Adobe Scene7 2011 Survey: Digital Marketing in the Next Decade

Key Findings, April 2011

ADOBE® ONLINE MARKETING SUITE
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Contents

Executive Summary

As online technologies and consumer expectations continue to evolve rapidly, the need to keep up with these trends becomes increasingly important.

The *Adobe Scene7 2011 Survey: Digital Marketing in the Next Decade* is Adobe's fifth annual quantitative study to identify the online enhancements marketers are investing in to raise the bar on customer experience and lift conversion. Businesses worldwide were asked to pinpoint the executions they currently deploy or plan to deploy in these categories: analytics, digital advertising, mobile, personalization, rich media and merchandising and social media. They were also polled on the effectiveness of these tactics, including impact on conversion.

This year, the survey measured an additional 55 tactics, resulting in the measurement of 109. For the first time, the deployment, planned deployment and effectiveness of analytics tools, mobile commerce visualization features and digital advertising executions were measured, and to this mix, several new rich media, social and mobile tactics were added.

A record 1,941 respondents participated in this year's survey, more than triple last year's. Participants represent businesses across diverse industries and regions, with more than half representing these industries: 1) advertising and interactive agencies; 2) media and publishing; 3) computer hardware, software and services; and 4) retail. Respondents are employed by businesses headquartered primarily in North America, Western Europe and Japan.

By providing quantitative data on online business trends, we hope to inform decision-making and enable businesses to benchmark their adoption of various innovations and executions against their peers.

Key Finding and Conclusions

Below are findings and interpretations based on aggregated global results and comparisons of regional results.

- Fully 73% of the businesses surveyed say they plan to invest in site redesigns or would otherwise make significant enhancements to improve their site's ROI. The vast majority (82%) say they plan to deploy those enhancements within the year, up 8% from a year ago.
- Analytics, social media, and rich media/merchandising are the most deployed tactics globally, while mobile apps, social executions and rich media are among the top planned.
    - Analytics tools for measuring and optimizing website experiences represent the most deployed tactic globally, used by 55% of the respondents. In line with last year's findings, social media and rich media tactics also rank among the most adopted. At least a quarter of all respondents have applied some executions in analytics, social media and rich media.
    - Mobile cracks the top planned deployments for the first time since the survey first began measuring its executions in 2009, suggesting the channel is finally finding its audience after years of hype. This year, iPhone apps are the most planned deployment, cited by 27% of the respondents. It shares the top spot with interactive catalogs, which leads planned deployments for the second year in a row. Just behind are iPad apps, advertising on social networking sites and branded social community pages, each cited by 25% of the respondents.
    - Of the deployments in the low single digits, mobile registers the highest planned execution rates. This is particularly true for Android smartphone and tablet apps. With a 4% deployment rate for Android smartphone apps, and 3% for Android tablets, their planned deployments are a respective 23% and 18%. Other planned mobile executions with planned rates around 20% include mobile-optimized websites and interactive catalogs.

Globally, the most deployed and planned executions are:

Top deployed executions	Top planned executions
Website analytics: 55%	Interactive catalogs & brochures: 27%
Branded social community pages (e.g.,Facebook, Twitter) : 40%	App – iPhone: 27%
Blogs or micro-blogs: 34%	Advertising on social networking sites: 25%
Dynamic displays (banner, carousel, tabbed, grid views): 27%	App – iPad: 25%
Campaign analytics: 26%	Branded social community pages: 25%
Animation: 26%	

- Rich media and merchandising tactics maintain their top effectiveness rankings by the highest number of people rating them "very effective."[1] For the third year in a row, the features rated "very effective" by the most respondents belong to the rich media category, with multimedia product viewing (integrating images, video, Flash, audio, spin, etc.) taking the top spot, followed by videos and mobile product information.

Below are the features that drew the most "very effective" ratings (actual or expected) by respondents who have deployed or plan to deploy them:

Executions with the most "very effective" ratings
Multi-media product viewing (integrated images, video, Flash, audio, spin, etc.): 39%
Videos for merchandising, advertising and demonstration: 36%
Product information on mobile devices: 36%
Product tours (combinations guided spin, zoom imagery, videos or animations with copy): 34%
Check inventory status, in-store or Web, on mobile devices: 34%
Visual filtering & advanced search on product features: 34%
Interactive catalogs & brochures: 34%

- Personalization features continue to be among the least deployed tactics, yet collect some of the highest "very effective" ratings from people who have deployed them or are planning to deploy them. This suggests that while marketers see the value of personalization techniques to tailor content and offers to their target audiences, they perceive hurdles to implementing personalization. The personalization tactic with the highest planned rate is geo-targeted site content at 21%, with 30% of respondents rating it "very effective."
- Social takes root across all the categories measured. In the digital advertising category, serving impressions in social networking sites ranked first as the top planned execution at 25%, while in the analytics category, tools for measuring social ROI is the top planned at 21%.
- The growth in the number of online enhancements being planned and deployed is not tracking the growth in effectiveness. Effectiveness is netting large year-on-year gains, yet deployment saw modest growth overall, and planned deployment still smaller. There are 12 executions registering year-on-year deployment growth and just two registering year-on-year planned growth. In contrast, there are 38 executions with year-on-year growth in the percentage of people rating them "very effective."
- For businesses with more than $100 million in annual revenue, mobile and social features are top of mind in 2011.
  - o The top investment priorities focused on mobile applications, followed by branded social community presence: 1) Android phone apps (23%); 2) apps for iPads and iPhones (21%); 3) branded social community pages (18%).

