



2020 Digital Trends

in Asia Pacific

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Foreword

Welcome to Adobe's Digital Trends report, our annual survey of marketing, advertising, ecommerce, 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 behaviour.

This tenth 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 ecommerce? 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.



Alvaro Del Pozo
VP, Marketing, Adobe International

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

Fundamentally, 2020 Digital Trends 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 drive success for our customers in 2020 and beyond.

Executive Summary

APAC businesses understand the importance of customer experience (CX) and are focussed on optimising the customer journey in 2020.

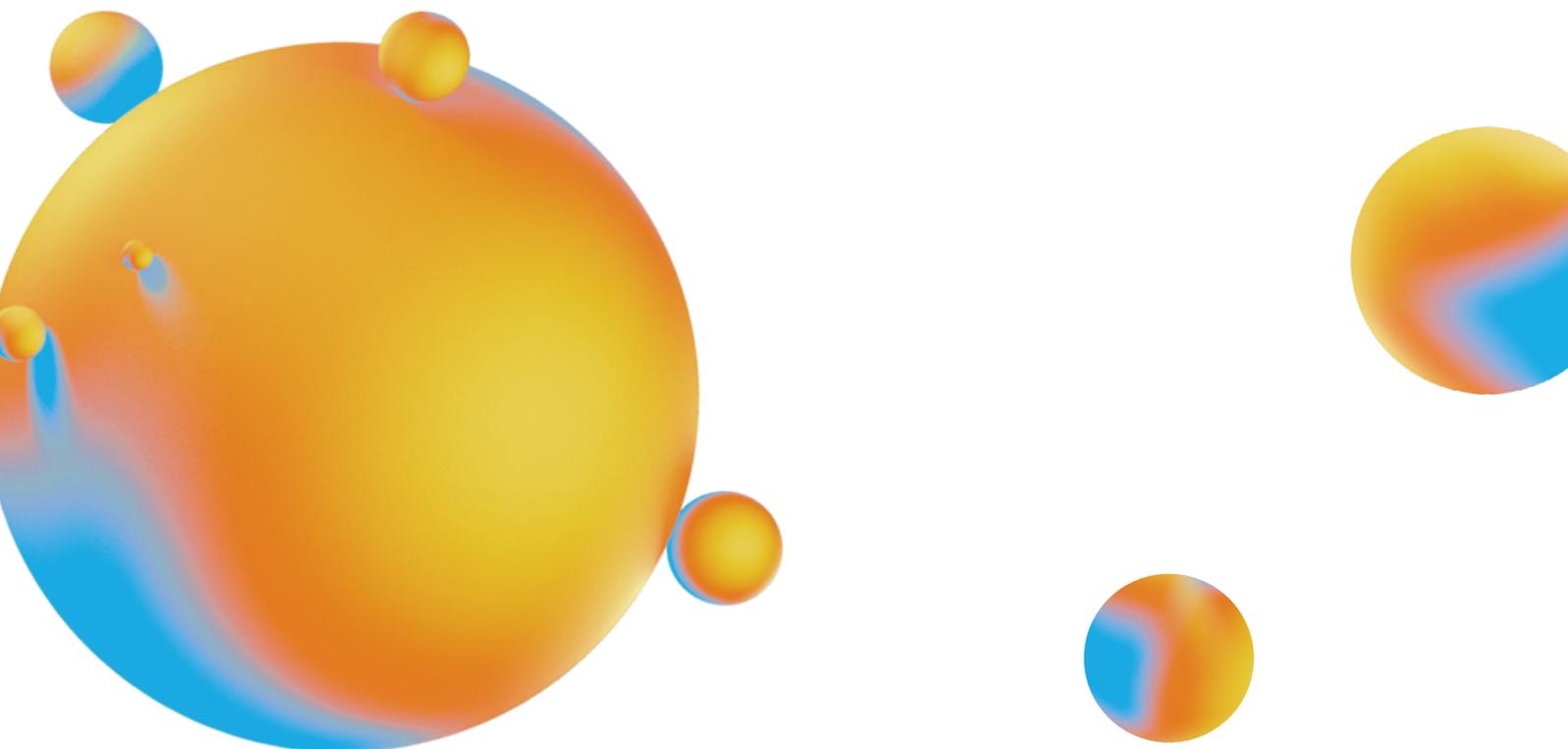
And they're set to increase their CX-enabling technologies investment in 2020 as they look to bring their CX maturity in line with their global counterparts.

The justification for such a world-leading investment is clear. The 2020 Digital Trends report from Econsultancy and Adobe reveals that brands classified as CX leaders are three times more likely than their peers to have significantly exceeded their 2019 business goals.

With such a huge prize at stake, APAC organisations realise they must invest wisely in the right technology as well as develop effective strategies to deliver better CX. But how are they going to do that?

Customer experience is the priority for growth amongst APAC businesses

- One in five (19%) APAC organisations identify better CX as their most exciting opportunity for 2020.
- Creating better content, data-driven marketing, marketing automation and using IoT technology are their main tools for crafting better experiences.
- Having a superior CX is identified as a clear differentiator across APAC, but there are regional differences in how to accomplish this:
 - » Australia and New Zealand (A/NZ) lean towards improved products and services.
 - » India is prioritising progressive web applications to offer a slick retail experience without the need to download an app.
 - » China is working on using design to build brands that are instantly recognisable for providing quality goods and services.

