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LLORENTE & CUENCA

ROAD TO THE UNAVOIDABLE DIGITALIZATION OF THE CORPORATE WORLD

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Introduction

The importance of online communication over the past years has turned this type of communication into key for all corporative plans aiming to have an impact on business strategies.

There are multiple tools for companies to manage their communication through the Internet and the social networks. The question is: how are they using them? How are they approaching this communication? How is this digital communication influencing their business strategy? This study aims to answer these questions among others.

This document shows the results of a research on the level of digitalization on communication regarding the main companies operating on Spanish and Portuguese speaking countries.

The study's main goal is to show **how the development of the Internet and social networks is revolutionizing the way we approach a corporative strategy. Regardless the sector, the digital world is present in all communication plans in all companies.**

The study was carried out between January and February 2015 through surveys among the communication managers of the markets of Argentina, Chile, Brazil, Colombia, Ecuador, Spain, Mexico, Panama, Peru, Portugal and the Dominican Republic. It is based on the experience of more than 152 companies operating in different sectors; from mass consumption to retailers, automotive, health, technology, finances, construction...etc.

Listed below are the main conclusions of the study.

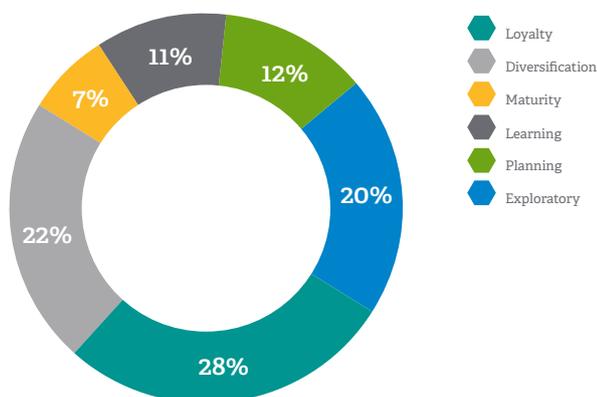
- Only **50.66% of the interviewed companies have developed their own digital communication department**. Regarding the other half of the group, 17% assure that their own departments will be created along 2015; 19% say it is being assessed; 13% cannot afford it although they would like to develop it; and 46% are sure the project will not be developed this year.
- External consultants complement the daily work of those in charge of the strategy's implementation: although **75% of the companies** interviewed usually implement their digital strategy with a team of **two or more resources, 77% say that they also rely on an online external consultancy**.
- Regarding those companies with an inner team to manage digital communication (50.66%), in **85% of the cases it is managed by the marketing department/management (42.5%) and the corporate communication (42.5%)**.
- **More than 86%** recognize that their teams have also dealt with the **digital communication needs of other areas of the company** such as the HR department (73%), Customer Service (63%), Advertising (54%), CSR (52%), Public Affairs (48%) and the Legal department (11%) amongst others.



Towards a change on mentality and corporate culture

- Although the Internet has already meant a big worldwide change on the corporate's mentality, companies are still assimilating the process according to their possibilities and culture:
 - » **10.5%** of the companies are on the **"learning" stage**. That means getting to know the strategies and benefits of the social media.
 - » **11.8%** are organizing the company's presence and performance in the different digital environments. It is called the **"Planning stage"**.
 - » 20.4% are at the **"exploratory" stage**: taking the first steps of the company's official presence in the Internet.
 - » Most companies interviewed (**27.6%**) are on the **"loyalty" stage**. It is a stage of interaction and approach to the target groups.
 - » Other companies representing **22.4%** are on a **"diversification" stage** and are trying to expand their social media strategies to other areas where they can have more benefits and backfeed the business strategies.
 - » Only **7% of the companies are on a maturity stage**. That means they are on an integration stage where the company's digital strategy fulfills the business strategy and there are tangible results.
- **29%** are working on an online strategy of **"reputational positioning"**. This strategy consists on looking for a bigger visibility and assessment of the company's image.
- **18%** will have revenues on their business (**business strategy**).
- **5%** focus most part of their strategy's efforts on performing and improving the **customer's service 2.0**.
- Only **23.1%** are developing a **comprehensive strategy**. That is a single digital plan for the whole company where both the business interest and unit are aligned
- On the other hand, almost **11%** have an **independent strategy** for each department. Each area and business unit has its own digital communication strategy according to its commercial and positioning goals.
- According to 130 companies interviewed, the following list contains the **key points** for all digital strategies:
 - » **Monitoring and evaluation platforms (88%).**
 - » **Interesting contents** for the different publics what is called content marketing and brand journalism, (**76%**).
 - » **Corporate assets** to create a digital community surrounding the brand: website, blog, products and services microsites and profiles on social networks amongst others (**63%**).
 - » **A map of the interest groups** for the company (**62%**).
 - » A document on **online crisis management (59%)**.
 - » **Guideline** to perform on online media and social networks (**50%**).
 - » **Social media training (48%)**.
 - » Mobile phone **applications (31%)**.
 - » Guidelines to develop the **employees' digital identity (31%)**.