1 Effectiveness ratings are tallied for respondents who say they have deployed or are planning to deploy a feature

- Four of the six most effective features for improving customer experience, either deployed or planned, were in the mobile category: Mobile advertising, promotions, bar-coded coupons - drive to store or Web (42%); Product comparisons on mobile devices (41%); Address book integration on mobile devices; Check inventory status - in-store or Web from mobile devices is equal with personalization engine -behavioral targeting (40%).

- EMEA drew the highest proportion of respondents (78%) saying their company planned to invest in site redesigns or would otherwise make significant enhancements to improve site ROI. Japan showed the lowest commitment at 67%, compared to North America at 73%.
- A comparison of regional results shows common ground among the top deployed executions; Japan, however, diverges when it comes to top planned and very effective executions.
  - Among deployed tactics, website analytics is the most widely adopted across all regions, with EMEA and Japan both reaching 60% penetration rates. Other top North America and EMEA deployed tactics skew social, while Japan's top deployed tactics are dominated by both rich media and social. Blogs appear to have the most consistent deployment rates worldwide, adopted by about a third of respondents across all regions.
  - While the no. 1 planned execution in North America is advertising on social sites (29%) and EMEA's is iPhone app (34%), the rest of these regions' top planned deployments are more biased towards rich media. Interactive catalogs represent the second most planned execution in both regions. Among EMEA's top five planned deployments are 3-D visualization and multi-media product viewing; in North America, quick looks and rollover views also made the top cut. Meanwhile, Japan's top four planned executions are exclusively mobile, with Android apps ranking no. 1 at 23%.
  - Though Japan's top planned executions are related to mobile, the features rated "very effective" by the most respondents contains no mobile executions and are instead led by analytics that create differentiated offers based on user data (37%). In contrast, mobile executions drew the most or nearly the most "very effective" ratings for both North America and EMEA. Multimedia product viewing was no. 1 by number of people rating it "very effective", tied with videos in North America, and check order status on mobile devices in EMEA.

Analysis and Conclusions

Investments in online enhancements should continue if risks to economic recovery are low

This year's deployed and planned rates for online executions are generally within range of last year's, suggesting that investments are maintaining 2010 levels. Meanwhile, opportunities in social media and mobile are likely to continue to pressure businesses to shore up their online investments, as they seek to innovate, stay competitive and keep pace with the growing expectations of increasingly savvy online consumers.

A focus on protecting current investments

The wide deployment gap between the most adopted execution, site analytics (55%) and the next most adopted, branded social presence (40%) suggests that businesses put the highest priority on protecting their current investments by maximizing and optimizing their existing assets and executions. On average, analytics features netted 27% of respondents rating these tools "very effective", on a par with other top ranked effective categories including rich media, personalization and mobile strategies.

Social continues to draw interest; mobile accelerates

Thematically, social permeates every category measured. While executions in this area already have some of the highest deployments rates, they should gain even greater adoption as their momentum continues. Echoing last year's results, social media— most notably branded presence in social communities and blogs/micro-blogs— again find their way near the top of both deployed and planned executions. This year, branded community pages netted a 20% year-to-year growth in deployment, one of the largest gains among adopted executions.

These results underscore social's vast potential, as merchants seek to stake their claim in the social frontier. This comes as Facebook's traffic rivals that of Google's and social sites emerge as fertile ground for commerce.

Today, growing numbers of businesses are building integrated Facebook stores, encouraging fans to spread their offers virally, and exploring ways to tap users' social graphs to deliver relevant and personalized content and offers.

Mobile ready for its audience after years of hype

That mobile deployments sprung to the top of the planned deployments for the first time in this survey suggests that mobile is finally ready for prime time after years of false starts. Mobile's arrival comes on the back of strong worldwide adoption of web-enabled smartphones and tablets that can deliver the kinds of rich experiences consumers are accustomed to getting on PCs. In the last quarter of 2010, smartphones surpassed global PC shipments for the first time, according to IDC, setting the stage for mobile to become a viable marketing channel. Indeed, thanks to the fast adoption of smartphones, businesses that want to deliver differentiated, immersive mobile experiences can now do so and achieve real reach.

Interest in mobile marketing is also being accelerated by the rapid adoption of tablets, which is opening new possibilities for innovative mobile experiences. And further fueling the interest in mobile is Android's recent surge, an event that gives marketers another platform besides Apple's on which to build a rich, branded mobile presence.