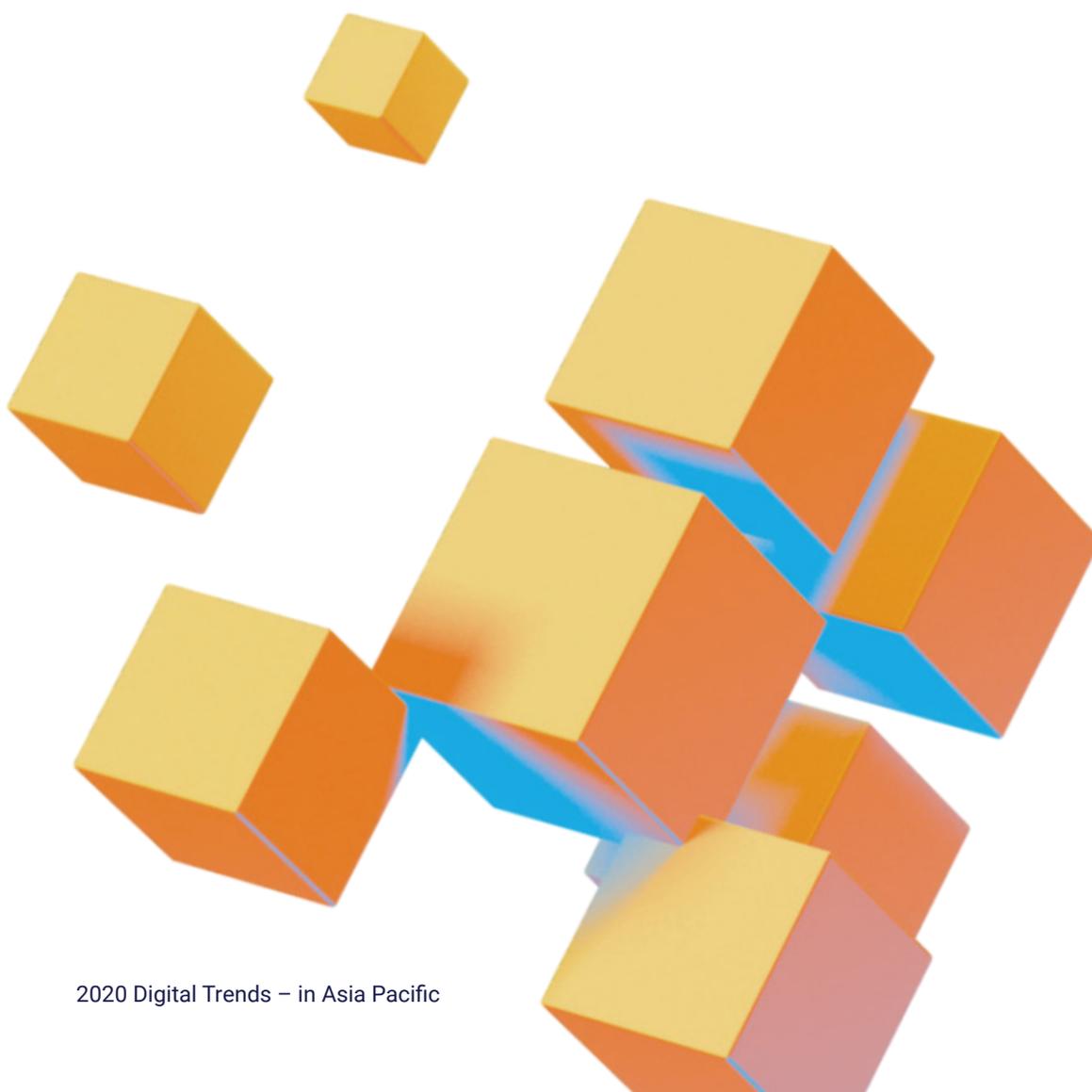


But their CX maturity lags behind the rest of the world – especially in Australia and New Zealand

- Only 7% of APAC organisations consider themselves mature in delivering CX compared to 11% for the Rest of the World (ROW).
- China leads in the region with 12% companies rating themselves mature. Australia and New Zealand lag behind at just 3%.
- Australia and New Zealand are playing catch up in APAC: their CX strategy struggles to get beyond 'ad hoc' measures and they have the lowest penetration level in the region for dedicated CX improvement teams.

So, as they're playing catch up, APAC businesses will be seen as more innovative in 2020, with increased CX-enabling technology investment

- APAC companies will be leading global CX technology investment in 2020: 57% are planning to invest more in CX-enabling technology this year, compared to 51% in EMEA and 41% in North America.
- APAC already leads EMEA and North America on adoption of artificial intelligence (AI) and machine learning (ML) technology. More than half of APAC businesses (54%) already use – or are planning to use - these tools.
- China , and to a lesser extent, India are making massive investments in AI and related technologies. The two countries are leading the region, and the Rest of the World, in adopting new technologies, such as AI, AR, voice, blockchain and IoT.



1

APAC's most exciting opportunity for 2020 is optimising the customer experience

The 2020 Digital Trends report makes a compelling case that APAC marketers identify optimising customer experience as their top opportunity for 2020. Nearly one in five (19%) say focussing on the customer is their key chance for success in the year ahead (Figure 1).

And they're not alone. This drive to provide better customer experiences is a global trend, although APAC organisations are slightly behind the curve in terms of seeing it as their most exciting opportunity in 2020 (19% APAC v 23% ROW).

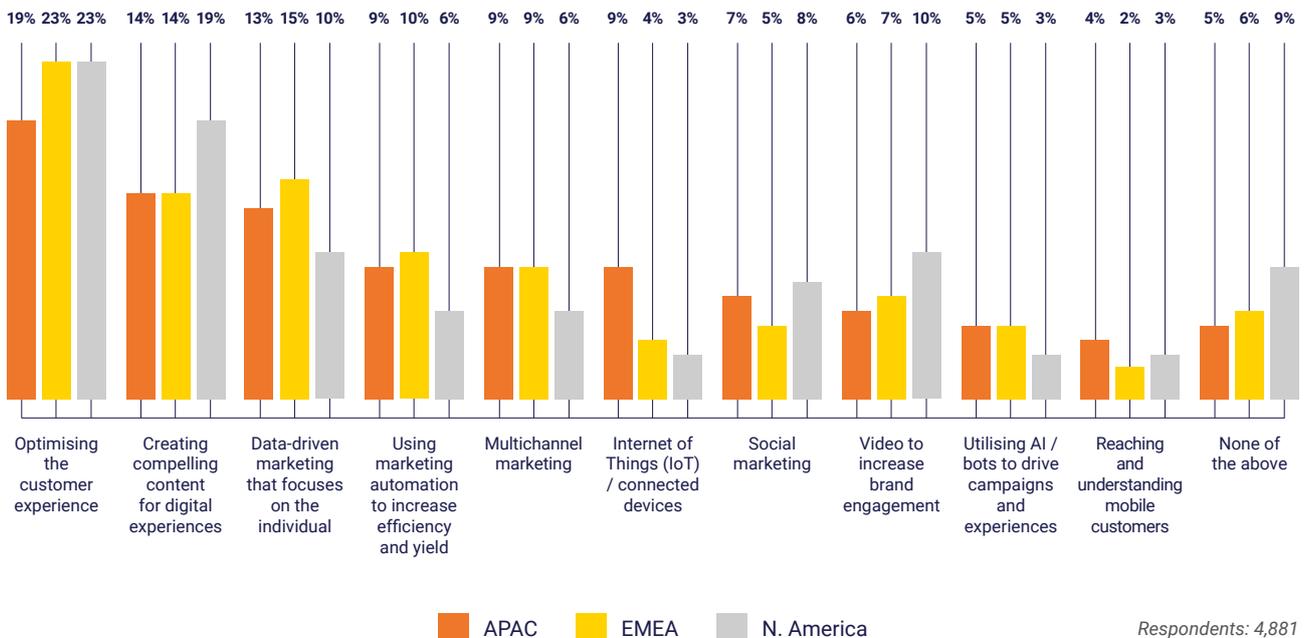
Businesses in the region are also mostly agreed on the way to deliver these improved experiences. Using data to better understand and anticipate customer needs is a top priority, as is communicating with audiences through compelling content (Figure 1).

