

# Digital Transformation: Changing Management Approaches in Digital Marketing

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VZLET MEDIA is a digital marketing agency established at 1999.

We have experience in more than 1500 successfully finished projects and today have more than 500 active digital campaigns.

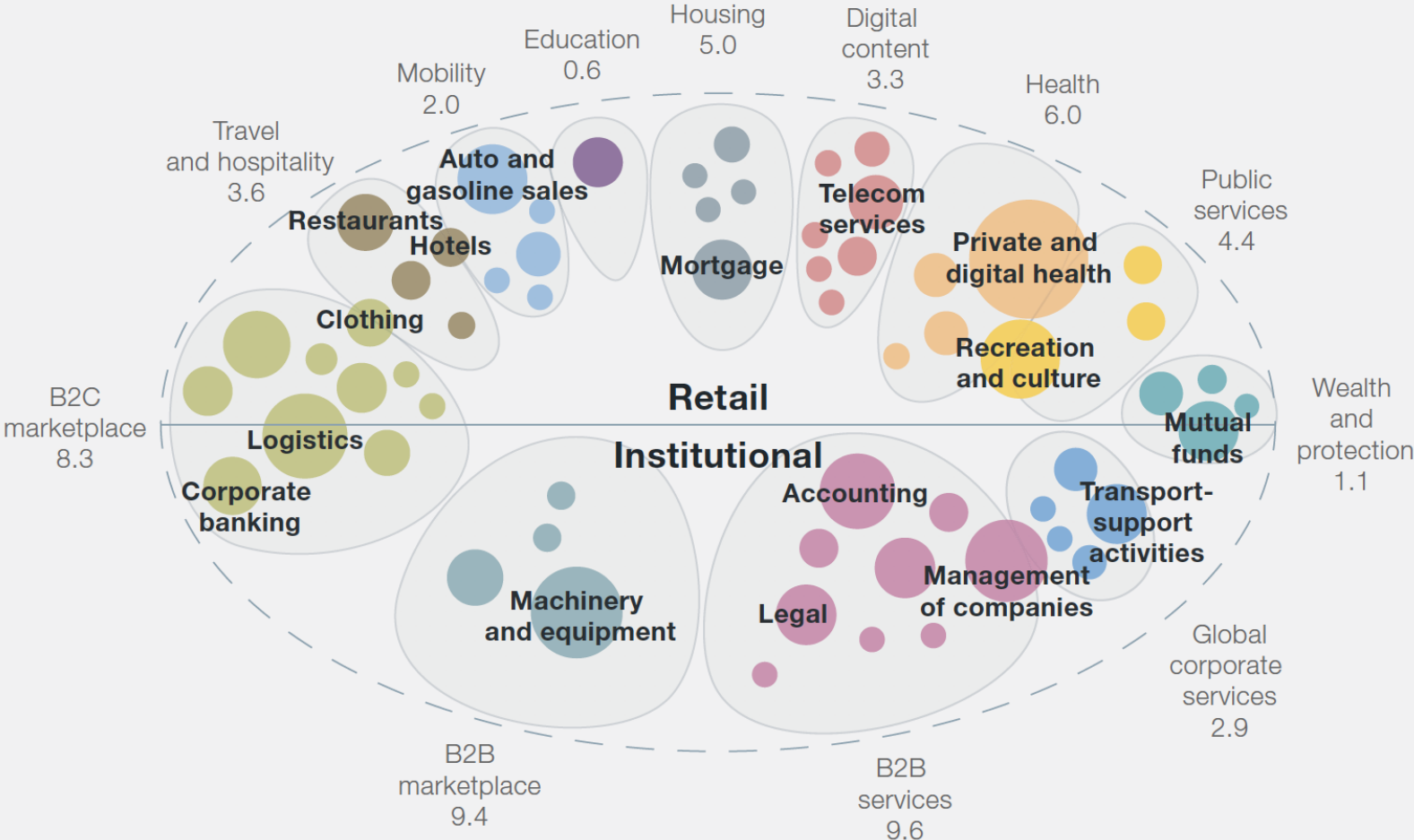
Some of our customers: Coca-Cola HBC Russia, Gazprom, Sberbank, BWT. In our team more than 100 talented minds, main office is in Moscow City.

Company is included in TOP-50 Russian digital agencies by the CMS Magazine and RatingRuneta .



# New ecosystems are likely to emerge in place of many traditional industries by 2025.

Ecosystem illustration, estimated total sales in 2025,<sup>1</sup> \$ trillion



<sup>1</sup>Circle sizes show approximate revenue-pool sizes. Additional ecosystems are expected to emerge in addition to the those depicted; not all industries or subcategories are shown.



