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Summary.
Today, it’s rare for a company to maintain a truly LASTING ADVANTAGE.

That’s because the competitive landscape is shifting at an unprecedented pace, due to a number of factors. Customers are more mobile, more informed, less loyal, and more demanding. Start-ups can more easily enter markets and disrupt them, and fast followers can quickly copy and improve upon another business’s products—often at a reduced cost.
In fact, 24% of companies report disruption from new competitors moving into their industry, and 58% of companies expect to face increased competition by start-ups enabled by data.¹

Columbia Business School Professor Rita McGrath calls this the end of competitive advantage—where every successful innovation will likely be copied within months, resulting in only a “transient competitive advantage.”²

Not only that, the adoption of agile coding methods is speeding technology development cycles, while rapid prototyping and desktop manufacturing are changing global supply chains and time to market for finished goods.

Within this uncertain environment, two things are certain: Having a superior product is no longer enough to guarantee market leadership. And the days of lengthy product development cycles and certainty in a sustained relationship with the customer are gone.

These converging market forces are driving the need for continual innovation.
In short, this means that businesses need to become aggressively agile—meaning that they need to extend the concept of “agile” from a development process to a marketing philosophy and mindset for building and delivering customer experiences. They need to constantly innovate, continually evaluate their customers’ needs, and adapt quickly. To lead the market, they need to implement a customer-centric model in what author Jim Blasingame calls “the Age of the Customer.”

Plenty of companies are already preparing for this transition, committing to a strategy of thrilling the customer. In fact, according to the “Quarterly Digital Intelligence Briefing: Digital Trends for 2015” from Econsultancy and Adobe, 78% of survey respondents are currently attempting to differentiate themselves through customer experience.

Further, customer experience is the standout imperative for 2015 and beyond, with 22% of respondents saying it’s the single most exciting opportunity this year.

What is “the Age of the Customer”?
The marketplace shift began with the commercial availability of the Internet, moving from a seller-dominated relationship to a buyer-dominated one. The following three elements demonstrate this shift:

1. Products and services are controlled by the seller.
2. The buying decision is controlled by the customer.
3. Access to information, including customer experience, is controlled by the customer.

The shift to a ‘what matters most to customers’ model brings about exciting possibilities for the modern marketer. It requires them to make strides in intelligent, personalized interactions that traverse all channels—including their sales organizations. Only then can they genuinely and accurately rely on marketing to drive revenue.

Innovation is the only way to ensure you can keep competing. Organizations must gain speed and agility. They must detect change and adapt to it.
The path from here to there.

The ability to continuously and constantly transform, to be nimble enough to gain a sustainable position of advantage in this new era, requires more than a single tool or application. It requires having the right "people, processes, and products in place to quickly cycle through their stages of competitive advantage," explained McGrath in her 2013 book, The End of Competitive Advantage. Further, she says, businesses need the "capability to develop and manage a pipeline of initiatives, since many will be short-lived."

The need for this wide pipeline comes from the rapidly developing technology and new communication channels that have risen in the past few years, including mobile, wearable devices, and social media. Each new channel has created new sets of buyer journeys along the way. And when you think of the anticipated explosion of interconnected devices coming online—the Internet of Things is expected to number 25 billion "things" by 2020, according to Gartner3—you can see how these channels and their journeys will continue to grow exponentially.

These new channels are increasingly connected. As the connections among channels deepen, customers will expect both a consistent experience across channels and a unique experience that takes advantage of each channel’s specific capabilities. And they’ll want it in ever-faster cycles.

We are at an inflection point in our industry and in society at large, entering into a networked society where everything that benefits from being connected will be connected. The question that I am trying to get my head around is how this will change how we do marketing, how we communicate, and how we build brand. I don’t hold all of the answers, but what we see across all areas and industries is that it will drive efficiency, new business models, new ways to engage with stakeholders, and new ways to slice the flows with horizontal integration that will define completely new flows. This is still a bit on the theoretical side, but let’s discuss again in a year and see what has happened.

What’s great is finding out about something and reacting fast—that’s the modern marketing machine I was looking to build, where I could be really agile. I can see what’s going on and react, rather than build an annual or quarterly marketing plan and just march to that. These modern tools in marketing help you beat the challenge of the always-shifting market, and you have to read and react really quickly if you want to gain share and more clients.