APAC investigating new customer points of connection

As befits an area which researchers at the GSMA² predict will be the world's largest region for IoT technology by 2025, APAC organisations are actively investigating new ways to connect with customers, through wearables and other connected devices.

The reason why is likely found in annual research³ from Vodafone which has consistently shown that APAC enjoys an encouraging return on IoT investment. Although the gap has been narrowing over recent years, as other markets seize the opportunity, APAC marketers are still narrowly ahead of EMEA counterparts in recording significant ROI on IoT investments – 47% vs 45%.

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



¹ <https://www.wired.co.uk/article/why-china-will-win-the-global-battle-for-ai-dominance>

² <https://www.gsmaintelligence.com/research/?file=28401018963d766ca37d014fa9cbffb1&download>

³ <https://www.vodafone.com/business/news-and-insights/white-paper/vodafone-iot-barometer-2019>

CX as a key differentiator for first half of the new decade

APAC marketers identify improving CX not only as a means to improve their department's performance but also as a way to empower their organisation to stand out from the competition.

Letting customers know they are understood by better anticipating their needs is a key goal regardless of where organisations are based in the world. However, when it comes to APAC, there are some significant regional variations in how organisations hope to stand out (*Figure 2*):

- Australia and New Zealand companies are most likely to seek to differentiate themselves through CX and customer service (30% and 21% respectively).
- India is much the same as Australia and New Zealand, but with a greater emphasis on connected offline and online experiences to provide a more seamless service. Marketers are seeking to overcome poor transportation infrastructure by putting the customer in charge, fitting shopping experiences around their needs (see Adidas case study below).
- Marketers around the world will identify with these priorities. Where things are a little different, though, is in China. Executives there feel the best way to stand out from the competition is through design. Only 8% cite CX as a top priority, the lowest of the countries surveyed in the region (*Figure 2*).

To understand why, put yourselves in the shoes of a Chinese marketer. According to researchers at Bain⁴, the country has a huge problem with trust over the quality and provenance of goods. This is greatly exacerbated when completing an order online, placing marketers on what Bain describes as a "branding game" to build reputable brands that are made instantly recognisable through the design of their web and mobile sites.

Adidas connecting offline and online in India

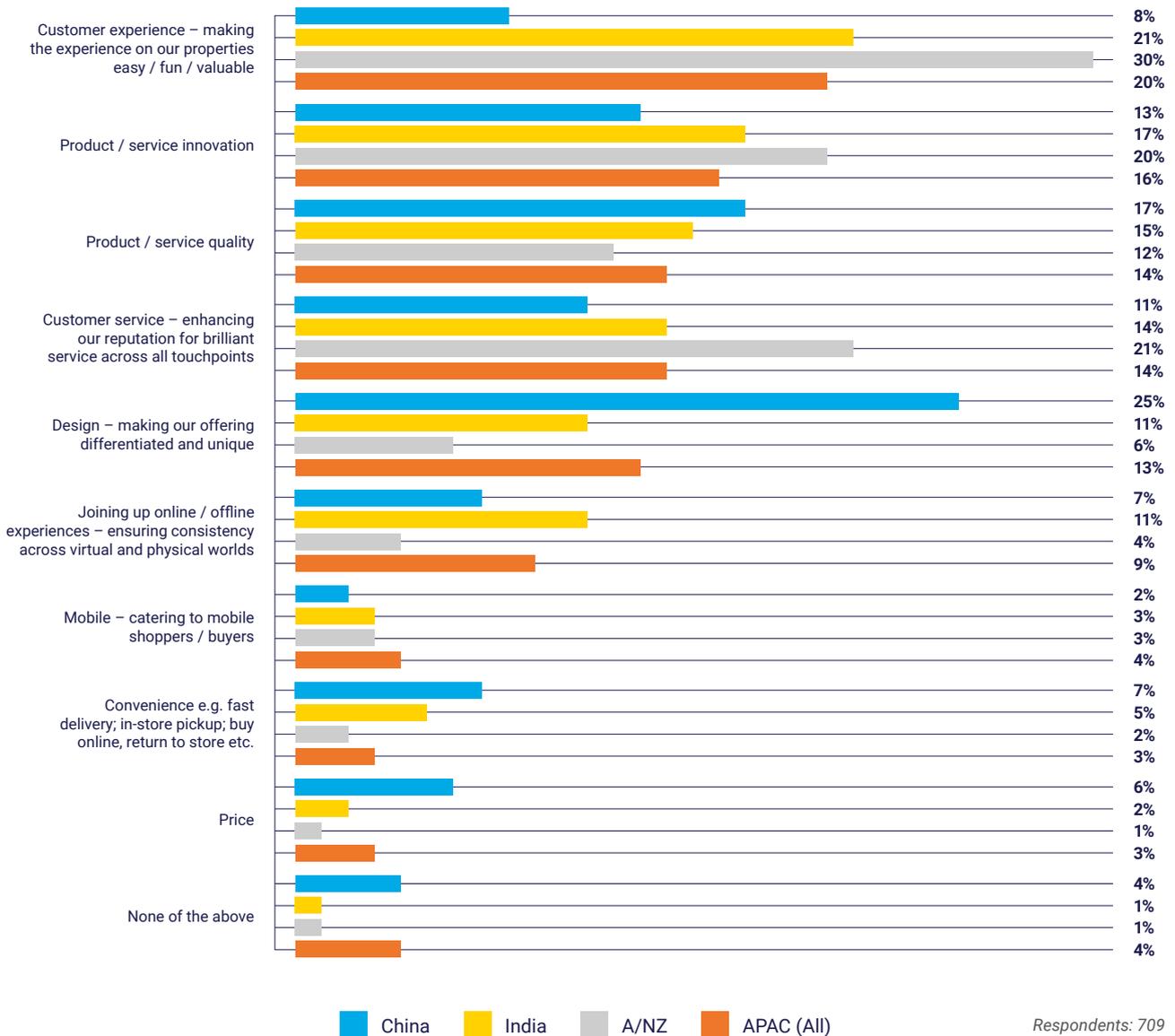
Adidas is a prime example of connecting the physical and digital worlds⁵ in India. The brand began rolling out a new strategy in its 200 stores in India to feature "endless aisles". This empowers shoppers to order goods that may not be on display or in stock and have them delivered to their home address or kept for them in the store, or another Adidas outlet, on a 'click and collect' basis.