ROI mixed for social and mobile

Social and mobile's effectiveness and ROI appear mixed, as marketers try to get their arms around these new channels. While a majority (58%) of the respondents say social has a positive impact on conversion, social features garnering the most "very effective" ratings remain those more mature and proven tactics like customer reviews and ratings. In fact, unchanged for the last three years, the social features that drew the most "very effective" votes this year are user comments/reviews, and user ratings and rankings, cited as "very effective" by 32% of the respondents. And for all its popularity as a planned and deployed execution, branded social community presence has yet to live up to the hype in terms of effectiveness. The percentage of respondents rating this tactic "very effective" was 26%, the average for all features measured.

Mobile scored the lowest votes (43%) in terms of positive impact on conversion (50% checked 'Not Applicable'). Still, there are signs of high expectations: Even though most mobile executions are not out of the gate, providing mobile users with access to product information and product inventory data received "very effective" ratings from the second and third largest number of respondents, at 36% and 34%, respectively.

Social and mobile tactics poised to be adopted quickly by small businesses

Despite the mixed outlook on social and mobile's effectiveness, that these tactics are among the most planned deployments suggests that small businesses are bypassing tools like site analytics, universally deployed by large businesses. Instead, smaller businesses are eyeing leading-edge tactics in social and mobile as a fast-track to reaching users and converting them.

Interactive catalogs, a big standout

Interactive catalogs are emerging as a major bright spot in this year's survey. Apart from their no. 1 ranking as the top planned vehicle across the board, interactive catalogs are also the no. 1 planned deployment in the mobile commerce visualization category. As well, they have drawn high ratings for effectiveness, taking the no. 4 spot, by number of people who rated it "very effective".

The growing adoption of mobile tablet devices, spawned by the success of the Apple iPad, is creating new opportunities for catalog publishers and will duly stoke greater interest in this vehicle. The advent of the always-connected tablet will enable catalog marketers to engage shoppers as never before, leveraging video and audio, providing direct links to commerce sites and promoting content sharing via Facebook and other viral sharing tools.

Japan lags peers in deployed and planned executions

While EMEA and North America generally show similar deployment levels for many of the features measured, Japan continues to lag these regions particularly in the adoption of social and rich media tactics. Japan, however, is significantly ahead in certain mobile-related applications, including QR codes and commerce enablement, as well as mobile analytics. EMEA has a marked lead in other analytics deployment, including 1:1 testing and campaign measurement.

Across every metric, EMEA appears the most aggressive, particularly for showing the highest planned rates for many features across every category. Japan, however, lags its Western peers in every category, with mobile being the only category yielding some planned deployments above 20%. This squares with Japan's status as one of the world's most advanced mobile markets where mobile Internet services are widely used, with estimated subscription rates of 3G services exceeding 95%.

In line with EMEA's comparatively bullish planned rates, proportionally more respondents from this region also accorded 'very effective' ratings to more features than their peers.

Other year-over-year trends

The mix of top deployed executions would not have changed much from last year were it not for the new executions we sought to measure this year. For instance, where audio, RSS drew high deployed rates last year, the popularity of viral executions, including Facebook Like and social sharing tools, edged them lower this year. Similarly, mobile apps elbowed out last year's top planned features, including personalization by zip code/ geo-targeted sites and personalization engine/behavioral targeting.

In line with last year's results, rich media tactics are among the most deployed and effective, suggesting that some of them are on a maturing path. Nonetheless, there remains room for innovation, as emerging tools such as virtual fitting rooms and 3D visualization remain largely untapped.