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Less than ten years ago, innovation and product development cycles were highly linear, plotted along a path that included timelines of 18 to 24 months—lengthy by today’s standards. Single initiatives occupied an R&D team, and roles, processes, and resources were fairly static. Channels like mobile websites and apps, wearable devices, mobile displays, and social media did not exist.

The nature of this model meant that the relationship with the customer was more distant and less engaged, and that companies were less able to incorporate customer feedback into the development cycle in a timely fashion.

In the new model, continuous delivery is the norm, and product development cycles are measured in weeks rather than months. Multiple innovations will need to be researched, tested, and released in ever-tighter cycles to support many connected channels and many buyer journeys.

Teams will be required to ramp up, prototype, test, optimize, and fail fast—then adapt and move on to the next cycle of innovations. And they’ll need to innovate while responding to the needs of a mobile and tech-savvy customer, with whom a more engaged relationship is both possible and required. The ability to quickly bring new products and services to market that delight the customer will be what defines the market leaders of the future.

Similarly, companies that fail to adapt their people, processes, and products to this multiple-journey, multiple-experience environment will be left behind.

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### Innovation and product development—what’s changed?

**From:**
- Single initiatives
- Small number of disconnected channels
- Lengthy timelines (18 to 24 months)
- Static people and processes
- Distant relationship with customer—long feedback loops from customer to product release

**To:**
- Multiple, simultaneous initiatives
- Multiple connected channels
- Fast timelines (weeks, rather than months)
- Highly adaptive people and processes
- Tight relationship with customer, ability to quickly implement experiences that meet their changing needs and heightened expectations
A key part of this new model is a nimble customer experience platform—delivered through rich enterprise applications and easy-to-use interfaces—that can help an organization define, measure, and deliver consistently exceptional cross-channel customer interactions aligned with their many associated buyer journeys.

In one such example, a customer might enter the buyer journey by researching a product on their mobile phone at lunch, continue that investigation on their laptop at work, then complete the process on a tablet at home in the evening. In between, they may even dial into your call center. In other situations, they might begin their engagement with their wearable device or a mobile display ad in a store.

Giles Richardson, data and analytics manager at RBS, illustrates that point well: "You’ll have 10, possibly 20, different types of journeys that all look and feel significantly different. So once that this has been understood and established by analytics, then it needs to be delivered by a very capable platform."

Further, this capable platform needs to be supported by a rich, nimble, and methodical process for innovation.
Continual digital transformation requires a systematic approach built on a continuing testing of hypotheses.

Here’s a model that has been successful with some of today’s leading disruptors.

1. **Analyze.** Use qualitative and quantitative data to identify the positive and negative impacts on the customer experience as well as why the needle is moving in a particular direction.

2. **Define the problem.** Break the broad business challenges identified from the first step into small, solvable pieces.

3. **Ideate.** Create a set of business hypotheses that you can execute on. In this phase, you may learn that your best ideas might be too far-fetched—so be prepared to narrow your approach to something realistic that you can prototype.

4. **Prototype.** Put your ideas into action and processes into place so that you can develop multiple prototypes quickly.

5. **Test.** Work out the kinks by testing and optimizing, and recognizing the need to fail fast. Consider the possibility of testing something radical while keeping the customer’s potential interest in this type of capability at the forefront.

6. **Evaluate.** Ask probing questions to determine if the test was successful. What’s the impact on customer behavior? What’s the impact of implementation at scale? Refine your approach and iterate quickly.

7. **Implement.** Bring your innovation to market and be prepared to pivot quickly as you understand your customer’s delight—or lack of it—with the new solution or service.

It’s important to note that within this model, the strategy will be to use multiple simultaneous tests and innovations at once. The ability to roll out numerous experiences across each of your channels quickly is the very heart of your digital transformation capabilities in this “new normal.”
Digital maturity as an enabler.

Industry-leading marketers invest in a combination of people, processes, and products to power and scale marketing initiatives. They deliver successful business outcomes by consistently executing better than their competitors across seven digital marketing dimensions: channels, audiences, context, content, assets, campaigns, and data.

