



2020 Digital Trends

in South Africa

Table of contents

Executive Summary	4
1. CX is the top priority for growth	6
2. Data, AI and mobile are key routes to CX success	9
3. Increasing levels of CX sophistication	12
4. Tackling challenges ahead in conversion rate optimisation (CRO), automation, data regulation	16
Conclusion	18
Methodology	19

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
Chief Marketing Officer, Adobe EMEA & APAC

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

South African marketers are making a vital decision. They already know customer experience (CX) is their top priority, but this year they have a better idea of how to get there.

The 10th annual Digital Trends report from Econsultancy and Adobe shines a light on what South African marketers believe better customer experience is, how they intend to deliver it, as well as the challenges ahead.

And their prize for getting it right is huge: the 2020 Digital Trends report reveals that brands classified as CX leaders are three times more likely than their peers to have significantly exceeded their 2019 business goals.

But are South African companies adopting strategies for success? And how are they tackling the challenges ahead?

1

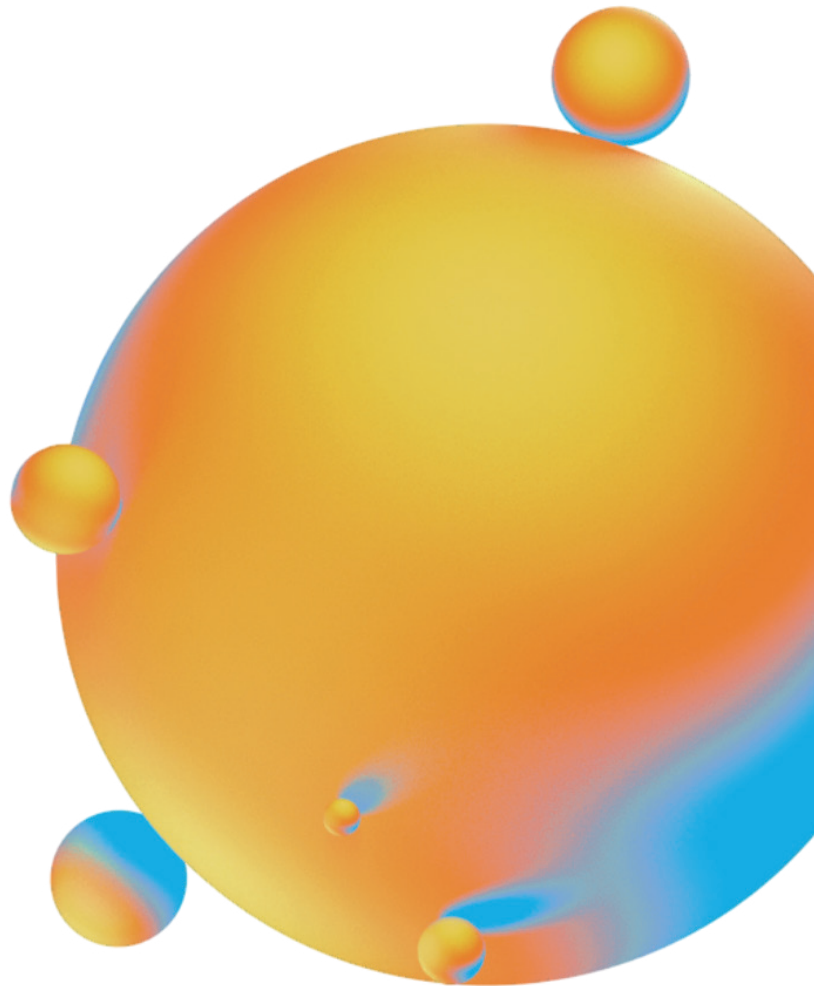
Customer experience is the top priority for growth

- One in four South African marketers recognise that CX optimisation is key to success in 2020 and a key differentiator for growth – making it the top choice for their organisations' "greatest opportunity" in 2020.
- At the same time, the focus on product innovation appears to be falling. Businesses shouldn't rely purely on delivering great product experiences. Both product and service innovation need to be developed hand in hand with the customer experience to fulfil peoples' wants and needs.

2

Data, AI and mobile are key routes to success

- South African marketers are prioritising the data-driven elements required to generate a better customer experience - customer journey mapping, customer data management, targeting and personalisation.
- 18% of South African companies are utilising artificial intelligence (AI) and machine learning (ML) to drive both campaigns and experiences. And 46% of businesses in the country are planning to invest in AI/ML in 2020 (compared to only 26% of businesses globally).
- Mobile engagement and optimisation over indexes compared to the Rest of the World as retail businesses in the country take their first steps into m-commerce.



