

Digital Transformation**

- MORE THAN RESOURCES, A MINDSET -

Insights* for companies looking to drive their business with new digital tools, platforms and devices.

How much should you spend on "digital"?



Is there an appropriate benchmark for marketing spend?

How to recruit the right talent?

Are we working with the right platforms?



THE DIGITAL TRANSFORMATION RUSH IS ON

3/4

72% have undertaken a digital transformation program

32%

began the process over 5 years ago

63%

said that digital is important for their strategy, but...

52%

believe their company is not adapted for digital

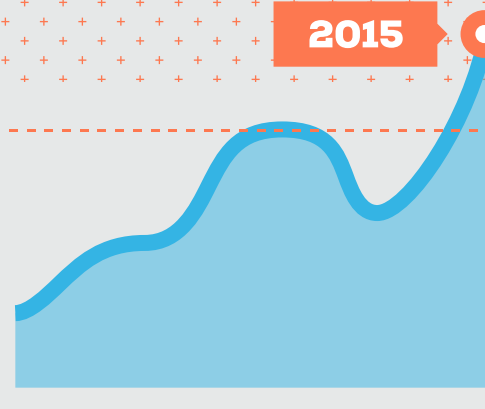
MARKETING BUDGET

- ALLOCATING SCARCE RESOURCES -



The average spend on **digital marketing** as a percentage of total marketing budget =

27% in 2014



Digital spend on the rise

52% of respondents expect the digital marketing budget to increase as a percentage of total marketing in 2015.



For companies <\$1MM, digital marketing remains fringe:

two-thirds allocate less than 20% of their marketing budget on digital (nearly half spend less than 10%).



The more the merrier

Those who spend over 10% of their marketing budget on digital are much more likely to increase their spend in 2015.



Upscale digitality

Luxury and premium positioned brands tend to spend more on digital marketing than mass or generalist brands. 55% of luxury and premium-positioned companies spend over 30% on digital marketing.



The horse before the cart? Companies that are spending more on digital believe that they are better adapted for digital.

OPPORTUNITY KNOCKS

The greatest opportunities in digital are (in order):

1. Internet for **56%** of respondents
2. Social media **35%**
3. Mobile **32%**
4. Email **22%**
5. Customer service **16%**
6. Web **14%**
7. Payment **11%**
8. Online research **9%**
9. Direct Sales **8%**
10. R&D **7%**

N.B. Out of the top 10: Online Ads, Salesperson's Tool, PR, Education, Video, Search and CRM.



GETTING DIGITAL STRATEGY RIGHT

When will this digital transformation end?

But it's a journey, not a destination!



The allocation of resources in digital marketing is not about setting a specific percentage. It's about finding ways to use digital tools, devices and platforms to support the company's overall strategy.

There is bound to be an element of experimentation, testing and learning; but, nothing is more important than getting started. To activate the digital transformation, the top executives must play an important role by participating actively themselves.

*The Myndset commissioned this Digital Transformation survey using Survata. Survey protocol: The survey was conducted online with pre-recruited profiles in the first week of November 2014. There were 303 respondents from the US.

**Digital transformation is a process of change involving the configuration of the entire organization to use new digital tools, devices and platforms effectively and efficiently.