This digital maturity model can serve as a roadmap for improving digital marketing capabilities, giving a range of personalization possibilities for a company’s digital marketing initiatives. Each of these capabilities is important to be able to take advantage of the new competitive environment, and their connection to the “customer experience first” approach is key. That’s because the ability to have an informed view of the customer is heightened at each level of digital maturity. Once a company has determined its desired digital maturity, it can then develop a strategy and approach to achieve those levels of proficiency to gain heightened levels of digital marketing success.

Within this model, making experiences as personalized and relevant as possible is cited as the area of highest emphasis in terms of improving the customer experience, according to the “Quarterly Digital Intelligence Briefing: Digital Trends for 2015,” published by Econsultancy and Adobe.

The seven major digital marketing dimensions

<table>
<thead>
<tr>
<th></th>
<th>Channels: The various locations and touch points where customers can interact with your brand.</th>
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<tbody>
<tr>
<td>2</td>
<td>Audiences: The activities and actions taken to define and target specific customer segments.</td>
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<tr>
<td>3</td>
<td>Context: The circumstances and events that would comprise a customer’s master marketing profile.</td>
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<tr>
<td>4</td>
<td>Content: The asset management, creative workflows, and tools needed to publish and optimize digital experiences.</td>
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<tr>
<td>5</td>
<td>Assets: The creation and management of digital assets published and used for marketing messages.</td>
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<tr>
<td>6</td>
<td>Campaigns: The activities and operations to manage the messaging of brand and marketing portfolios and measure performance</td>
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<tr>
<td>7</td>
<td>Data: The data collection, definition, and reporting on the performance of key metrics, performance indicators, and goals.</td>
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In fact, according to the report, “75% of all marketers believe that personalization is important to their organization’s long-term goals, but most have a long way to go to arrive at efficient, effective personalization for their customers and prospects. While plenty of companies have made strides in better segmenting their customer base, few are truly reaching the level of personalization that will be required to meet the needs.”

Whether personalization is of immediate priority or not, an organization can choose to make progress along individual or multiple capabilities to heighten its digital maturity level and improve the ability to deliver exceptional experiences across channels and journeys.

And according to Forrester, “as maturity improves, the emphasis changes from cost reduction to customer experience and value innovation. The most mature organizations balance the goals of cost reduction, waste elimination, customer experience improvement, and value innovation.”

Customer experience capability maturity model

<table>
<thead>
<tr>
<th>Brand presence</th>
<th>Customer engagement</th>
<th>Customer interaction</th>
<th>Experience optimization</th>
<th>Strategic growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Web content management</td>
<td>Basic form-based website authoring and limited to no workflow</td>
<td>IT support for layout and minor cosmetic changes</td>
<td>Editing website content without IT support through automated workflow</td>
<td>Channel agnostic content authoring and support</td>
</tr>
<tr>
<td>Digital asset management</td>
<td>Managing and organizing static digital assets in a single location</td>
<td>Acceleration of creativity and production cycles</td>
<td>Elimination of workflow redundancies</td>
<td>Improved collaboration and access to critical digital assets</td>
</tr>
<tr>
<td>Personalization</td>
<td>Unknown visitor content targeting</td>
<td>Manual known visitor targeted content</td>
<td>Business rules for personalized media and content targeting</td>
<td>Auto-descisioning for content targeting and personalized media</td>
</tr>
<tr>
<td>Content delivery</td>
<td>Manage static content for website delivery</td>
<td>Limited dynamic content delivery across digital channels</td>
<td>Mostly dynamic content delivery across digital channels</td>
<td>Dynamic content delivery across digital channels</td>
</tr>
<tr>
<td>Mobile experience management</td>
<td>Siloed mobile website authoring and creation</td>
<td>Integration of authoring and content with some IT support</td>
<td>Integration and editing of mobile content without IT support</td>
<td>Create a responsive design for native, hybrid apps and device sensitive mobile sites</td>
</tr>
</tbody>
</table>
GETTING STARTED.

No doubt about it: Constructing an exceptional customer experience is a complex undertaking. Here are a few keys steps to help you get started so you can increase your organization’s ability to deliver better business results and get ahead of your competitors.

Think customer experience first. Think Adobe.
Adobe Marketing Cloud offers an integrated portfolio of marketing technology products that provide analytics, social, media optimization, targeting, web experience management, and cross-channel campaign management so you can build the foundation for an agile, customer-centric approach to marketing for your business.