3

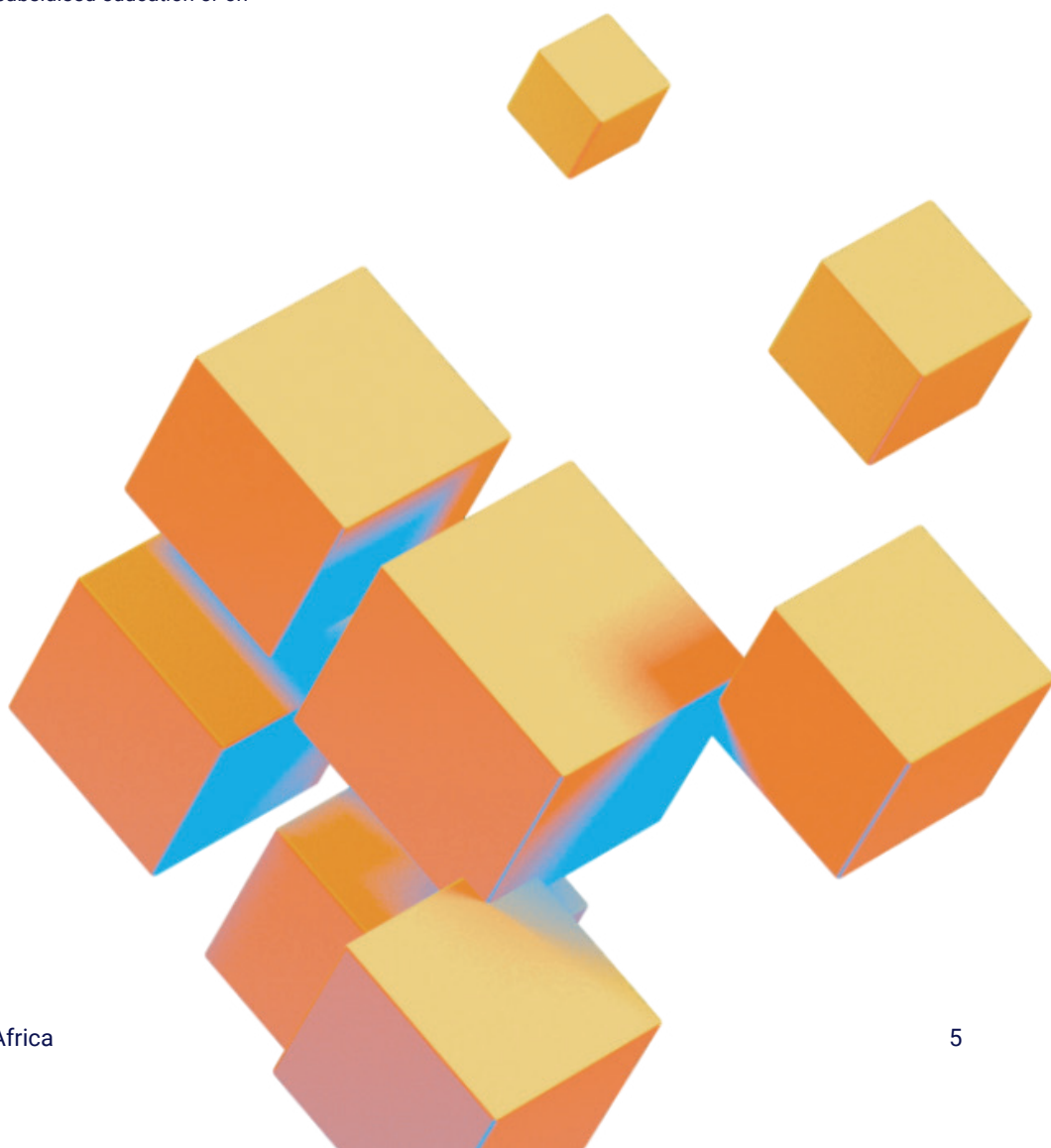
Increasing levels of sophistication

- South African businesses are already exhibiting a significant degree of sophistication when it comes to CX compared to their counterparts globally, incorporating real-time digital experiences into their marketing activity and using progressive web apps (PWAs) which help them deliver faster, more responsive and more secure experiences offline.
- And they're taking a more cohesive approach to technology management, compared to the Rest of the World: digital centres of excellence are nearly twice as likely in South Africa.
- South African businesses show a significant commitment to training their staff in the many disciplines required for business and marketing transformation – 30% offer subsidised education or on demand training.

4

Tackling challenges ahead in conversion rate optimisation (CRO), automation, data regulation

- But South Africa is lagging in a key area which needs to be addressed to achieve success - Conversion Rate Optimisation (CRO) - the process of using data, analytics and customer insights to improve performance.
- Automation to increase efficiency and yield also needs to be given more focus in 2020 - only 2% claim it is their single most exciting opportunity, compared to 9% globally.
- And there are data protection changes coming which also need to be tackled in the year ahead.



1

CX is the top priority for growth

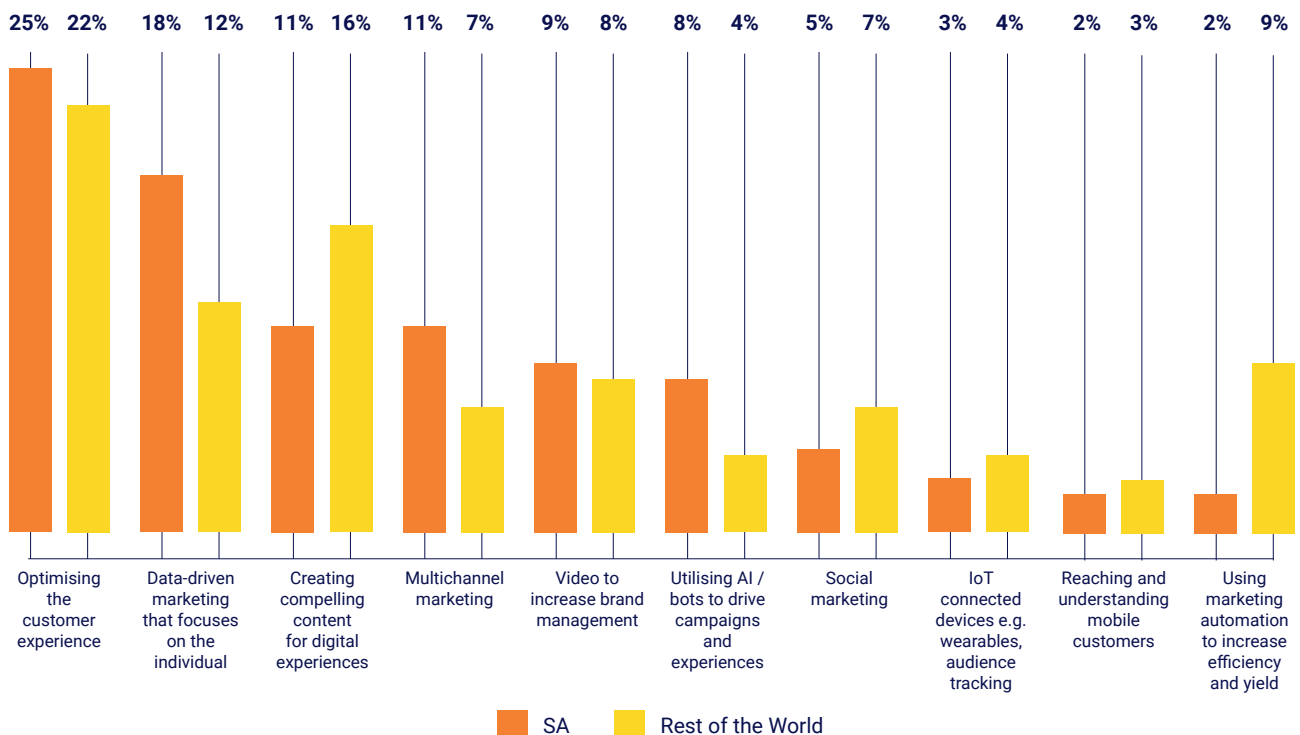
The 2020 Digital Trends report makes a compelling case for customer experience being a key driver for business growth. Businesses that were identified as CX leaders are three times more likely than their competitors to have significantly exceeded their business goals in the last 12 months.

Ongoing research from The National South African Customer Satisfaction Index (SAcsi)¹ also highlights a strong correlation between successful customer experience strategies and business outcomes. The Index clearly identifies that the most successful companies in South Africa have significantly benefited from investment into improved customer-centricity and the delivery of great customer experiences. Brands such as Nando's, Capitec Bank, Woolworths and Apple are consistently outperforming other consumer brands in terms of customer satisfaction.

It is clear that South African business leaders surveyed in the 2020 Digital Trends report understand that CX will continue to be a key business driver over the next year (*Figure 1*).

- One in four (25%) marketers identified optimising the customer experience as the single most exciting opportunity for their business in 2020.
- This was closely followed by data-driven marketing (18%).
- One in 10 (11%) marketers also highlighted the creation of compelling content as a key focus in 2020, which is notably behind the Rest of the World (16%). However, content was South African marketers' top opportunity in the 2019 Digital Trends report, which suggests that their focus has now shifted towards using customer data to drive the customer experience, while the content creation opportunity already got addressed over the last 12 months. Figure 3 clearly highlights that content marketing, and the tools used to manage it, is still a top priority for the next 12 months.