⁴ <https://www.bain.com/insights/chinas-e-commerce-the-new-branding-game/>

⁵ <https://blog.beaconstac.com/2016/03/omnichannel-retail-in-india-5-brands-that-are-doing-it-right/>

Figure 2: Over the next 5 years, what is the primary way your organisation will seek to differentiate itself from its competition?



India and China prioritise mobile and video

Marketers across the region are mostly aligned on the digital channels and techniques that they concentrate on to deliver improved customer experiences (Figure 3). As executives across the world would imagine, social media engagement and analytics are important, as too are data management and personalisation.

India and China, though, stand out in the region for a greater focus on using mobile and video to improve brand engagement. This is not just due to the countries being hotbeds for technology investment but is also due to geography. China and India are the world’s two most populated countries, with citizens spread out across huge areas that, outside the major cities, are poorly served by fixed-line-fibre broadband⁶.

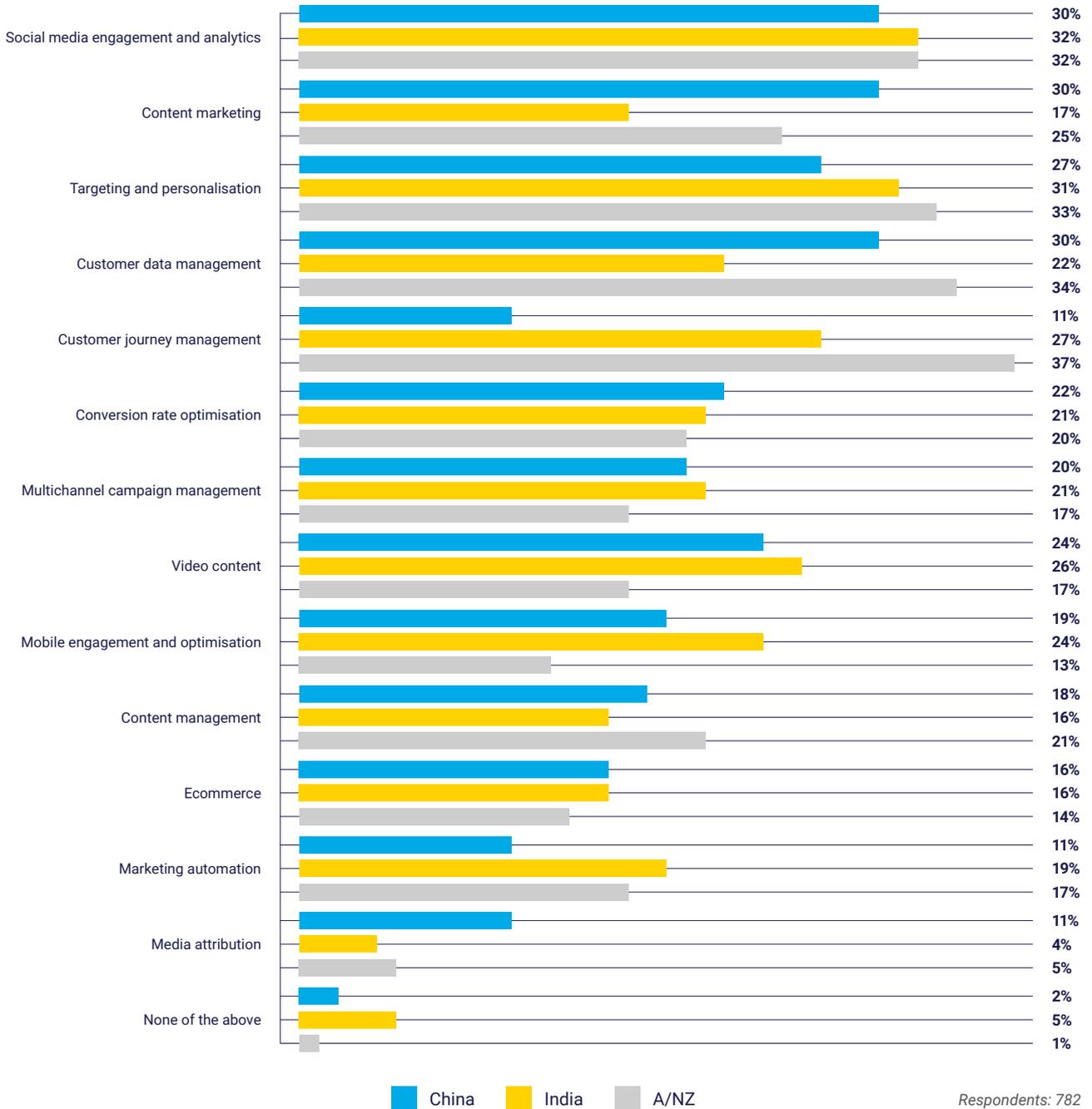
This makes mobile the de facto communication channel and the 4G and 5G roll out is happening at a brisk pace, allowing connections to support the extra bandwidth of video. In fact, the advances are coming so fast that Forrester⁷ is predicting mobile video consumption in Asia will triple between 2017 and 2022.

⁶ <https://www.forbes.com/sites/niallmccarthy/2018/08/23/china-now-boasts-more-than-800-million-internet-users-and-98-of-them-are-mobile-infographic/#4f1151c57092>
https://www.itu.int/dms_pub/itu-s/opb/pol/S-POL-BROADBAND.19-2018-PDF-E.pdf

⁷ <https://go.forrester.com/blogs/asia-pacific-online-video-advertising-spend-will-reach-53-7-billion-by-2023/>

Video is not the only area where this trend can be seen. APAC's reliance on the use of mobile to reach out to consumers who are spread across huge geographies means that, by the end of 2020, half of all app downloads worldwide⁸ will originate from this region.

Figure 3: Which three digital-related areas are the top priorities for your organisation in 2020?



Across the APAC region, marketers identify CX improvement as their top opportunity for 2020. While A/NZ are prioritising customer journeys, India and China are investing in mobile and video to improve brand engagement.