<table>
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<th>Step</th>
<th>Action</th>
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<tbody>
<tr>
<td>1</td>
<td><strong>Identify the need.</strong> First, recognize the need for change in organizational mindset, the need for leaner processes, and the need for a new platform flexible enough to help you achieve your objectives.</td>
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<td>2</td>
<td><strong>Assess your current state.</strong> Next, take the Digital Maturity Model Self-Assessment tool from Adobe. This tool will help you identify your organization’s strengths across the key areas of investment required for successful customer experiences—people, processes, and products. This will also give you next steps to help you prioritize areas for improvement across the seven major digital marketing dimensions: channels, audiences, context, content, assets, campaigns, and data.</td>
</tr>
<tr>
<td>3</td>
<td><strong>Define your growth areas.</strong> With the results of the digital maturity model survey (data is kept anonymous), you can identify your starting point, pinpoint your company’s desired growth areas, and build your game plan. As you begin, develop a roadmap for deploying key areas of focus such as data-driven business, personalization, mobile, and cross-channel marketing in a harmonious fashion.</td>
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<tr>
<td>4</td>
<td><strong>Make incremental progress.</strong> Breaking the transformation effort into small, manageable projects across the target areas is a great way to begin. Start by identifying the areas where quick wins might be possible.</td>
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<tr>
<td>5</td>
<td><strong>Measure, refine, and iterate.</strong> As you make progress across the digital maturity scale, measure the impact your efforts are making, assess what is and isn’t working, and refine and expand your roadmap to keep focused on your goals.</td>
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</table>
CASE STUDY: Education’s textbook challenge.

One example of an organization that is adapting to the new paradigm as its industry undergoes great change: McGraw-Hill Education. Recognizing the huge shift toward digital consumption, McGraw-Hill Education transformed its business, moving from a siloed set of different business units operating independently of one another and using disparate systems to a holistic approach that delivers a unified and personalized experience for its audience.

With the goal of building a world-class, singular e-commerce and digital publishing destination for finding and accessing learning solutions that deliver a personalized customer experience, McGraw-Hill Education launched a new brand strategy. Using a highly agile approach similar to the model described on pages 3 to 4, the company deployed a new adaptive website for its higher education business in 120 days, publishing the right blend of content and commerce to deliver a personalized experience.

Results are impressive. Between November 2014 and March 2015, McGraw-Hill Education recorded 2.5 million page views, and saw a 50% growth in traffic from nondesktop devices. Publication of an ideas content section has generated 28,988 unique page views.

The company has also created a multiyear roadmap to continue to introduce iterative functionality to improve the customer experience and increase engagement with its audiences.
SUMMARY.

In this era where customers immediately adapt your latest innovation as their new minimum expectation,¹ your survival as a company is determined by your ability to transform quickly to deliver an agile customer experience. Constant turnover in the Fortune 500 is a reality—today, the life expectancy of a Fortune 500 company is a mere 15 years.⁶ A nimble approach can help you make sure you're on the right side of that statistic.

To learn more about how you can enhance customer experience and transform your marketing, visit http://www.adobe.com/go/customer-experience
Adobe Marketing Cloud is the most comprehensive and integrated marketing solution available, enabling marketers to measure, personalize, and optimize marketing campaigns and digital experiences for optimal marketing performance. With its complete set of solutions, including Adobe Analytics, Adobe Target, Adobe Social, Adobe Experience Manager, Adobe Media Optimizer, Adobe Primetime, Adobe Audience Manager and Adobe Campaign, as well as real-time dashboards and a collaborative interface, marketers are able to combine data, insights and digital content to deliver the optimal brand experience to their customers. And it gives you everything you need to get deep insight into your customers, build personalized and unified customer experiences and manage your content and assets.

1 "Big & Fast Data: The Rise of Insight-Driven Business," Capgemini and EMC
2 "Transient Advantage," Harvard Business Review
3 "Gartner Says 4.9 Billion Connected 'Things' Will Be in Use in 2015," Gartner
4 "Focus on Customer Value to Grow Organizational Maturity," Forrester Research, Inc., January 2, 2014
5 Blasingame’s Law of Customer Expectations
6 “Fortune 500 Firms in 1955 vs. 2014,” American Enterprise Institute