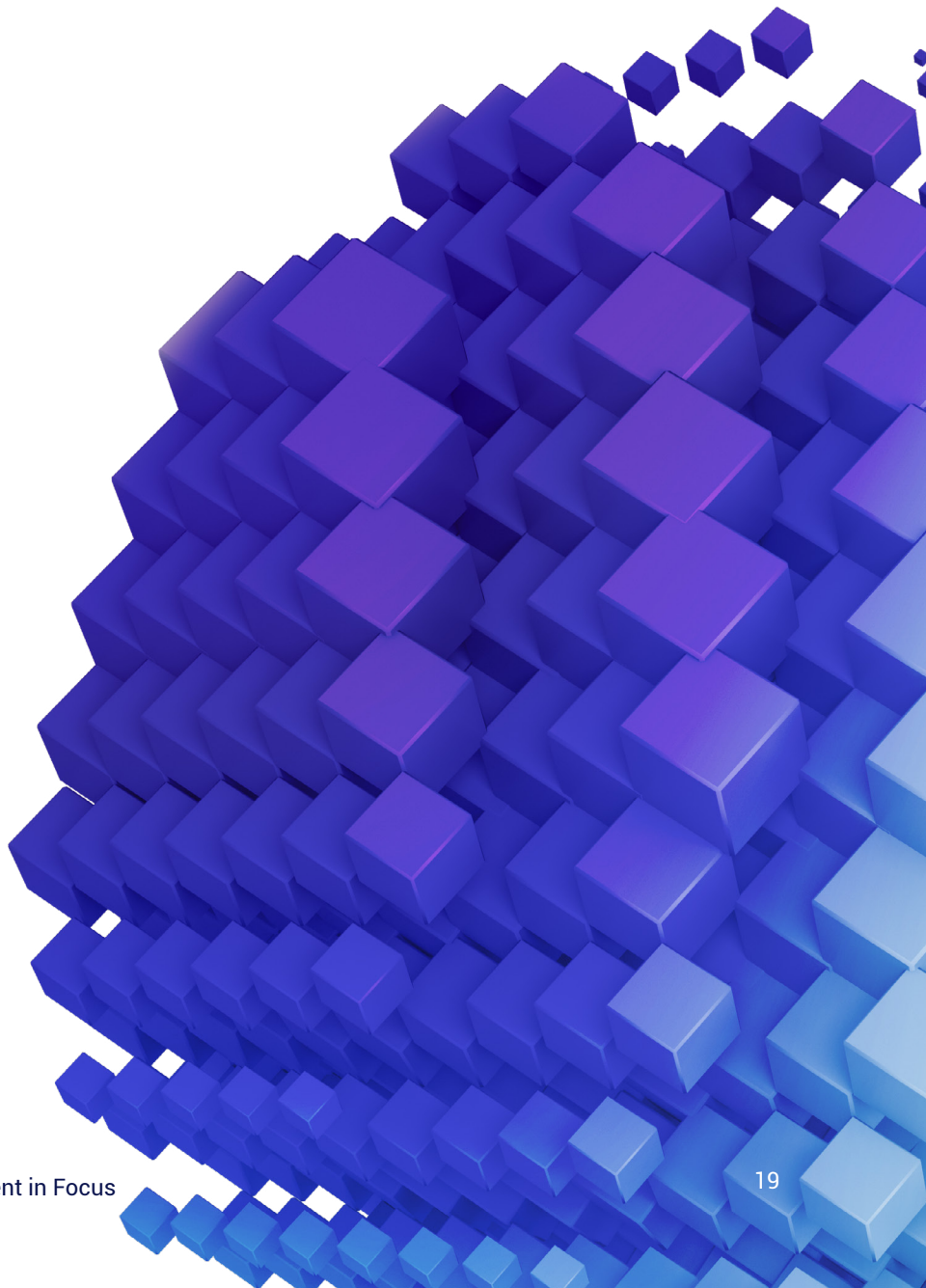
Emerging technologies such as enhanced payment methods, AR/VR, and progressive web apps are starting to appear in M&E companies' toolboxes, but the sector is lagging behind in its adoption of artificial intelligence and machine learning.

¹¹ Rob Van Den Dam, "The Future of Video Is Here—and It's Driven by Artificial Intelligence," LinkedIn article, April 17, 2019.

Conclusion

Three key takeaways for media and entertainment sector marketers

1. Media and entertainment companies will need to increase their investment in both the technology and the staff required to support the move to a more customer experience approach.
2. They will also need to address their boards' level of CX understanding in order to release the budget and begin the organizational change required to transform the company.
3. AI is emerging as a key tool in both the creation and the discovery of content. Media and entertainment companies need to shake off their animosity to it and start working out what business value it can deliver.



Methodology

2020 Digital Trends—Media and Entertainment is based on an online survey fielded to select Adobe and Econsultancy lists in the fourth quarter of 2019. The survey closed having collected 564 qualified client-side responses from the media and entertainment sector.

Demographic profiles

- Seventy-seven percent of all the responses were at manager level or above.
- In terms of business function, creative/design held the largest share of respondents (48 percent), followed by content/editorial (12 percent), marketing (11 percent) and advertising (6 percent).
- As defined by target market, those addressing both markets equally accounted for the largest share of 46 percent followed by B2C (35 percent) and B2B (19 percent).
- The sample is global, with the United States providing the largest share of respondents (42%), followed by Europe (29 percent) and the Asia-Pacific region at 19%. The survey was translated into French, German, Chinese, and Japanese.



About Econsultancy

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

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

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

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

Subscribe to Econsultancy today to accelerate your journey to digital excellence.

Call us to find out more:

- London: +44 207 269 1450
- New York: +1 212 971 0630



About Adobe Experience Cloud

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

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

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

To learn more about Adobe Experience Cloud, visit <https://www.adobe.com/experience-cloud.html>.