⁸ <https://www.marketing-interactive.com/apac-mobile-users-to-account-for-50-of-global-app-installs-by-2020/>

2

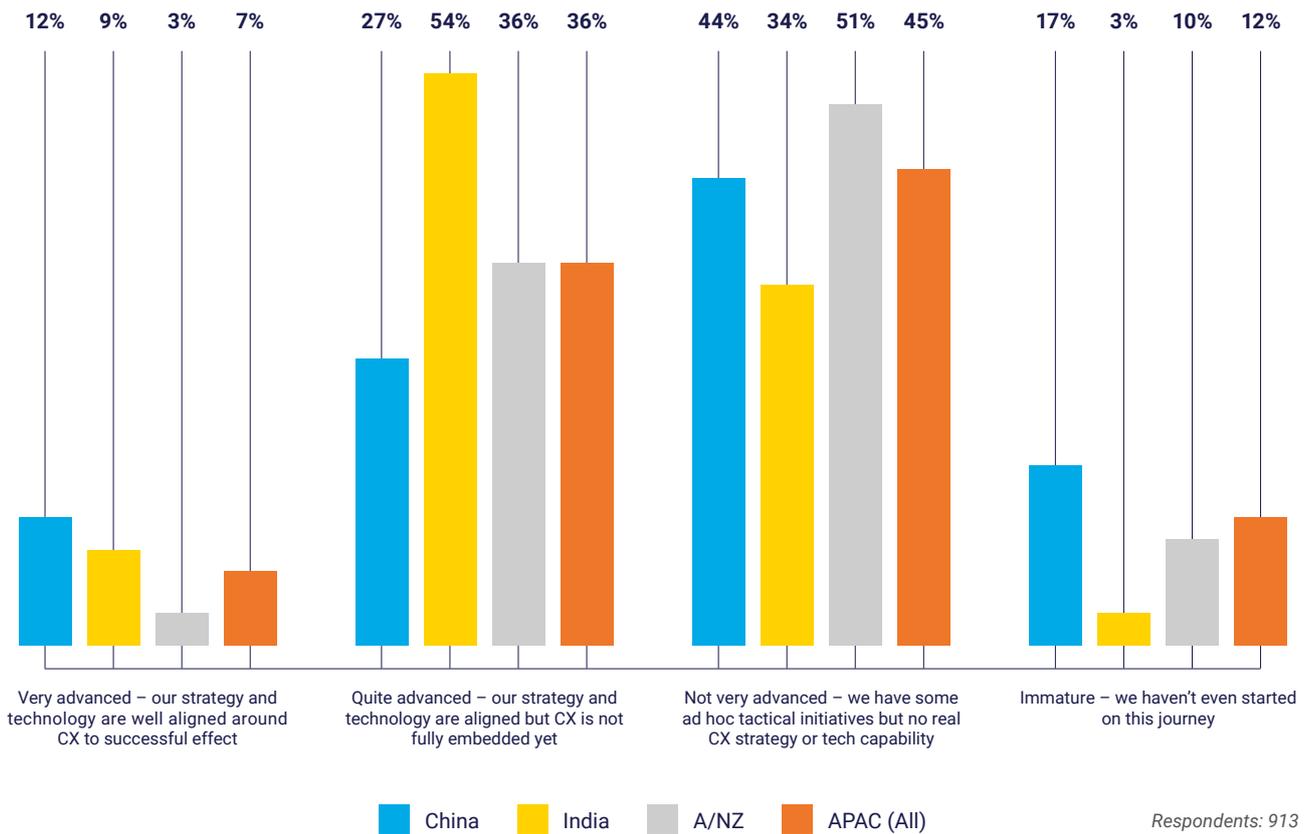
CX maturity in APAC falls behind the rest of the world

Although APAC marketers report that CX is their biggest opportunity for the year ahead, this realisation is not quite as widespread as in the Rest of the World (Figure 1). This lag leaves the region playing catch up on building, as well as delivering, digital marketing strategies that focus on customer experiences.

APAC companies also rate themselves lower on the CX maturity scale compared to the Rest of the World and they also are much more likely to actively rate themselves as 'immature':

- Just 7% of APAC organisations consider themselves 'mature' in CX, compared to 11% for the Rest of the World.
- Marketers in the region are also more likely to consider themselves as 'immature' when it comes to CX (12%) compared to the Rest of the World (9%).
- While 12% of Chinese companies rate themselves as being 'very advanced', meaning that their strategy and technology are well aligned around CX to successful effect, only 3% of A/NZ companies assign themselves this rating. (Figure 4).

Figure 4: How do you rate your company in terms of customer experience (CX) maturity?