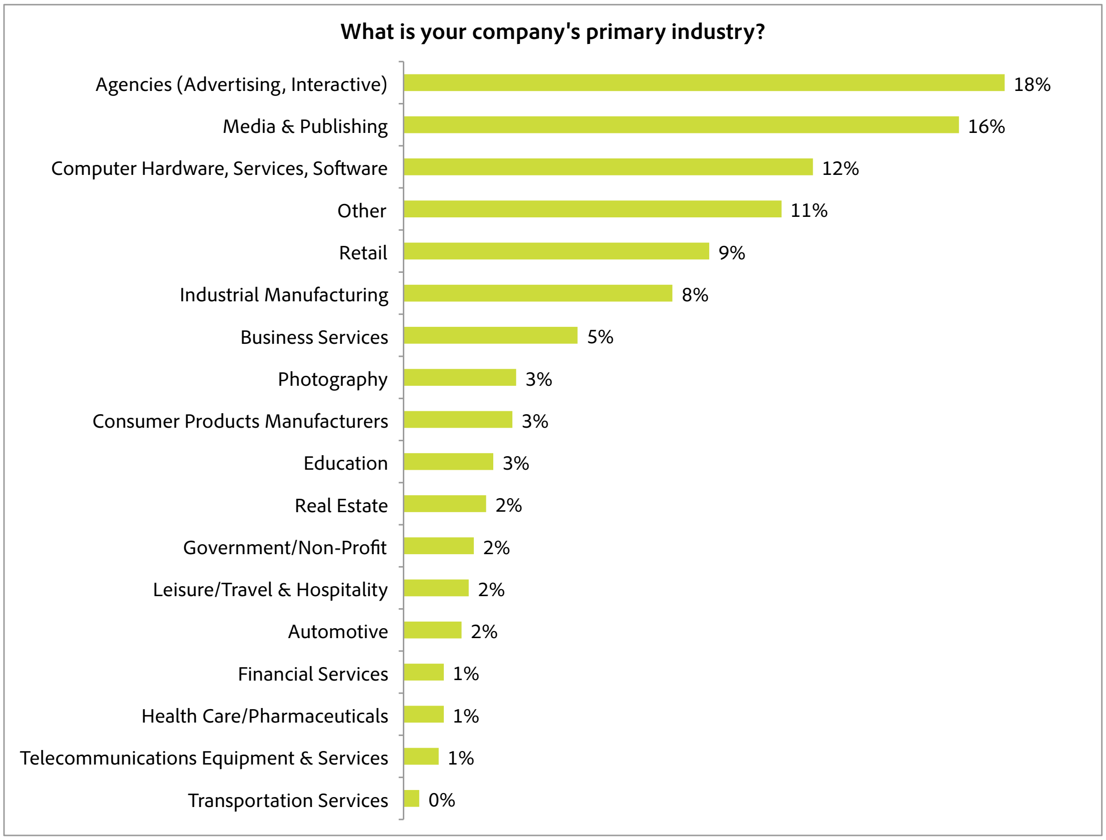
Methodology and Participants

The *Adobe Scene7 2011 Survey: Digital Marketing in the Next Decade* is an online survey distributed between December 8, 2010 and February 2, 2011 to worldwide subscribers of Adobe communications and trade publications as well as members of trade associations.

The results of this study were compiled based on responses from 1,941 people representing businesses headquartered primarily in North America, Western Europe and Japan. The majority of the respondents are based in North America. This year saw a tripling of respondents from last year, drawing the most participants ever since the annual survey began in 2006.

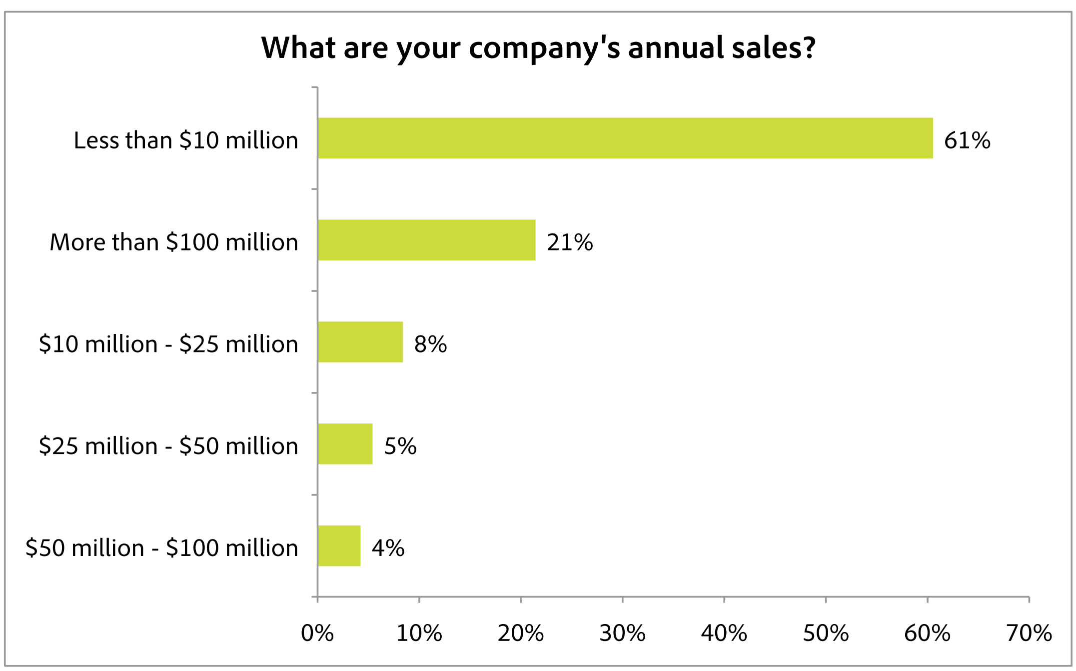
Primary Industries

The top industries represented by this year's participants tracked last year's, comprising of advertising and interactive agencies, media and publishing, computer hardware, software and services, and retail.