## Alibaba



120 billion

assets under  
management by  
Yu'E Bao<sup>1</sup>

175 million

total Alipay  
transactions in  
one day<sup>2</sup>

44%

of global mobile-wallet  
spending, achieved  
by Alipay<sup>3</sup>

## Baidu



346 million

online users

130 million

users of Ping An  
Good Doctor<sup>4</sup>

25 million

unique visitors daily  
to autohome.com.cn



# Tencent



889 million

WeChat users<sup>5</sup>

70 minutes

spent every day  
by average  
WeChat user<sup>6</sup>

61%

of users open  
WeChat more than  
10 times every day<sup>7</sup>

46 billion

“red packets” sent  
via WeChat for the  
Lunar New Year<sup>8</sup>

<sup>1</sup> As of September 2016.

<sup>2</sup> As of August 2016.

<sup>3</sup> In 2016; see *Global Payments Report 2016*, Worldpay, November 8, 2016, [worldpay.com](http://worldpay.com).

<sup>4</sup> As of March 2017.

<sup>5</sup> As of Q4 2016.

<sup>6</sup> As of March 2016.

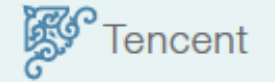
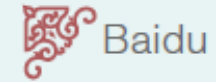
<sup>7</sup> As of June 2016.

<sup>8</sup> For Lunar New Year falling in 2017; see “WeChat users send 46 billion digital red packets over Lunar New Year—Xinhua,” Reuters, February 6, 2017, [reuters.com](http://reuters.com).



# Large Chinese players have expanded their digital presence by 'land grabbing.'

Selected examples



2000

Market, consumption



Search



Messaging



2017

### Market, consumption

- Alibaba.com, Taobao, Tmall
- Baidu Wei Gou, Wanda e-commerce
- We Store, Xi Yuan

### Search

- Baidu Map, Baidu Search
- Sogou

### Messaging

- QQ, WeChat

### Dining

- Ele.me
- Baidu Nuomi, Baidu Takeout Delivery
- Meituan-Dianping

### Healthcare

- Alihealth
- Ding Xiang Yuan

### Entertainment, gaming

- Alibaba Games, Alibaba Music, Alibaba Picture
- Baidu Games, Baidu Music, Baidu Video, iQIYI
- QQ Music, Tencent Games, Tencent Video

### News, encyclopedia

- Baidu Baike, Baidu News

### Finance

- Ant Financial Services Group
- Baidu Consumer Credit, Baidu Wallet, Baidu Wealth Management
- Caifutong, Tenpay, WeBank

### Transportation

- Didi Chuxing<sup>1</sup>

<sup>1</sup> Formed by merger of Didi Dache (backed by Tencent) and Kuaidi Dache (backed by Alibaba) and acquisition of Uber (backed by Baidu).

Source: Company websites



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To keep your bearings in this new world, focus on what matters most—core value propositions, competitive advantages, human and organizational needs, and the data and technologies to tie them together.