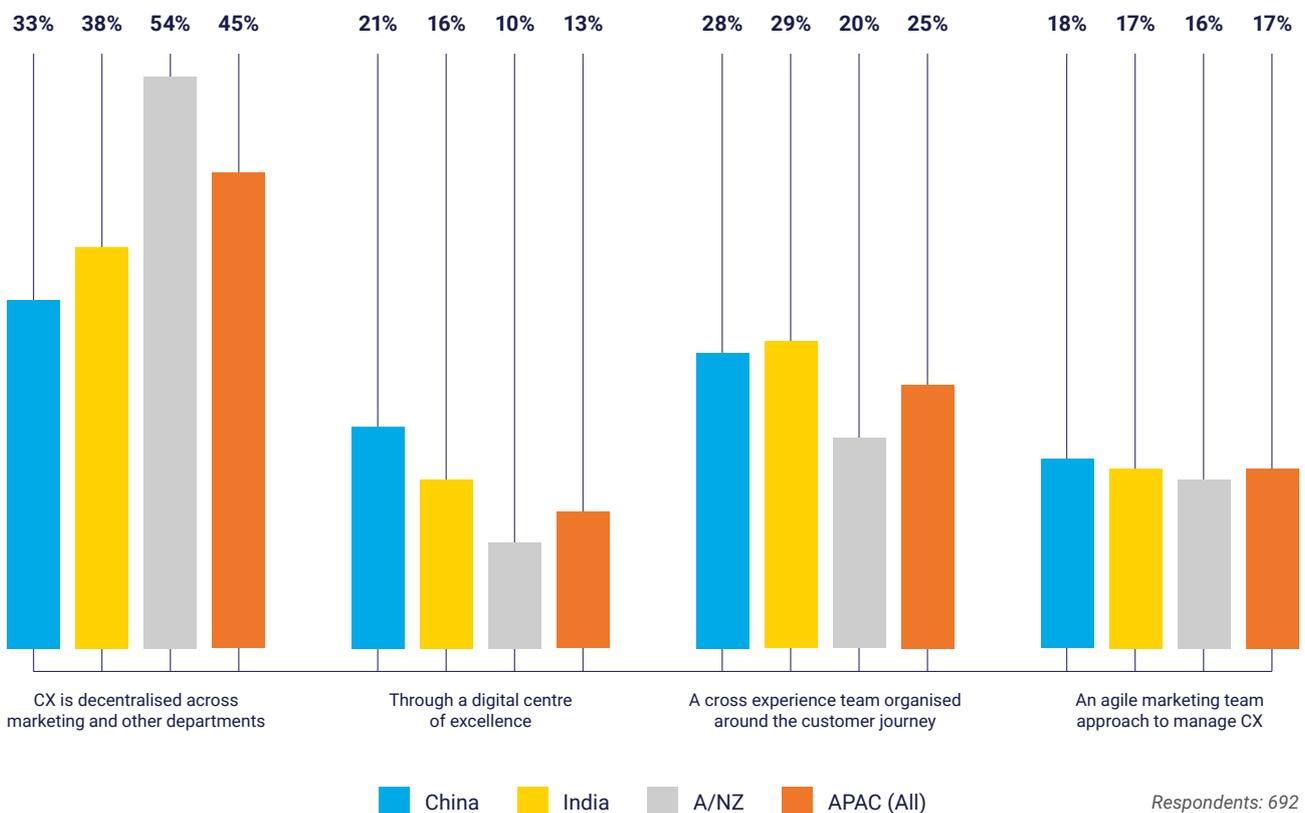


Australia and New Zealand trail, but signal their intent to catch up

A/NZ marketers are significantly more likely than others in the region to identify CX as the single most exciting opportunity for their organisation in the year ahead. Almost twice as many A/NZ marketers identify CX as a major opportunity (35%) in 2020, compared to 19% across all of APAC.

The reason why lies in organisations in A/NZ rating themselves as currently less mature on CX compared to how counterparts in APAC rated themselves (Figure 4). This is reflected in organisations not being set up to deliver CX improvements. Compared to their APAC counterparts, A/NZ organisations are far less likely to have built a dedicated centre of excellence to focus on delivering improved CX or a cross-experience team organised around the customer journey (Figure 5).

Figure 5: How does your organisation currently manage customer experience (CX)?



APAC trails behind the rest of the world in CX maturity. China is the regional leader. Australia and New Zealand fall some way behind both in terms of CX maturity and developing dedicated teams to improve CX. The countries are also trailing in aligning marketing and customer experience tools.

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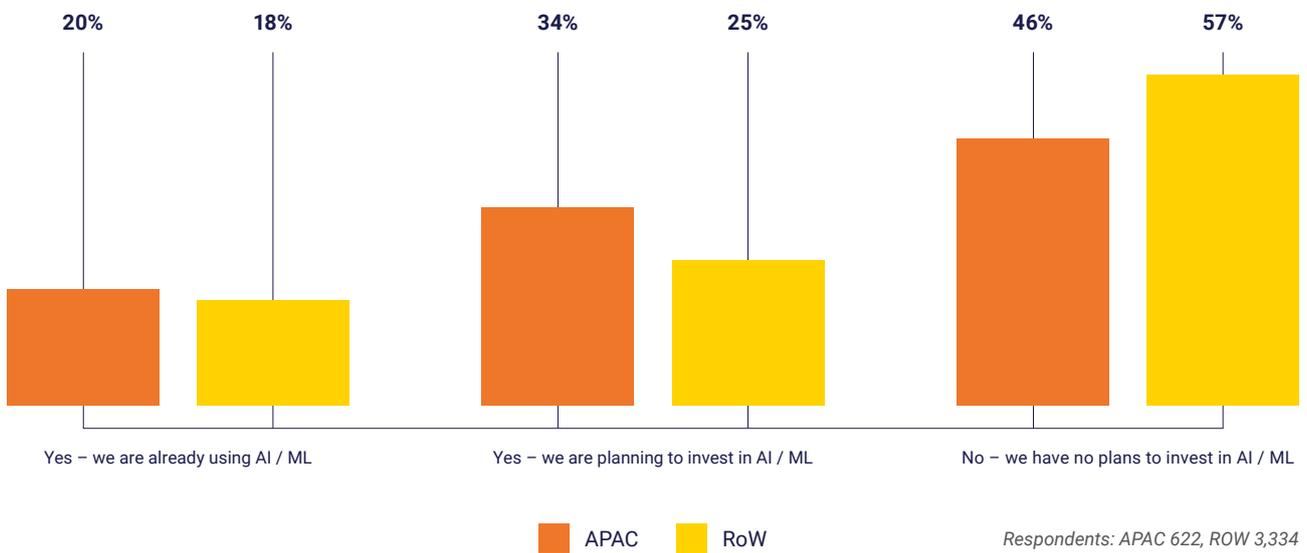
2020 and beyond: APAC set to increase CX technology investment

APAC marketers seem currently immature in their plans to deliver better CX compared to the Rest of the World, so, in 2020 and beyond, they are actively planning an investment catch-up.

Some 57% of organisations in the region reveal they are likely to increase their investment in CX-related technology in 2020, compared to 47% of companies across the Rest of the World. Hardly any marketers in both APAC and the ROW say they plan to decrease their investment.

This commitment to investing to bridge the CX maturity gap is clearly seen in where budget is going. APAC organisations have a far greater appetite for ML and AI investment in 2020 – 34% v 25% across Rest of the World (Figure 6). This is particularly true of India, which leads in the region, with 46% of organisations revealing they plan to invest in ML and AI in 2020 and that’s on top of the 30% of Indian organisations that are already using AI and ML.

Figure 6: Is your organisation using or planning to invest in artificial intelligence (AI)/machine learning (ML) in 2020?



APAC marketing innovation leads the world

This appetite to invest in new technology to improve CX underlines a central characteristic of the region.

While APAC is in line with the Rest of the World in prioritising CX, where it differs are the touchpoints through which this will be delivered, and the enabling technologies (*Figures 7 and 8*). Organisations are already focussing more than their counterparts in the Rest of World on areas such as personalisation, enhanced payment technologies and AI (*Figure 7*).

In China and India, in particular, investment in technology is prompting marketers to start to pull ahead on emerging capabilities, made possible partly by huge investments from central government.

India and China double down on AI

The Chinese government is prioritising building a \$30bn fund⁹ to ensure the country is the world leader in AI by 2030. India's central government is similarly earmarking nearly half a billion dollars¹⁰ of investment in AI technologies. This puts the country on the verge of rivalling EU levels of investment, but would still fall short of those seen in the US and China.