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



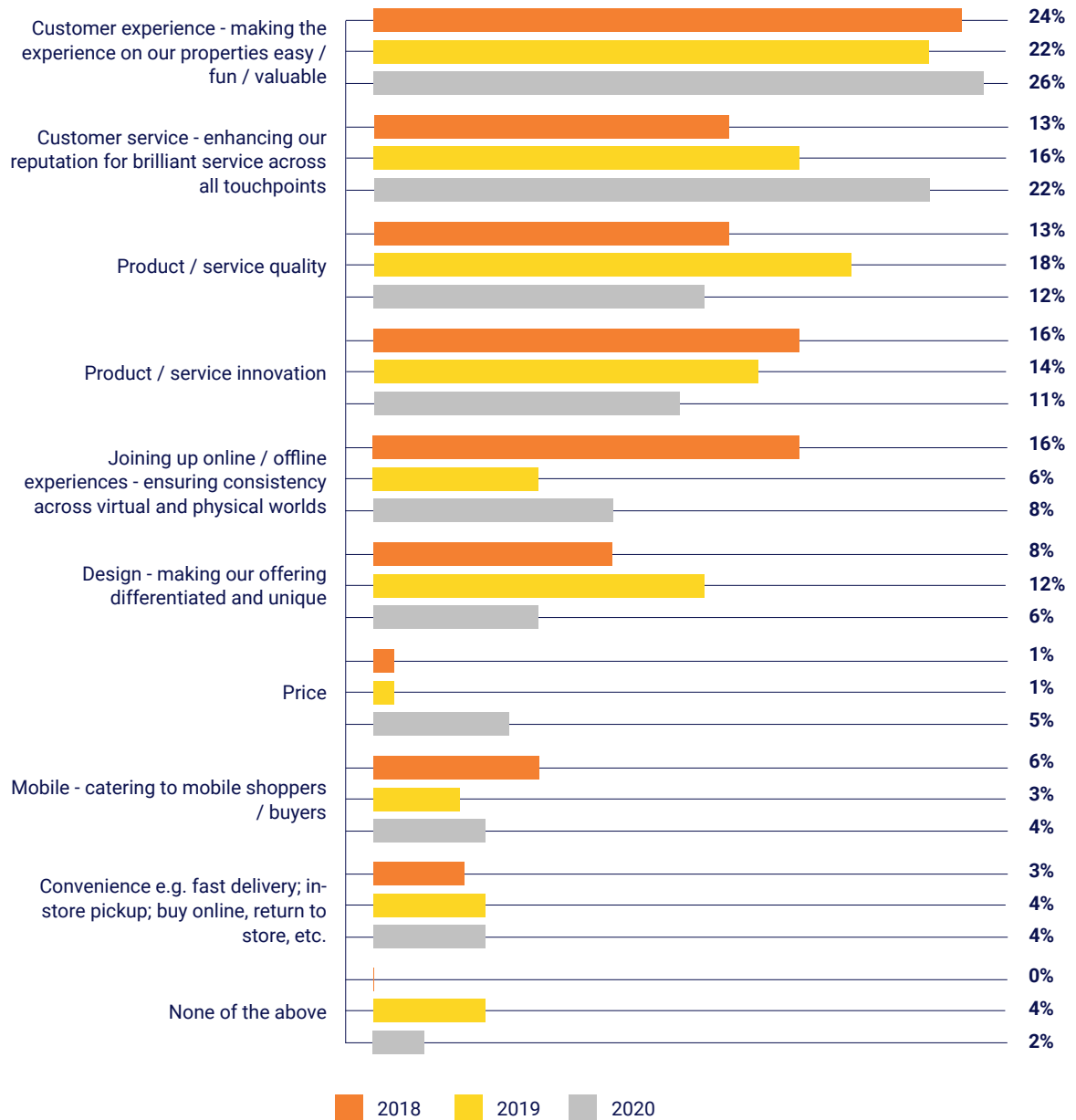
Respondents: SA 89, Rest of the World 4,911

¹ [South African Customer Satisfaction Index \(SAcsi\) / Consulta 2017](#)

CX as a key differentiator in 2020

South African marketers are also unwavering when it comes to their belief that CX will be the primary way their organisation will seek to differentiate itself from its competitors over the next five years. On average, a quarter (24%) have identified CX as their leading tool for differentiation for the last three years (*Figure 2*).

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



Respondents: 2018; 63, 2019; 182, 2020; 81

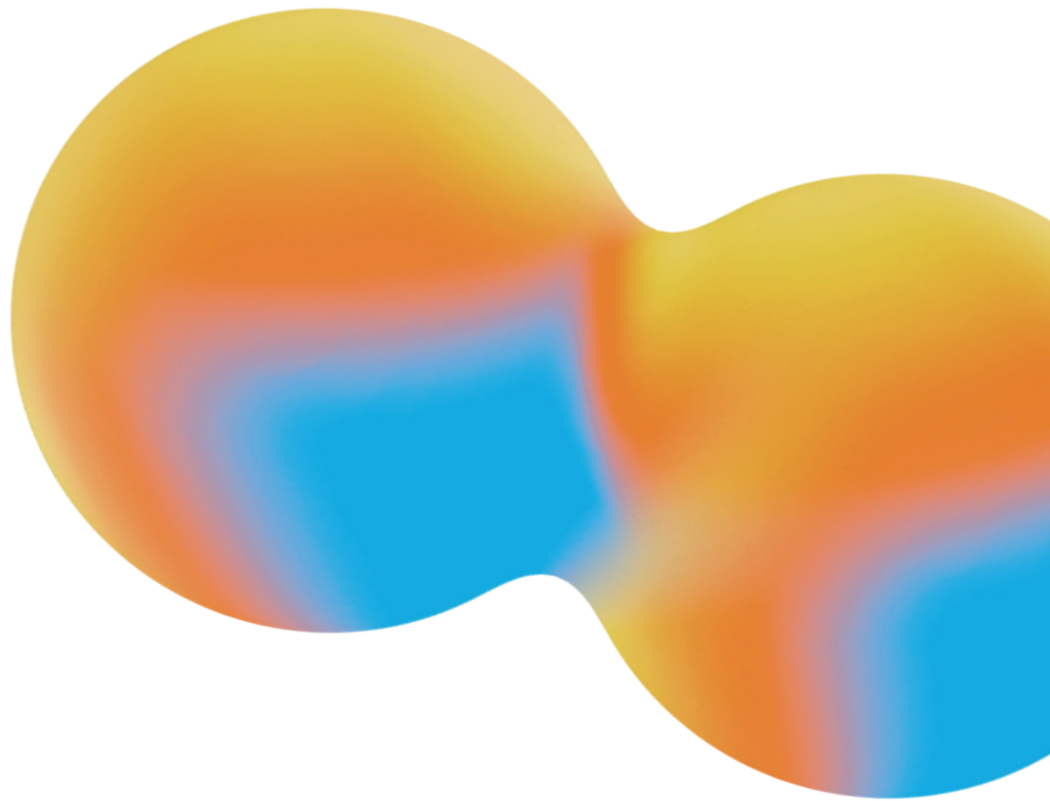
However, organisations are also looking to enhance their reputation, and the overall customer experience, by focusing on their ability to deliver customer service across each and every touchpoint. In fact, using customer service as a key differentiator has increased in popularity over the last three years - growing from 13% in 2018, to 16% last year, and up to a high of 22% in 2020.

Product innovation must go hand in hand with CX differentiation

One area where there has been a consistent decrease over the last three years has been the importance of product or service innovation and the role it plays in differentiating a business from its competitors - dropping from 16% in 2018 to 11% in the latest Digital Trends report. This reflects studies that have claimed customer experience will become not only more important than price but also the product itself.²

However, this doesn't mean that companies should stop innovating. The blur between product and marketing means that businesses need to ensure they don't lose focus on what matters to consumers, and simply rely on delivering great experiences. Businesses are consistently being disrupted by new entrants, as well as their more traditional competitors, who are looking to shake up existing products and services. Both product and service innovation need to be developed hand in hand with the customer experience to fulfil peoples' wants and needs.

South African businesses recognise the power of customer-centricity as a growth driver, but need to ensure product and service innovation go hand in hand with CX to ensure differentiation.