Diferent stages of the digital corporate strategy





The employees' digital identity: controversy

- On the one hand, **63%** classifies between “**important**” and “**very important**” the development of the employee's digital identity.
- On the other hand, **8.5%** of the interviewed companies consider it a **personal and private choice**.
- What is more, 23.7% of the companies affirm they have not thought about the impact their online activities could have on the brand's image; and 2.6% consider it an irrelevant issue for the company.
- **18%** of the interviewed companies **do not allow the employees' access to social networks at work**.
- **33%** of the companies have created **policies and procedures to use these tools** as well as intern training to use social networks for their employees (19%).
- 19% use social media tools to interact with their employees. **Some of them have even used the insights** from these conversations to improve intern and external products and services (**15%**).



Great expectation for this strategy

- The biggest achievement for **65%** of the companies is to have **created online spaces where the company can meet its public** and develop a community.
- Secondly, **43%** affirm to have achieved a **higher efficacy on their marketing plans** and related activities.
- Although the digital strategy is not usually focused on improving the customer's service, **29%** consider the improvement of this service, that is achieving a higher efficacy on management regarding customers through its Social Media channels, one of the greatest results of the strategy.
- The "business convertibility" is the fourth achievement of the corporate digital strategy. It **increases the business profitability** and it also improves its positioning (20%).
- Only **19%** of the companies **have created new products and services from the input** of the online conversations.

Breaking the barriers of each company is a matter of time. The correct path to follow should take into consideration both, the offline and digital context (one is the reason d'être from the other). There are increasingly more companies considering a single communication strategy for the whole company and it directly affects the decision making process:

- **More than 51% of the interviewed companies will invest more budget to develop its digital strategy this year than they did in 2014.**
- 21% have decided to assign the same budget as last year.
- Only a 5,2% decided not to devote communication budget to the digital strategy during 2015

Communication is changing in all senses all over the world. These changes also affect companies since the way they approach communication now cannot be the same as a few years ago when the interaction we currently enjoy thank to the Internet did not exist. Each citizen has now voice and can play a main role and influence on a company's reputation. **The Internet offers a democratic space where all opinions are allowed. This interaction makes conversation more interesting in an unique gathering between companies and their target groups.**

LLORENTE & CUENCA

Leading communications and public affairs consultancy in Spain, Portugal and Latin America

LLORENTE & CUENCA is the **leading Reputation, Communications and Public Affairs management consultancy** in Spain, Portugal and Latin America. Our team comprises 17 partners and 330 professionals, who provide strategic consultancy services to companies in all business sectors with operations targeted at the Spanish- and Portuguese-speaking markets.

We currently operate in **Argentina, Brazil, Colombia, Chile, Ecuador, Spain, Mexico, Panama, Peru, Portugal** and the **Dominican Republic**. We also offer services in other five countries through our affiliated companies in the **USA, Bolivia, Paraguay, Uruguay** and **Venezuela**.

Its international development has led LLORENTE & CUENCA to be ranked 56th in the **global ranking of major communication companies in the world**, produced each year by the publication The Holmes Report.

In 2014, it was recognized with thirty-six awards, including the Communication consultancy of the Year in Latin America and Europe (International Business Awards), Iberian Consultancy of the Year (EMEA SABRE Awards) and Best Communication Consulting in Peru (ANDA awards). So far this year, it has won eight awards, including a Global Award PRWeek with Embratur.

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Because we live in a new macroeconomic and social context and communication moves forward.

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