This top-down investment in new technology is fuelling an innovation drive in China and India that encompasses AR and VR adoption, IoT and blockchain technology. It is no surprise to see marketers are excited by these technologies and are already investing in them.

India prioritises mobile technologies

India is leaning more heavily towards mobile wallets and Progressive Web Applications (PWAs). This is due to mobile leading the way as a channel for reaching out to consumers, because of the country's huge population is spread across a vast area.

Progressive Web Applications mimic the ease of use of an app, allowing a brand to offer a customer a slicker service, rather than just pushing information on a generic-looking web page. They benefit from not requiring a fast, mobile broadband connection to download and yet still allow a consumer to interact with a brand as if they were using a sophisticated app.

China and India using mobile to tackle high numbers of 'unbanked' consumers

This improved service will come to nothing if Indian companies cannot convert customers, and here they confront a major issue. Although penetration levels for bank accounts have risen to 80% in recent years, that still leaves 191m consumers¹¹ who are 'unbanked'. That is the second highest level of consumers without bank accounts in the world. Empowering this massive audience to make mcommerce purchases through mobile wallets is understandably a huge priority.

China has had the same problem with unbanked consumers. However, it has acted sooner and today nearly nine in 10 consumers are already using a mobile wallet. According to research by PwC,¹² that makes the country a world leader in mobile payment penetration.

⁹ <https://www.marketwatch.com/story/china-is-overtaking-the-us-as-the-leader-in-artificial-intelligence-2019-02-27>

¹⁰ <https://www.brookings.edu/research/harnessing-the-future-of-ai-in-india/>

¹¹ <https://timesofindia.indiatimes.com/business/india-has-second-largest-unbanked-population-in-the-world/articleshow/64570254.cms>

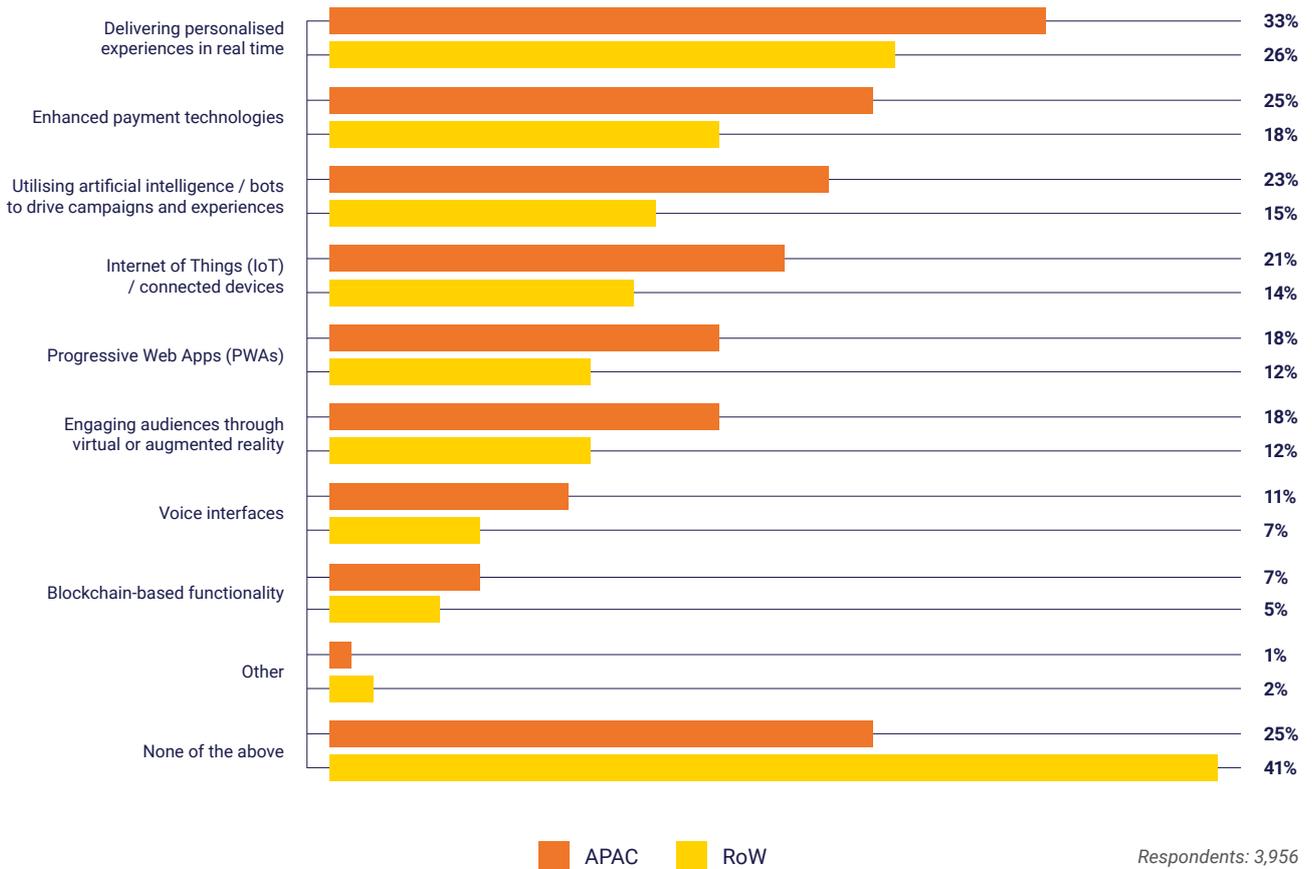
¹² <http://www.chinabankingnews.com/2019/04/15/chinas-mobile-payments-penetration-rate-highest-in-the-world-at-86-pwc-report/>

A/NZ trail in investment interest

Australia and New Zealand stand out for the opposite reason in the region.

While their counterparts across APAC are investing in all the aforementioned technologies, one in three in Australia and New Zealand are not investing in any one of them (33%, *Figure 8*). This lack of digital investment has prompted the Australian government to conclude¹³ that more needs to be done to encourage greater R&D in technology and improve businesses' digital skills level. In New Zealand there is a well-documented lack of venture capital¹⁴ in the country, which has meant tech companies are far more reliant on angel investors and friends and family, rather than professional VCs who tend to be more attracted to the region's tech hub of Singapore.