² <https://www.walkerinfo.com/Portals/0/Documents/Knowledge%20Center/Featured%20Reports/WALKER-Customers2020.pdf>

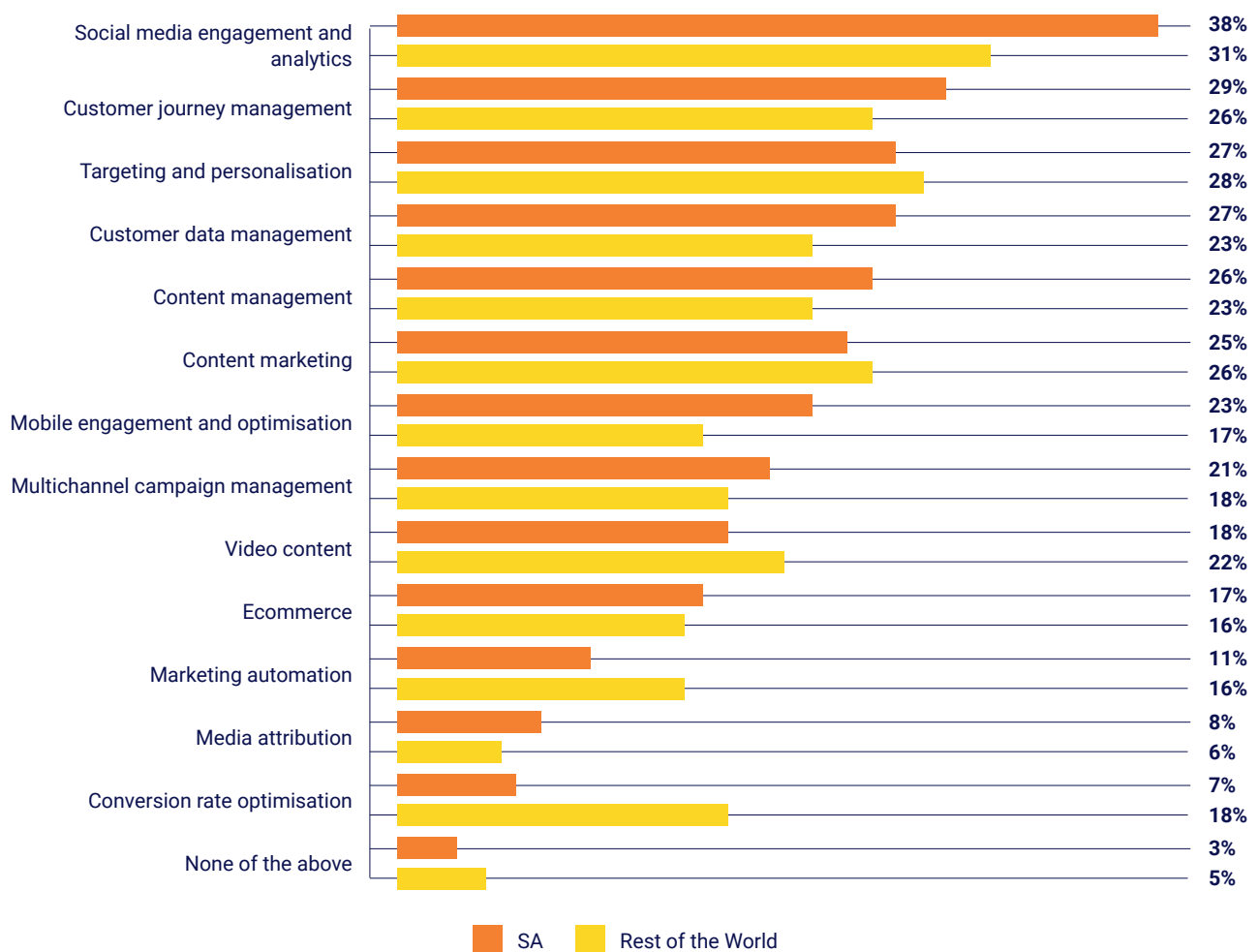
Data-driven marketing focus

At the centre of this challenge is a data-driven approach to marketing that allows companies to personalise content at a granular level and deliver it to individual customers.

South African marketers are also clearly prioritising the data-driven elements required to generate a better customer experience - customer journey mapping, customer data management, targeting and personalisation (Figure 3).

As Forbes magazine pointed out as far back as 2016, "Today's customer experience requires a combination of individualised insights, connected interactions and an agile approach to meet customers in the channel of their choosing. This means more than simply doing the same things over in the new channels. It requires new ways of exploring customer trends and preferences, and being smarter about responding to these factors".³

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



Respondents: SA 89, Rest of the World 5,051

³ <https://www.forbes.com/sites/forbesinsights/2016/05/13/data-driven-customer-experience-the-organizational-challenge/#3ccfe65e16d1>

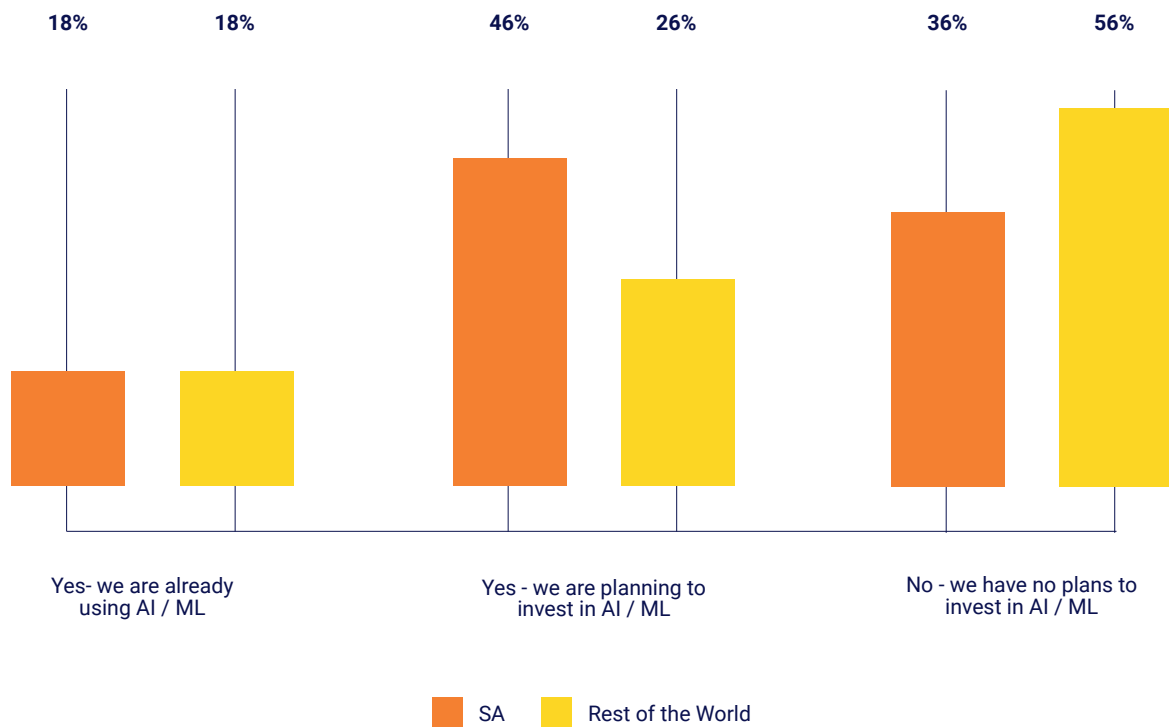
Reaping the benefits of artificial intelligence

Delivering personalised content across the whole of the customer's path to purchase in real time requires technology such as AI and ML to carry out the heavy lifting.

This year's Digital Trends report seems to suggest that businesses in South Africa may be falling behind the curve when it comes to the adoption of AI compared to their peers in the Rest of the World (15% claimed it was an issue compared to 11% globally). However, any concerns seem to be unfounded (*Figure 4*).

- Some 18% of South African companies are utilising AI and ML to drive both campaigns and experiences.
- Almost half (46%) of businesses in the country are planning to invest in AI/ML in 2020 (compared to only 26% of businesses globally).

Figure 4: Is your organisation using or planning to invest in artificial intelligence (AI) / machine learning (ML) in 2020?