Annual Sales

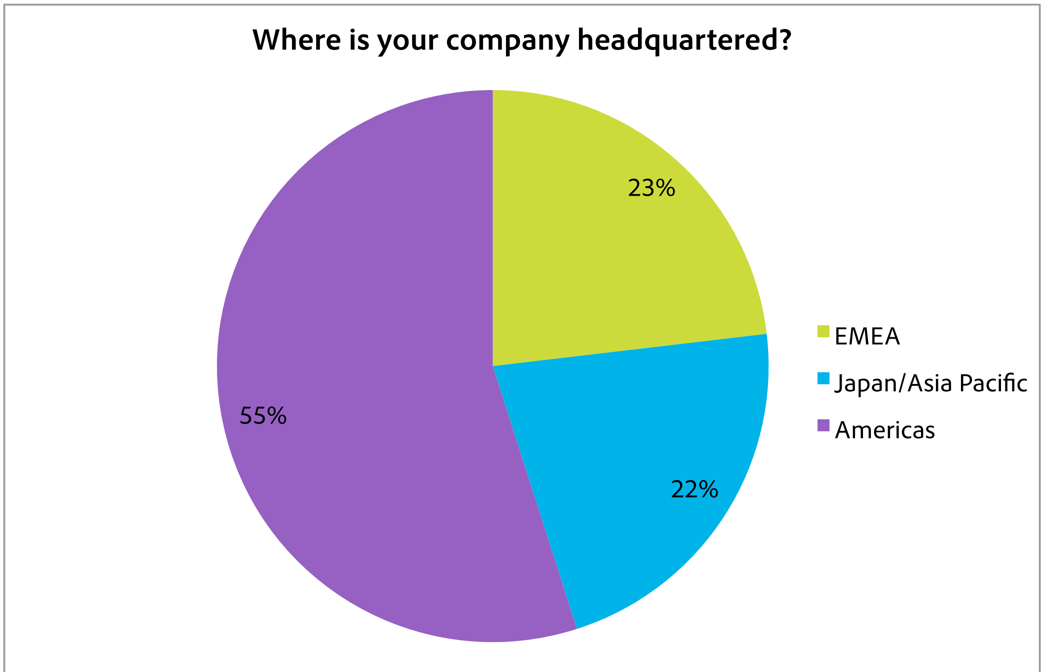
Nearly a third of respondents represent businesses with more than $25 million in annual sales.



Regions

Compared with last year, respondents representing North America-headquartered businesses rose by about 15 percentage points; in turn, proportionally fewer respondents from EMEA and Asia Pacific participated in this year's survey.

The survey was distributed to employees of businesses headquartered in the Americas, Asia, Europe, Middle East and Africa. More than 90% of those who responded are employes by businesses headquartered in North America, Japan or Western Europe.

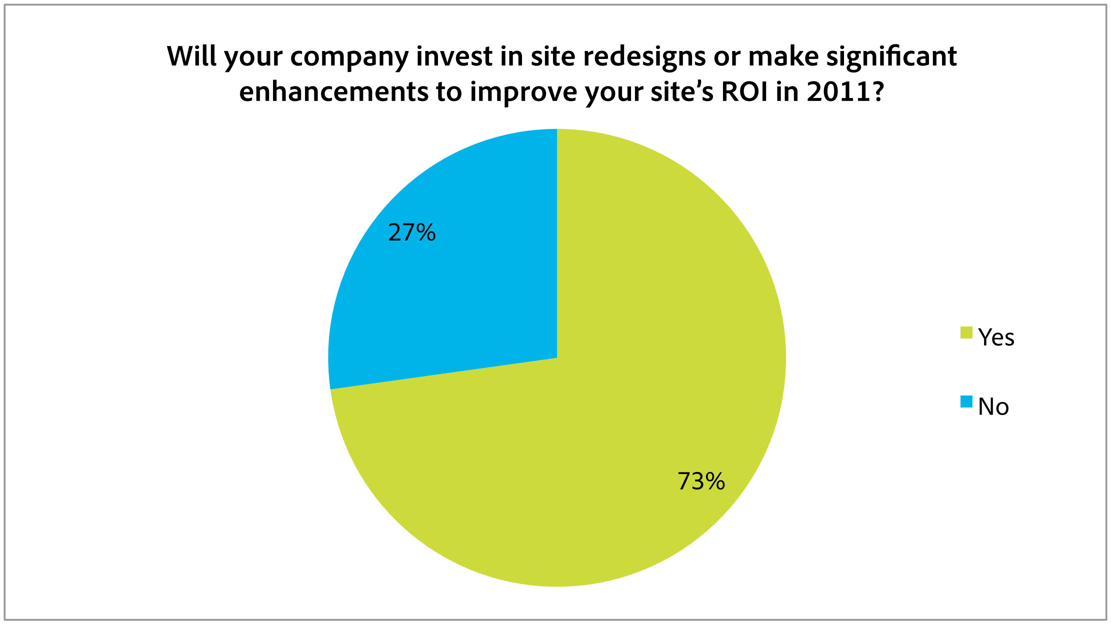


Note: 93% of EMEA respondents comprise of Western Europe-headquartered businesses; more than 98% of Asia Pacific respondents represent Japan-headquartered businesses; Americas is almost exclusively North America respondents, at over 99%