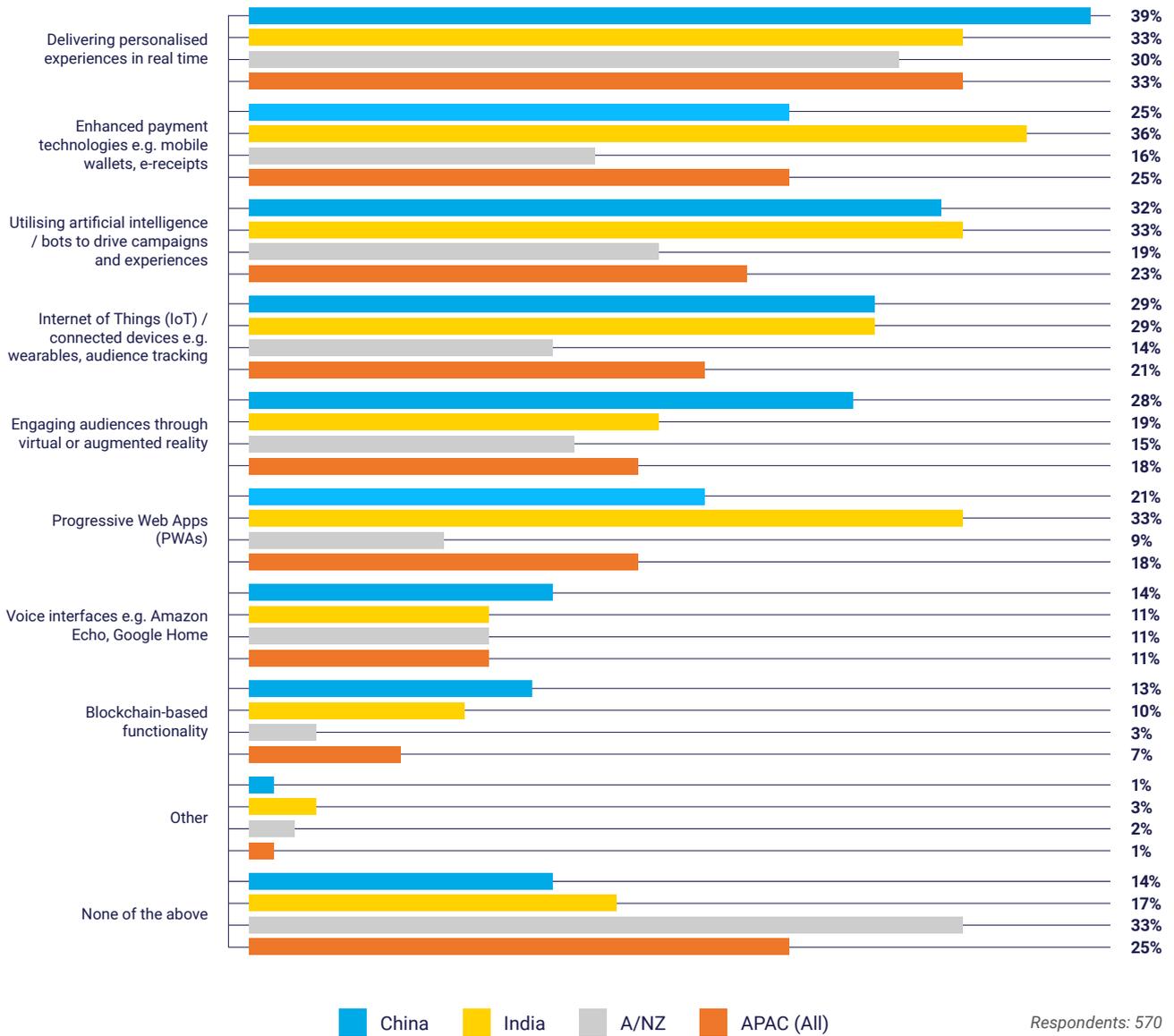
Figure 7: Which of the following have you started to incorporate into your business? (APAC V ROW)



¹³ <https://www.industry.gov.au/sites/default/files/2018-12/australias-tech-future.pdf>

¹⁴ <https://idealog.co.nz/tech/2019/02/what-can-we-do-about-new-zealands-lack-vc-funding>

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



APAC is leading the world in adopting technology to improve CX and make further improvements with new investments in 2020 and beyond. As with CX maturity, though, Australia and New Zealand risk falling behind their regional neighbours of China and India.

Conclusion

Three key takeaways for APAC marketers

The picture emerging from APAC is crystal clear. Marketers are prioritising CX as a top opportunity for 2020.

Nevertheless, they are slightly behind the Rest of the World in identifying CX as a prime focus. That's prompting organisations to play catch up by prioritising investment in the AI and ML technologies needed to deliver better experiences. China and India are leading the region in investment in additional technologies such as IoT, blockchain, AI and VR.

This means marketers need to be aware of several developments during 2020:

1. Can Australia and New Zealand catch up?

A/NZ has fallen behind on CX but has identified catching up as their most exciting opportunity for 2020. They will need to consider organising businesses around delivering better CX supported by improved strategies, rather than ad hoc measures. The two countries have a lower appetite for technological investment, compared to their APAC counterparts, which could hold back efforts to catch up.

2. Watch exciting tech developments in China and India

For those keen to observe how technology can transform digital marketing, China and India are the places to watch.

They are both already leading adopters of technology aimed at improving CX, including AI and ML. With the two countries' governments making sizeable investments in AI, this is only set to continue.

The AI industry will find China particularly exciting to watch while mobile marketers will be keen to keep an eye on India's efforts to rise to the challenge of providing a better mobile marketing experiences alongside slicker payment technology.

3. Technology needs effective strategies

The region is not as mature as others when it comes to CX and so observers will be seeking to establish if organisations can combine technology and strategy effectively to deliver on the year's primary CX focus.

Planned investments in technology will not be sufficient, unless matched by greater maturity in the region for drawing up a strategy and organising dedicated teams to deliver on those plans for growth.

Methodology

Digital Trends 10th Edition is based on an online survey fielded to select Adobe and Econsultancy lists in the fourth quarter of 2019.

The survey closed having collected 1,754 qualified responses from APAC.

Demographic profiles

- Sixty nine percent of all APAC respondents come from the client-side. The remaining sample is made up of consultants, executives at agencies and marketing technology/services vendors.
- Sixty nine percent of client-side responses are at the manager level or above.
- As defined by target market, those addressing both the markets equally accounted for 46% followed by B2C (28%) and B2B (26%)
- Australia and New Zealand provided the largest share of respondents (23%), followed by India (18%), and China (17%).
- Every business sector is represented, with concentrations in Technology (12%), Media and Entertainment (11%), Manufacturing/Engineering (9%) and Retail/Ecommerce (8%).



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