Respondents: SA 67 Rest of the World 3,889



Mobile is key to delivering exceptional experiences

In a mobile-first country which skipped the widespread roll out of landlines beyond the heavily popular urban areas such as Johannesburg, Cape Town, Durban and Pretoria, the smartphone is the predominant way for consumers to access the web in South Africa. Some 80% now have access to a smartphone according to the Independent Communications Authority of South Africa's (ICASA's) latest 2019 report⁴, and 70% of unique browsers come from a mobile source⁵. It therefore shouldn't come as a surprise that mobile engagement and optimisation over indexes compared to the Rest of the World (*Figure 3*) as retail businesses in the country take their first steps into m-commerce.

Retail and e-commerce businesses in the country are increasingly exploring how to encourage consumers to buy directly from the phone, including the use of enhanced payment technologies (*Figure 5*). Traditional bricks and mortar brands in South Africa such as Mr Price, Clicks and Woolworths have already redeveloped their e-commerce platforms for mobile⁶.

Marketers are already deploying a data-driven approach to marketing that utilises both AI and mobile to deliver great experiences to consumers. However, businesses need to continually upskill their teams to ensure they make the most of these new opportunities.

⁴ <https://www.itweb.co.za/content/GxwQDM1AYy8MIPVo>

⁵ May 2018 South Africa Online Insights, Narrative

⁶ <https://www.bizcommunity.com/Article/196/822/179452.html>

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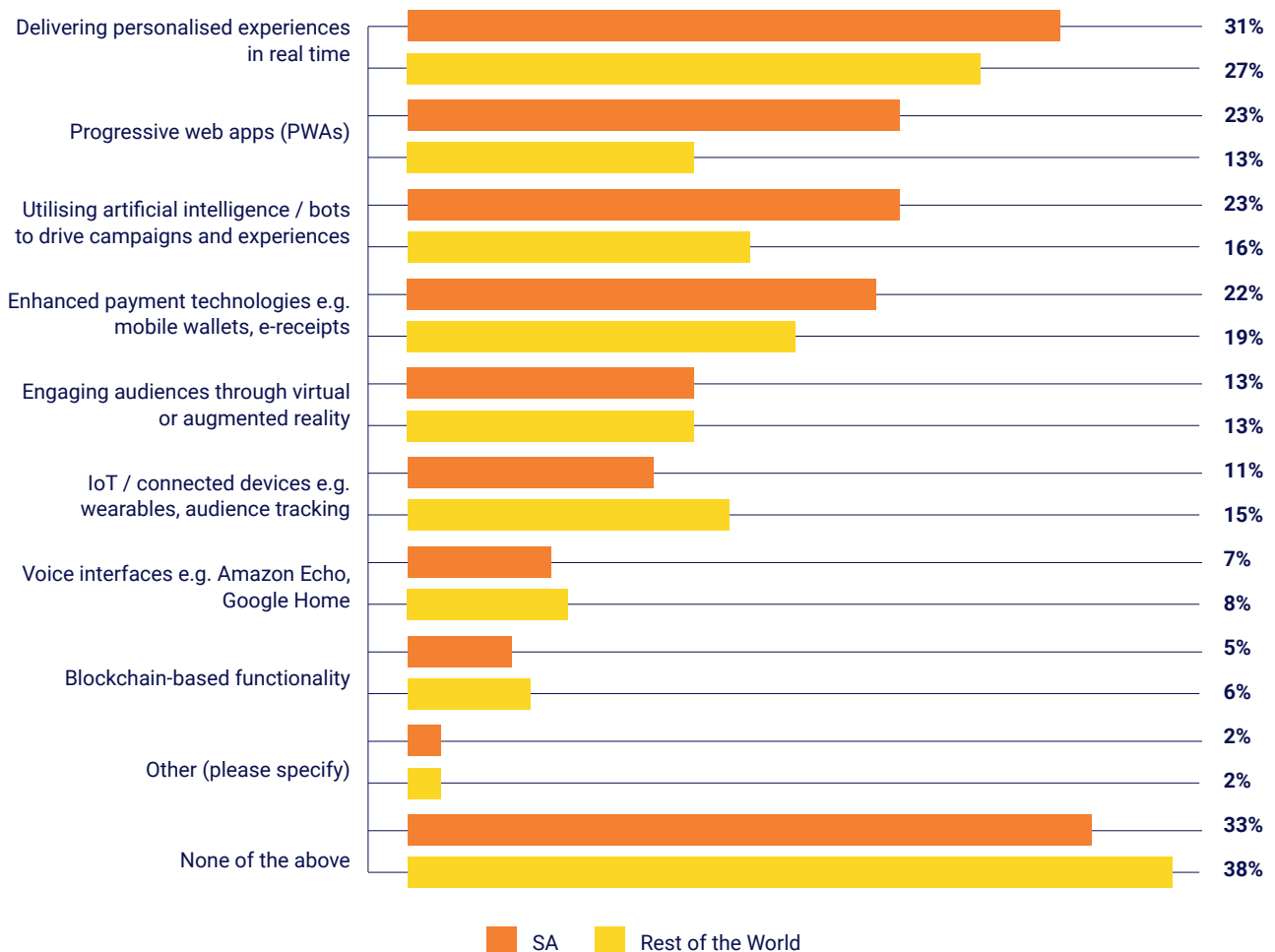
Increasing levels of CX sophistication

South African businesses are already exhibiting a significant degree of sophistication when it comes to CX (Figure 5):

- Almost a third (31%) are already incorporating the delivery of real-time digital experiences into their marketing activity.
- South African businesses are also significantly ahead of the Rest of the World when it comes to the use of progressive web apps (PWAs). Almost a quarter of companies are incorporating them into their business (compared to just over one in eight businesses globally).

Progressive web apps have the look and feel, and much the same functionality, of an installed application on a smartphone but are delivered via the web. In practice, this means that PWAs can deliver experiences that are fast, responsive, secure, but can work offline without a time-consuming download that some smartphone users are resistant to. This makes them particularly valuable for ecommerce businesses and retailers in particular who require the functionality and complexity of an app without requiring the user to download anything to their phone.

Figure 5: Which of the following have you started to incorporate into your business?



Respondents: SA 82 Rest of the World 4,691

South Africa's more focussed approach will maximise tech investment

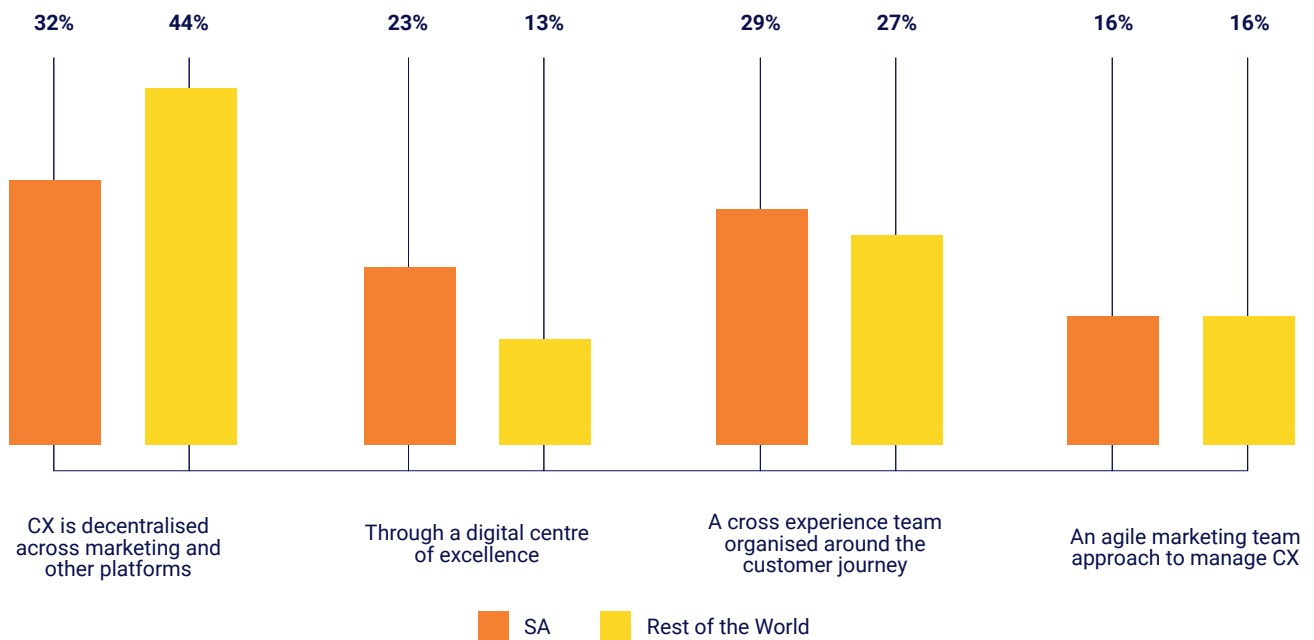
However, having the technology to deliver these real time experiences is only half the story. A business needs to be organised to get the most out of these planned investments.

