

Digital Transformation* for Luxury Brands

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

Upscale Digital Strategy

The upscale brands*** consider digital more important for understanding their clientele.

Digital is important/very important to understand our customer:

67% luxury

42% mass

60% premium

26% generalist

42% of luxury and 28% of premium-positioned brands say that digital has been **very disruptive** to their governance (vs 11% for all the others).

Digital has been most disruptive to brands with high-end positioning.

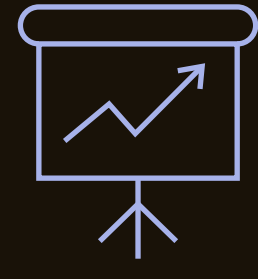
Marketing Budget

Allocating scarce resources in upscale brands

54%

of luxury companies and 46% of premium-positioned companies spend over 30% of their marketing budget on digital marketing (vs only 21% of all others).

In 2015, the more upscale the positioning the more likely the increase in digital marketing spend will be higher.



14% of high-end brands expect to increase **significantly** their digital marketing spend versus just 2% for all others.

Expected to increase digital marketing budget somewhat or significantly in 2015:

71% luxury

62% premium

56% mass

32% generalist

Luxury & Social Media

The more upscale the positioning, the more likely the brand and its C-suite are active on social media.

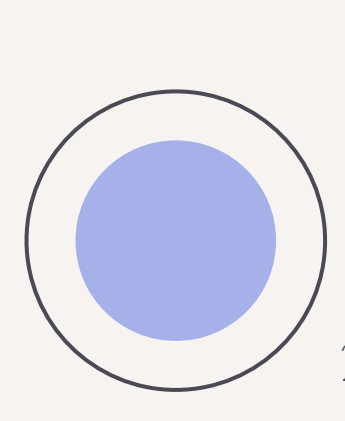
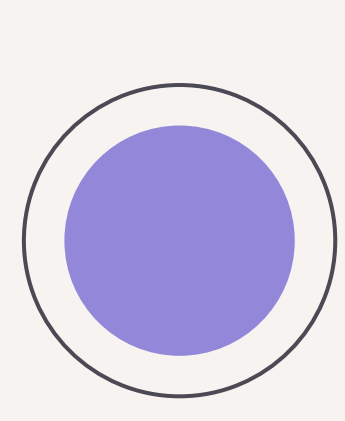
Brand is **active** or very active (in color) on social media:

73% luxury

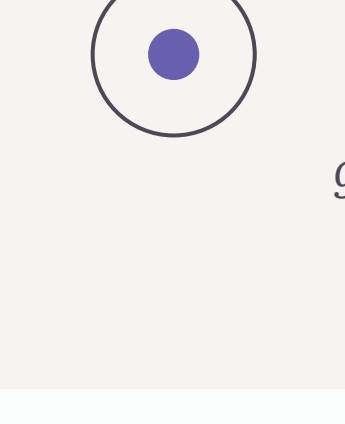
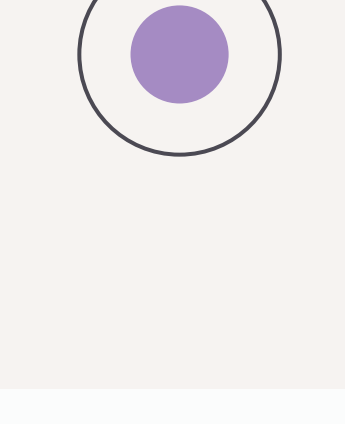
54% premium