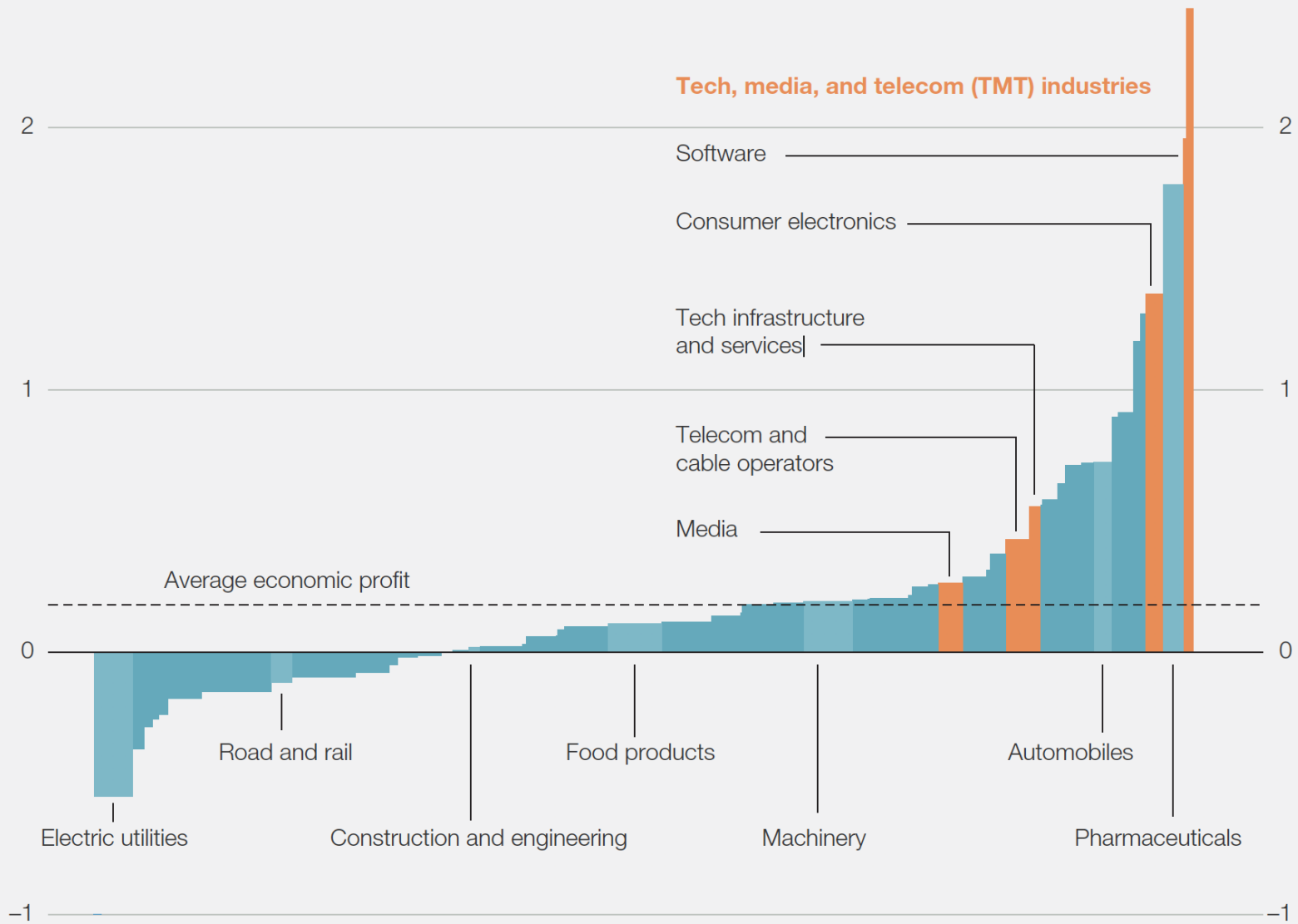
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# TMT is unique in its value creation.

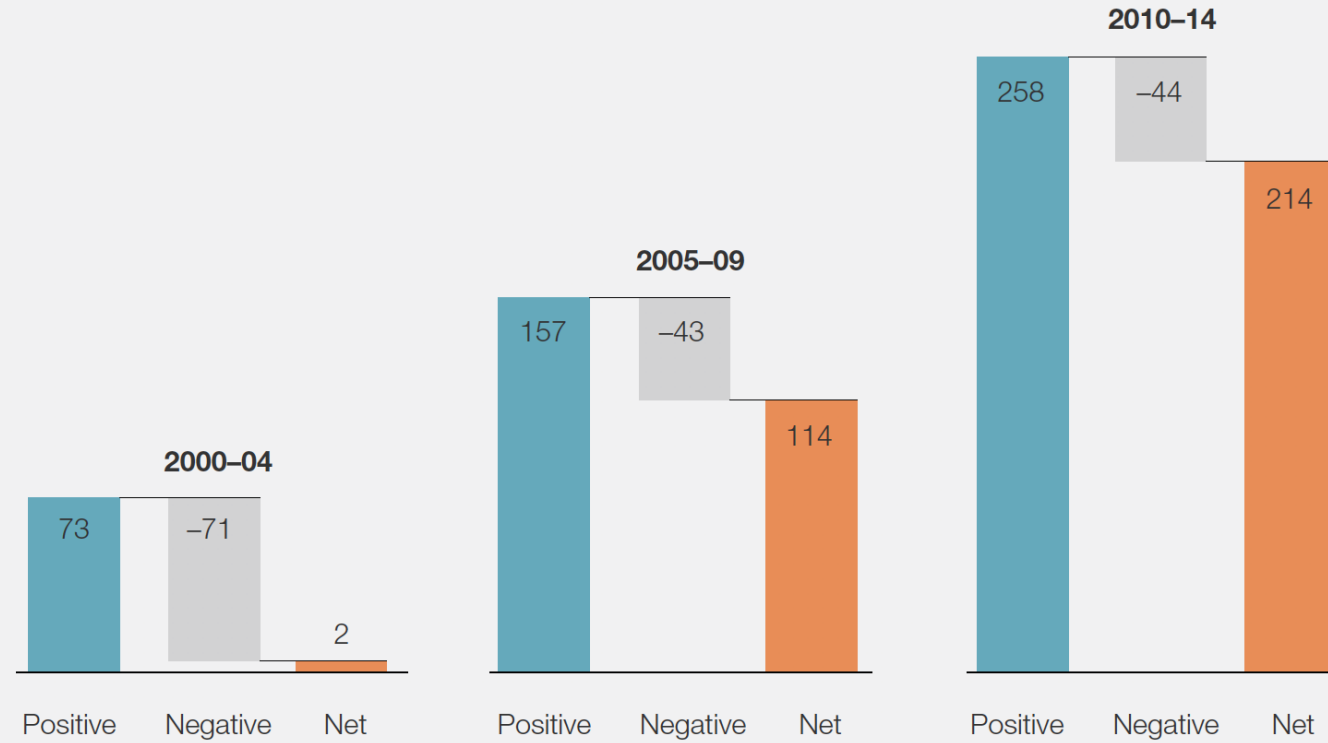
Average economic profit by industry,  
2010–14, \$ billion