This lesson certainly appears to have been learned by South African marketers who are more likely to have a more focussed strategy for using the technology available to improve customers' experience (*Figure 6*).

There is a marked reduction in decentralisation, compared to the Rest of the World, and so executives in the region are instead following a strategy that focusses skills in two main areas – a dedicated centre of excellence or a team working across departments.

- Nearly a quarter (23%) manage customer experience through a dedicated centre of excellence.
- Digital centres of excellence are nearly twice as likely in South Africa compared to the Rest of the World.
- Nearly a third (29%) have a team working across different experiences to better organise the customer journey.

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



Respondents: SA78, Rest of the World 4,460

South African marketers lead the world with integrated technology stacks

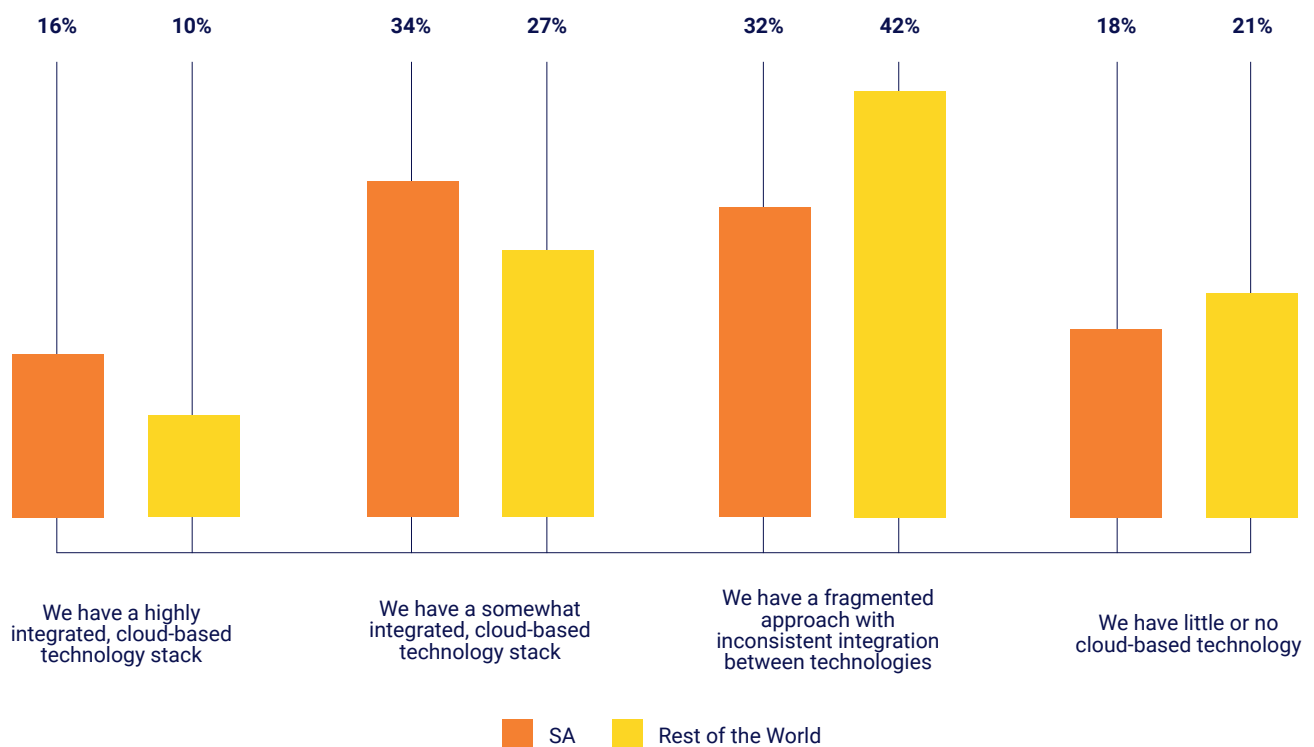
Technology is key to driving CX success for some South African businesses with 16% having a highly integrated cloud-based technology stack driving their marketing activity, compared to an average of only 10% globally.

The flexibility and speed of rolling out cloud infrastructure to host the necessary platforms and marketing tools is being prioritised over running in-housed solutions (*Figure 7*).

Half of marketers are reporting that they have a “somewhat” (34%) or “highly” (16%) integrated, cloud-based technology stack. This stands out notably from the Rest of the World. It means South African marketers are far less likely to have a fragmented approach.

However, some organisations are lagging behind their counterparts, both in South Africa and globally, with 32% of South African companies claiming that their approach to their tech stack is at best fragmented. Meanwhile, one in five companies have little or no cloud technology in their martech stack.

Figure 7: What best describes your organisation’s approach to marketing and customer experience technology?