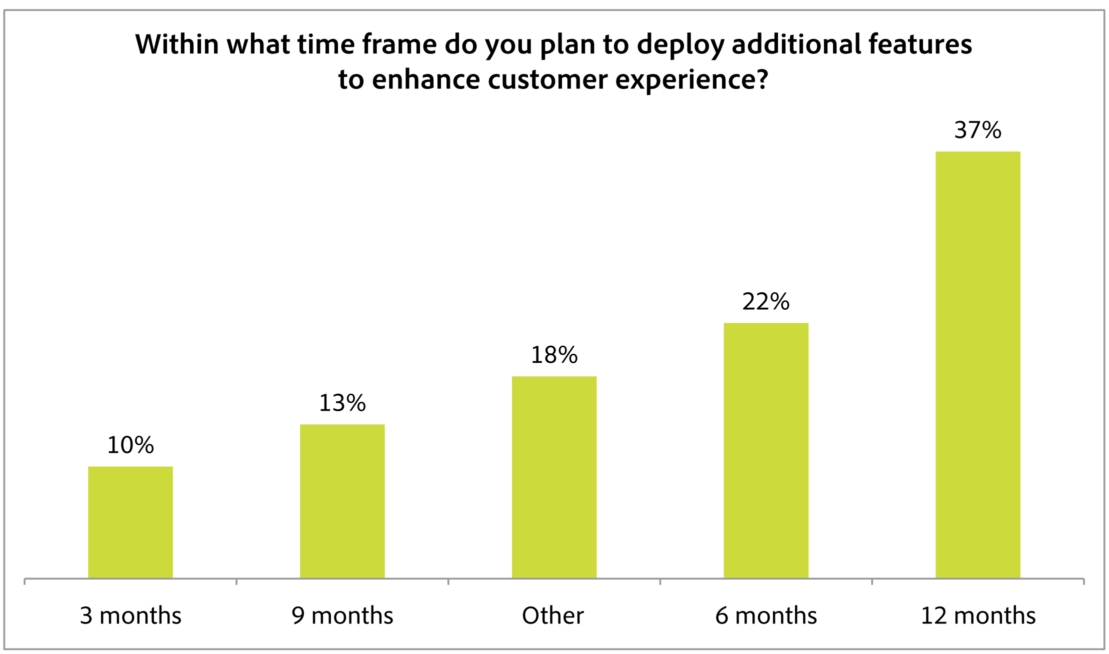
Worldwide Survey Results

This section begins with a summary of top-line results, followed by detailed findings and analyses for each tactical category measured and regional comparisons.

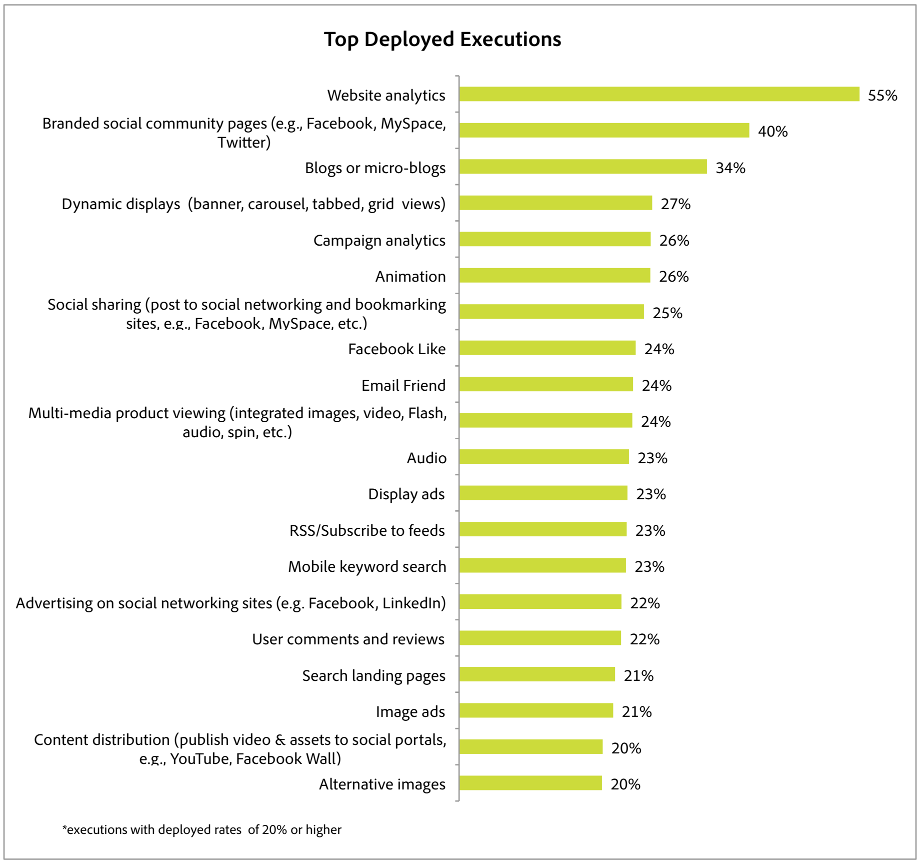
Among survey respondents, 73% say they plan to invest in site redesigns or would otherwise make significant enhancements to improve their site's ROI in 2011.