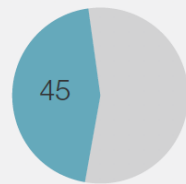
Source: McKinsey analysis of 2,414 public companies across 59 industries from 2000–14

# TMT economic profit has grown exponentially, increasing more than 100-fold from 2000 to 2014.

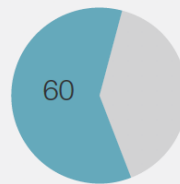
Net economic profit for tech, media, and telecom (TMT) companies, \$ billion



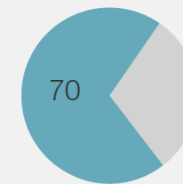
TMT companies creating value, %



2000-04



2005-09

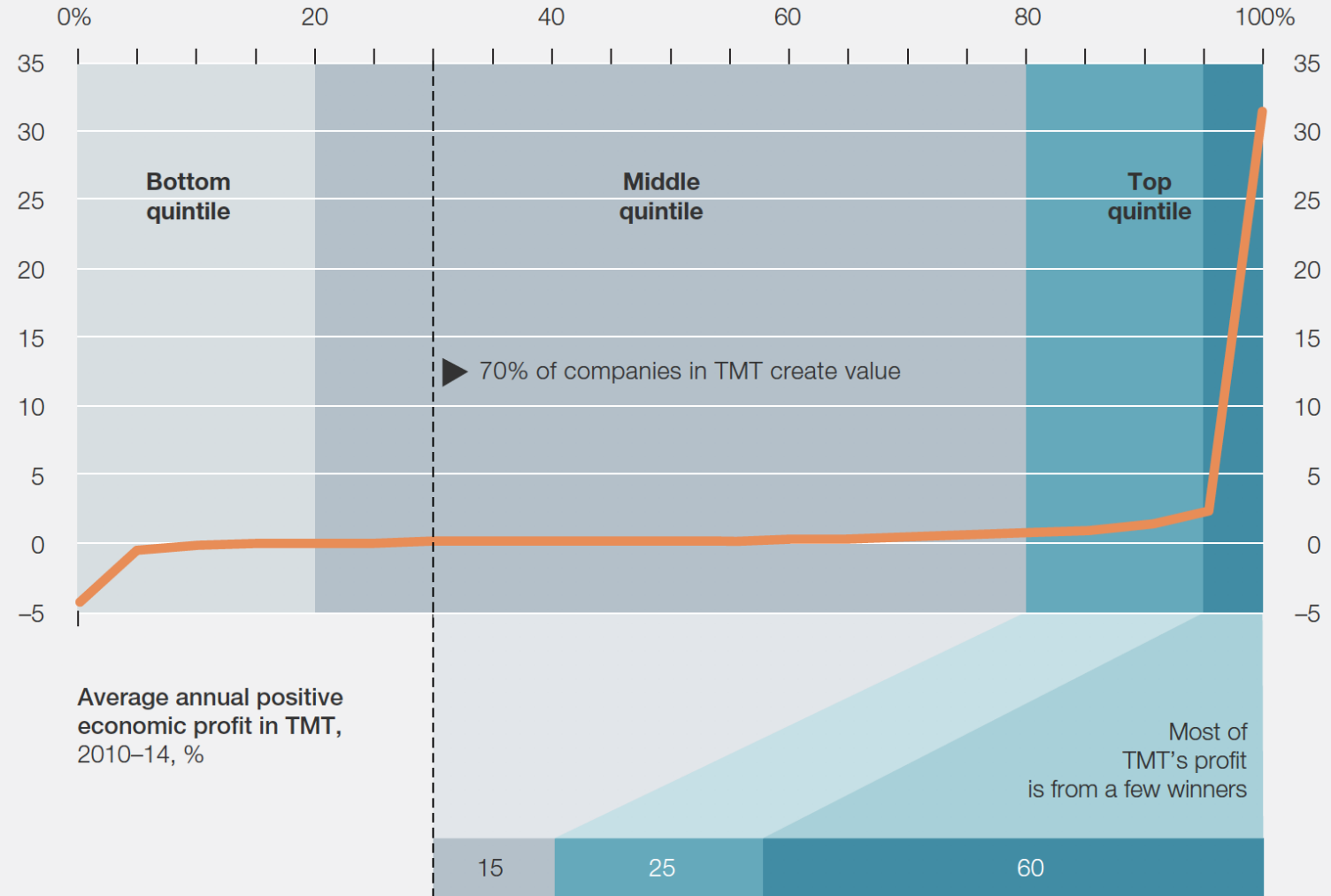


2010-14



# Economic profit in TMT is highly concentrated in the upper regions of the top quintile.

Average annual economic profit in tech, media, and telecom (TMT),<sup>1</sup>  
2010–14, \$ billion



Average annual positive economic profit in TMT, 2010–14, %