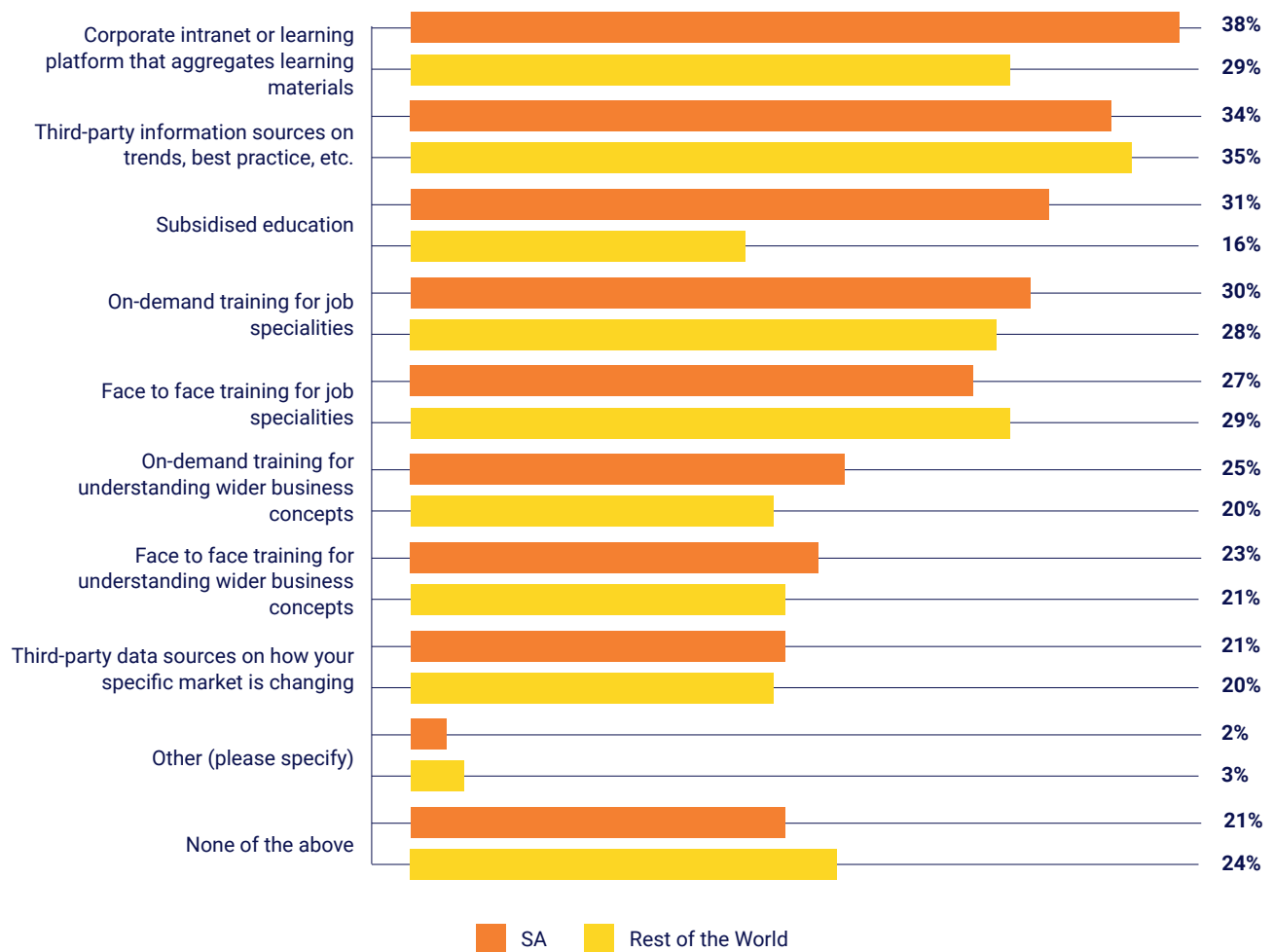
Respondents: SA 68 Rest of the World 3,268

South Africa is upskilling staff to deliver CX success

South African businesses show a significant commitment to training their staff in the many disciplines required for business and marketing transformation (*Figure 8*).

South African marketers can access a range of different resources that enable them to keep ahead of the game – including corporate intranets that aggregate learning materials and third party information resources. Meanwhile, at least 30% offer subsidised education (almost double that of their contemporaries in the Rest of the World) or on-demand training. Only one in five businesses offered no training or learning resources to their marketers.

Figure 8: What learning resources does your organisation provide?



Respondents: SA 127, Rest of the World 7,251

A cohesive approach to technology deployment is key to driving businesses' customer-centric ambitions, while dedicated centres of excellence will help deliver a laser-focused approach that consistently delivers for consumers.

4

Tackling challenges ahead – CRO, automation, data regulation

CRO shortfall needs to be addressed for CX success

The one area where South Africa is significantly lagging behind the Rest of the World is conversion rate optimisation (CRO) – the process of using data, analytics and customer insights to improve website performance, and is key for sites with e-commerce capabilities.

Only 7% of South African businesses see CRO as a top priority for their organisation in 2020, compared to 18% of businesses in the Rest of the World (Figure 3).

CRO is key to helping marketers deliver against business goals as customer behaviour becomes increasingly complex and unpredictable. The journey from consumers seeing an advert for a product, to researching the brand, visiting its website or retail outlet, making a purchase, then potentially contacting the company for any customer service needs, can take place across an ever-increasing range of offline and online channels.

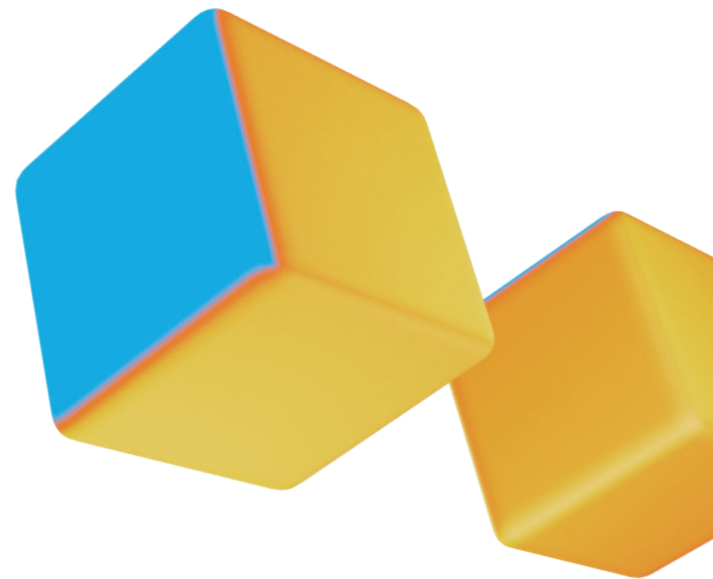
With an increased focus on customer experience, it's more vital than ever for businesses to understand their own customers and the journeys they undertake which lead to conversion, which can be an action, or more likely a sale, especially as consumers increasingly choose experiences over products or services.

Automation could be harnessed better to improve efficiency

This may be due to a greater understanding of the benefits of AI and ML, which are commonly used to automate marketing activities. Econsultancy's Marketing Automation Best Practice Guide (Dec 2018) ⁷ identifies marketing automation as a must-have for marketers due to the benefits it offers when it comes to improving the customer experience throughout the whole of the path to purchase, as it's key for delivering personal messages at scale.

AI can help in three key areas:

- AI will improve the level of personalisation in the content and communications that customers are exposed to.
- AI will help the marketer to crunch data and make real-time decisions and predictions, helping optimise campaign performance more quickly and efficiently.
- AI will reduce the dependency on human input, automating tasks that marketers might have previously done and so freeing up their time for other priorities.



Another opportunity that marketers appear to be missing out on in comparison to their peers globally is using marketing automation to increase efficiency and yield, with only 2% claiming it to be an exciting prospect for 2020, compared to 9% globally (Figure 1).

⁷ <https://econsultancy.com/reports/marketing-automation-best-practice-guide/>

Customer data management defines our digital future

Marketers are being faced with data regulations that focus on how customer data is used. These new requirements provide marketers with an incentive to build consumer trust by being transparent, accountable and compliant.