24% mass

23% generalist

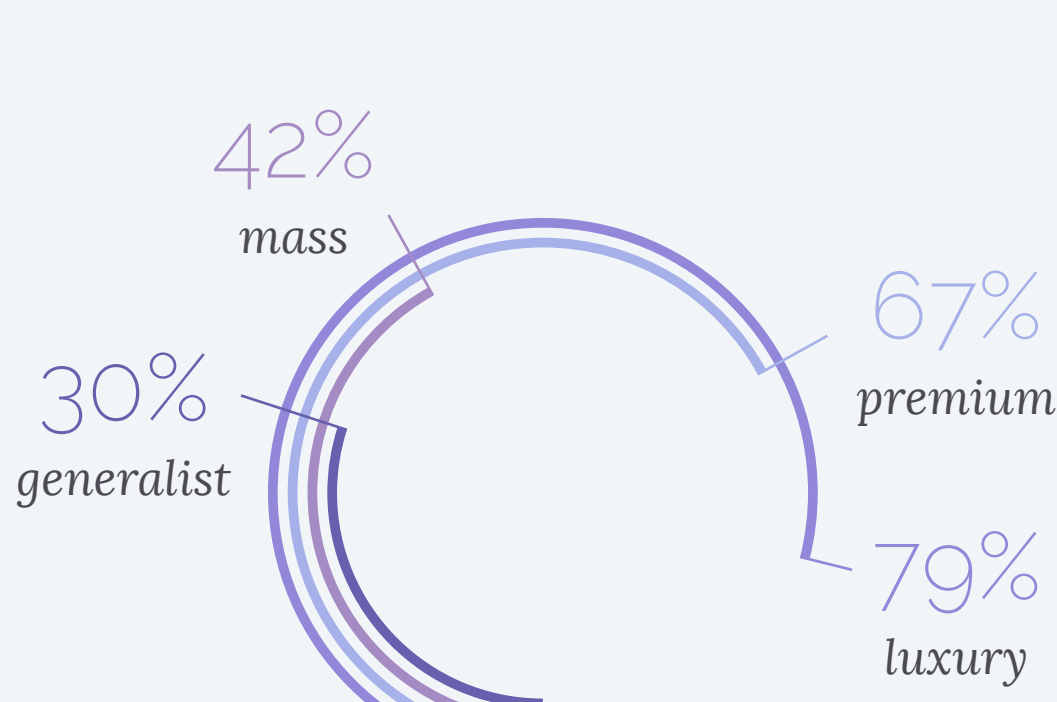


47% premium

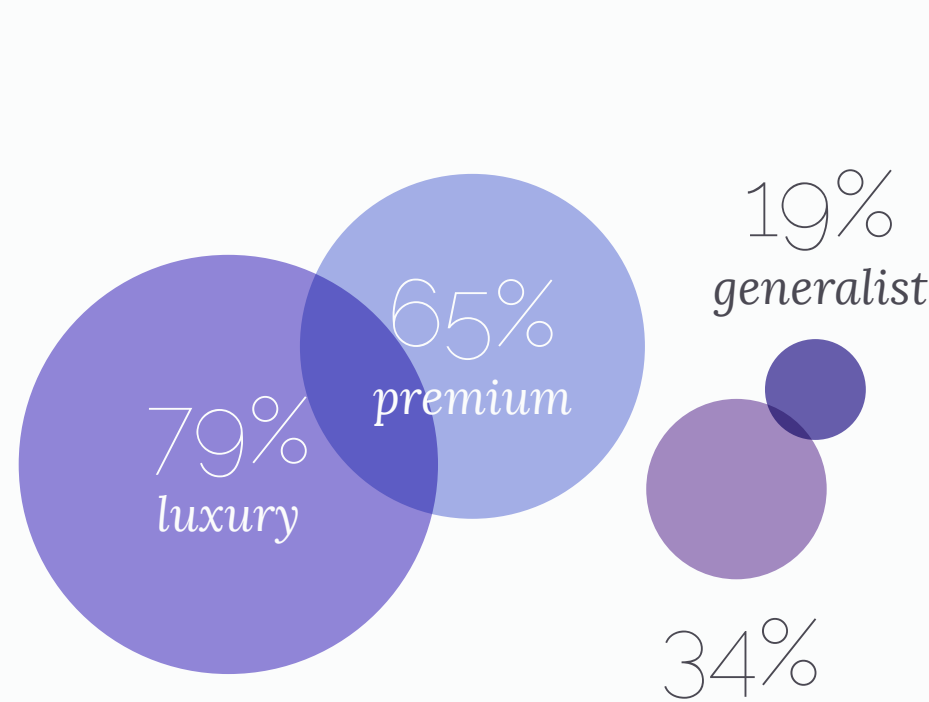


38% generalist

C-suite are **personally** active on external social media:



C-suite participate actively on enterprise social networks:



Accountability

The Role of Leadership

Leadership is more supportive of digital activities for upscale brands

72% (versus 51% for all others)



For 58%

of luxury brands, the CEO is personally leading the digital transformation vs 33% for all other sectors.

61% (35% of all the others)

A Test & Learn culture is significantly more encouraged in the upscale brands

While the Internet is, by its roots and in its application, intrinsically the great leveler, the digital opportunity for brands will depend on a number of key factors, including the sector, company culture and involvement of leadership.



The results of this survey indicate that upscale brands find and/or seek to create value via digital tools, devices and platforms.

If luxury brands remain, for the most part, laggards in terms of true digital transformation, there is an evident recognition by upscale brands of the strategic need and opportunity to use digital to enhance the customer relationship and, more broadly, to drive the business.



Driving luxury with digital (including eCommerce) to create a superior customer experience.

*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.

**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, all from the US.

***Luxury & premium positioned = 125 of the respondents