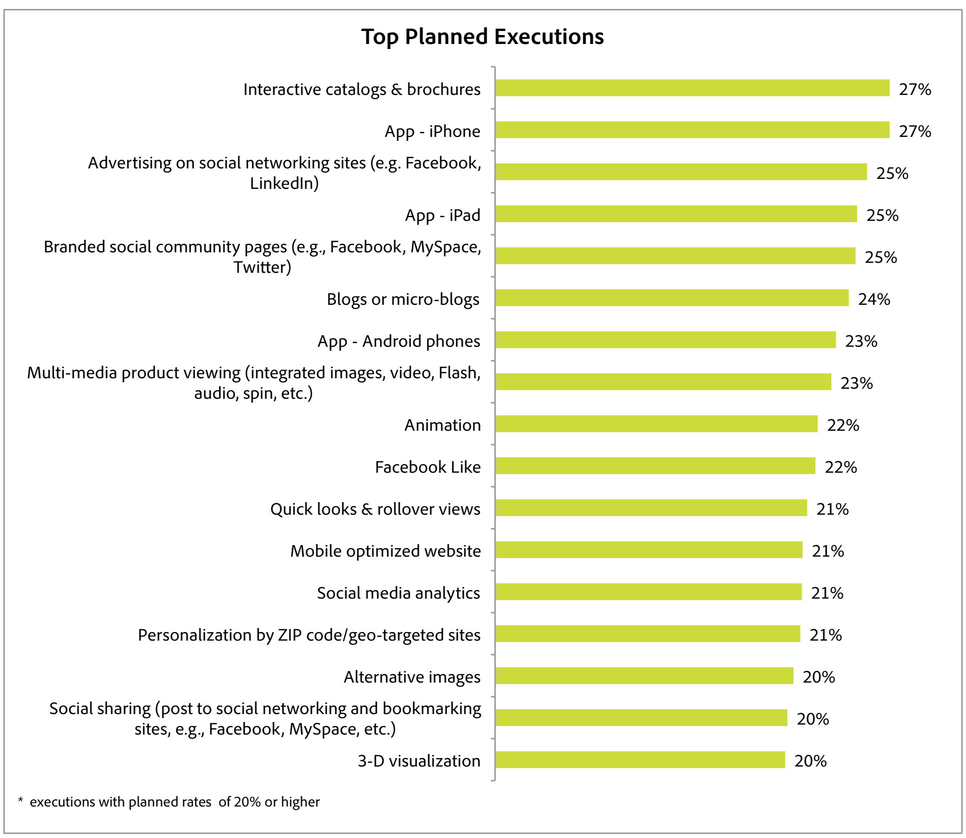
The vast majority (82%) say they plan to adopt the enhancements this year, up 8% from a year ago.



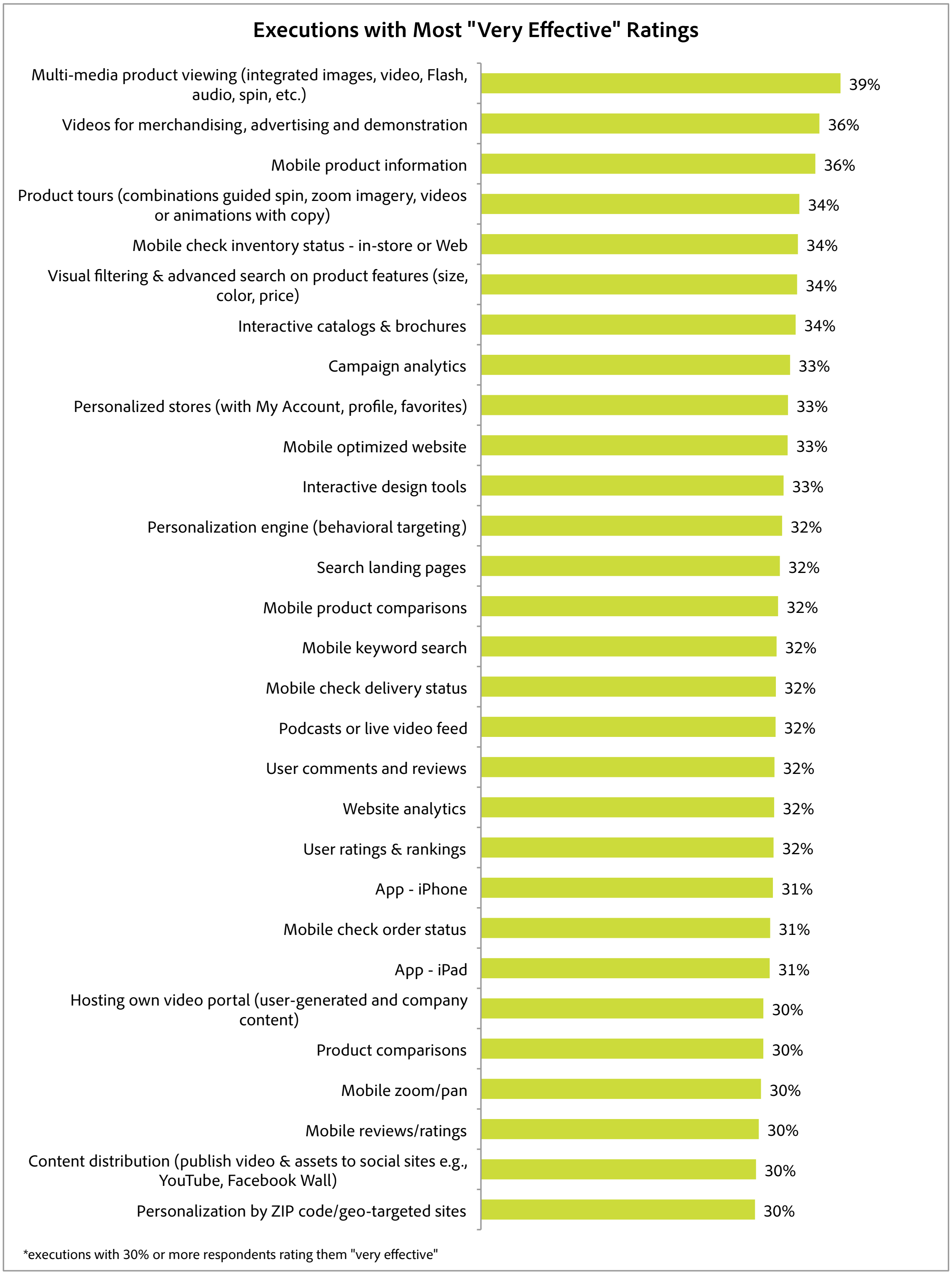
Deployed/Planned/Most Effective Online Tactics & Executions