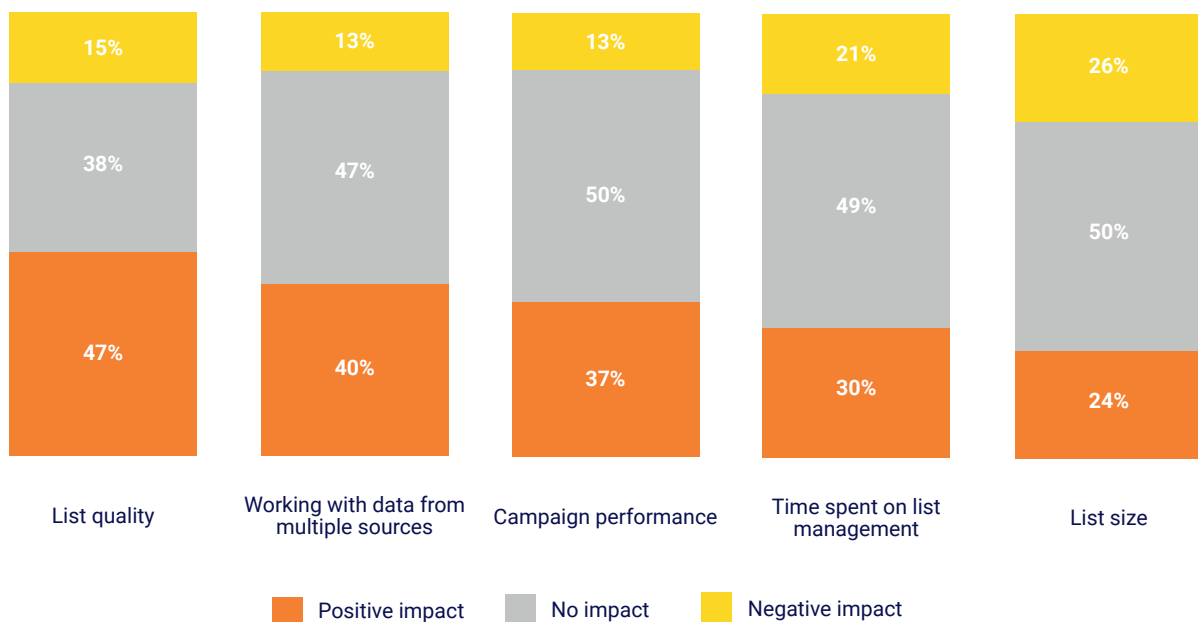
South Africa passed its equivalent of the EU's General Data Protection Regulation (GDPR) ruling or the US's California Consumer Privacy Act - the Protection of Personal Information Act (POPIA) - into law in 2013.

Marketers who have had experience of working in other markets may find many of its sections familiar, such as placing limits on the information a company can store on a person, how long for and only when it is fairly obtained and clearly explained what the data will be used for.

However, marketers in South Africa are proactively focusing on how to manage and use their customer data more effectively (Figure 9).

- Some 47% of South African businesses have seen a positive impact on list quality, as list sizes are being decreased to remove unengaged or inactive customers, ensuring that marketing communications go to an engaged and willing audience.
- Businesses in South Africa have also seen an impact on campaign performance, with 37% saying the increased focus on consumer data protection has had a positive outcome - higher than the 28% experienced by businesses in EMEA, for example.

Figure 9: What impact has the increased focus on consumer data protection had on the following in your organisation?



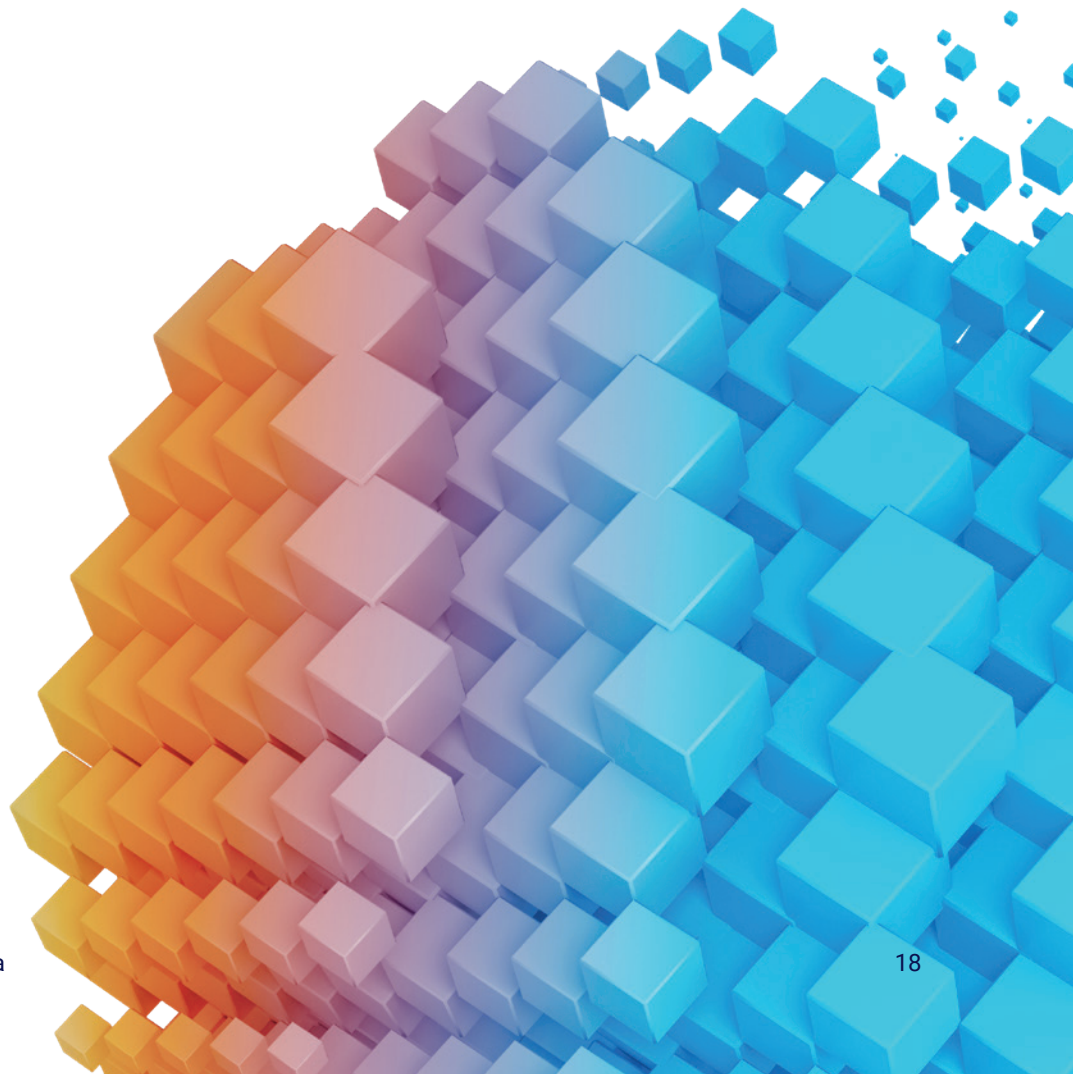
Respondents: SA 53-54, RoW 2,564-2,596

Putting an increased focus on conversion rate optimisation will ensure marketers deliver against their business and CX goals, with an effective use of automation allowing them to deliver personalised marketing at scale. Meanwhile a greater emphasis on improving customer data will help drive even greater campaign performance.

Conclusion

Four key takeaways for South Africa marketers

1. This research shows that although customer experience is a top priority for businesses in South Africa, success will depend on differentiating themselves from their competitors and meeting customer expectation, product and service innovation needs.
2. Marketers, especially those in e-commerce businesses, need to put a robust conversion rate optimisation strategy in place to ensure they are not only delivering against their marketing and business metrics, but also demonstrating the benefits and effectiveness of their customer-centric marketing strategies to the whole business.
3. Businesses also need to drive increased efficiencies by prioritising marketing automation, which can not only improve the customer experience, but also free up marketers' time for other priorities.
4. It is particularly important for marketers to ensure that they are delivering appropriate experiences across different channels, rather than a one-size experience fits all approach. Melding consumer trends with customer data will ensure businesses understand their preferences across the whole of the customer journey.



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 on December 9th having collected 213 qualified responses from South Africa.

Demographic profiles

- 62% of South African respondents were from the client-side, with 38% from the supply-side, including agencies, vendors & consultants.
- 62% of respondents were at manager level or above.
- The sample is split by those focusing on B2B (21%), B2C (25%) and those addressing both markets equally (54%).
- Every business sector is represented, with concentrations in Financial Services (16%), Travel & Hospitality (10%), Technology (9%) and Print / Publishing (8%).



About Econsultancy

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

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

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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.

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