Planned Executions



Executions drawing the most 'very effective' ratings



Year-over-Year Trends

Mobile, personalization and rich media executions saw year-over-year growth across either deployment, planned deployment, effectiveness or all of the above. Below are some tactics showing the largest percentage gains for each metric: Deployed, Planned and Very Effective. Details for each category's gainers can be found in the full report which you can download in the link below.

Deployed Tactics
Branded social community pages, +20%
Mobile check inventory status, in-store or Web, +19%
Personalization by ZIP code/geo-targeted sites, +16%
Mobile commerce enablement – shop & buy, +13%
Mobile advertising, promotions, bar-coded coupons - drive to store or Web, +13%

Planned Tactics
Quick looks & rollover views, +13%

"Very Effective" Tactics
Mobile commerce enablement – shop & buy, +124%
Visual monogramming & engraving tools, +110%
Predictive modeling, +98%
User-designed merchandise available for purchase, +74%
Interactive design tools, +54%
Personalized stores (with My Account, profile, favorites), +53%
Shop by outfit, room or collection, +50%
Mobile check inventory status, in-store or Web, +50%
Personalization engine (behavioral targeting), +48%
Advertising, promotions, bar-coded coupons - drive to store or Web, +48%
Branded social community page, +40%
User-created collections for sharing & purchase, +39%
User-generated visual content, +36%
Live chat/instant messaging, +35%
Visual product configurators (custom products), +34%
Videos, +34%
Dynamic displays, +33%
Collaborative custom product design, +32%
Personalization by ZIP code/geo-targeted sites, +28%
360-degree spin, +27%
Interactive brochures and catalogs, +26%

About the Adobe Online Marketing Suite

The Adobe® Online Marketing Suite, powered by Omniture®, offers an integrated and open platform for online business optimization, a strategy for using customer insight to drive innovation throughout the business and enhance marketing efficiency. The Suite consists of integrated applications to collect and unleash the power of customer insight to optimize customer acquisition, conversion and retention efforts as well as the creation and distribution of content. For example, using the Suite, marketers can identify the most effective marketing strategies and ad placements as well as create relevant, personalized and consistent customer experiences across digital marketing channels, such as onsite, display, e-mail, social, video and mobile. The Suite enables marketers to make quick adjustments, automate certain customer interactions and better maximize marketing ROI, which, ultimately, can positively impact the bottom line. For more information, visit www.omniture.com.

About Adobe Scene7

Adobe Scene7 is a hosted solution for managing, enhancing, publishing and delivering dynamic marketing assets and rich visual merchandising to Web, mobile, email, Internet-connected displays and print. With Scene7, companies can grow revenues, enhance customer experience and cut production costs via an easy-to-use, web-based system requiring minimal IT support. There is no other SaaS platform more comprehensive and powerful for automating the management, production and delivery of high-impact data-driven media.

To manage, deliver and automate this high-quality dynamic experience, users upload and publish high-resolution content (imagery, video, CS5 templates, fonts, graphics etc), along with dynamic URL calls tied to any database such as (product, pricing or CRM) so that any new version or composite can be automatically created in real-time. With more than 110 preset viewers and players to choose from, publishers can deliver "out-of-the-box", data-driven rich experiences scaled across all content and optimized for every channel, with no customization and minimal IT support. All Scene7 solutions are hosted and delivered through its global, scalable, performance-optimized on-demand network.

Adobe Scene7 is now part of the Adobe Online Marketing Suite (OMS), powered by Omniture. The suite consists of a comprehensive portfolio of optimization applications for Visitor Acquisition, Conversion, Online Analytics and Channel Analytics and is built on an Open Business Analytics Platform.

Scene7 is tightly integrated with Adobe's analytics & conversion products, which allow online marketers to test, measure and optimize key messages; target specific segments with relevant content; combine attitudinal data with analytics to better understand behavior and leverage merchandising strategies to sell products and services.

About Adobe

Adobe is changing the world through digital experiences. For more information, visit www.adobe.com.

For full report

For a complete version of *Adobe Scene7 2011 Survey: Digital Marketing in the Next Decade,* download here.

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