Most of TMT's profit is from a few winners

~85% of the positive economic profit comes from the **top 20%** of TMT companies

~60% comes from the **top 5%** of TMT companies



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Increasingly, the ranks of top players in TMT are populated by companies that have managed to create and scale successful platforms that benefit from network effects.

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# Digital-marketing



# #1 Rapid growth of platforms and services



2011

# Growth of the marketing technology landscape over 7 years

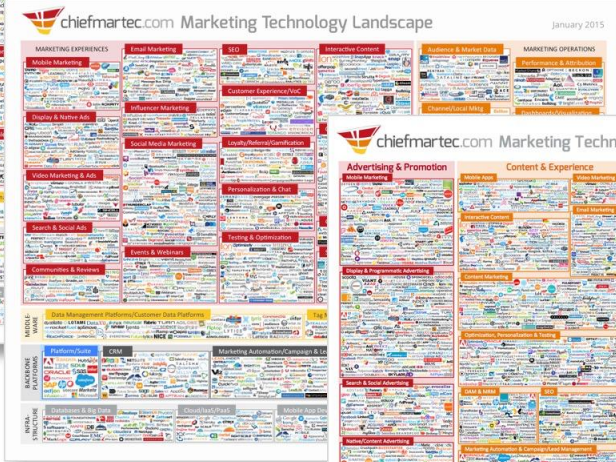
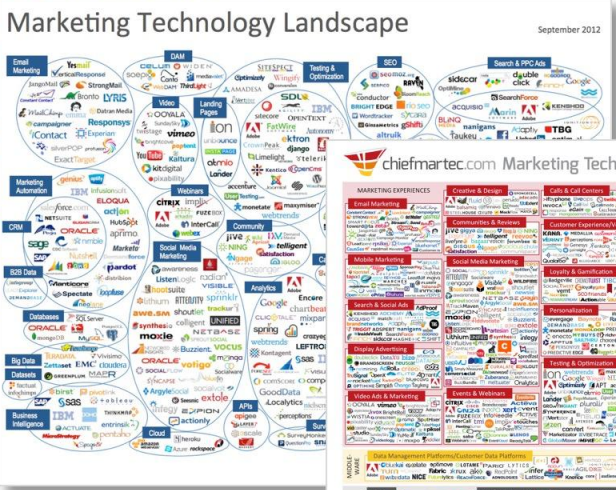
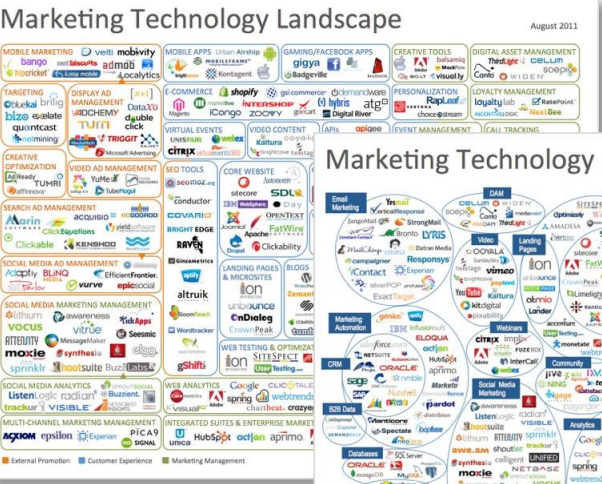
2012

2014

2015

2016

2017



~150

~350

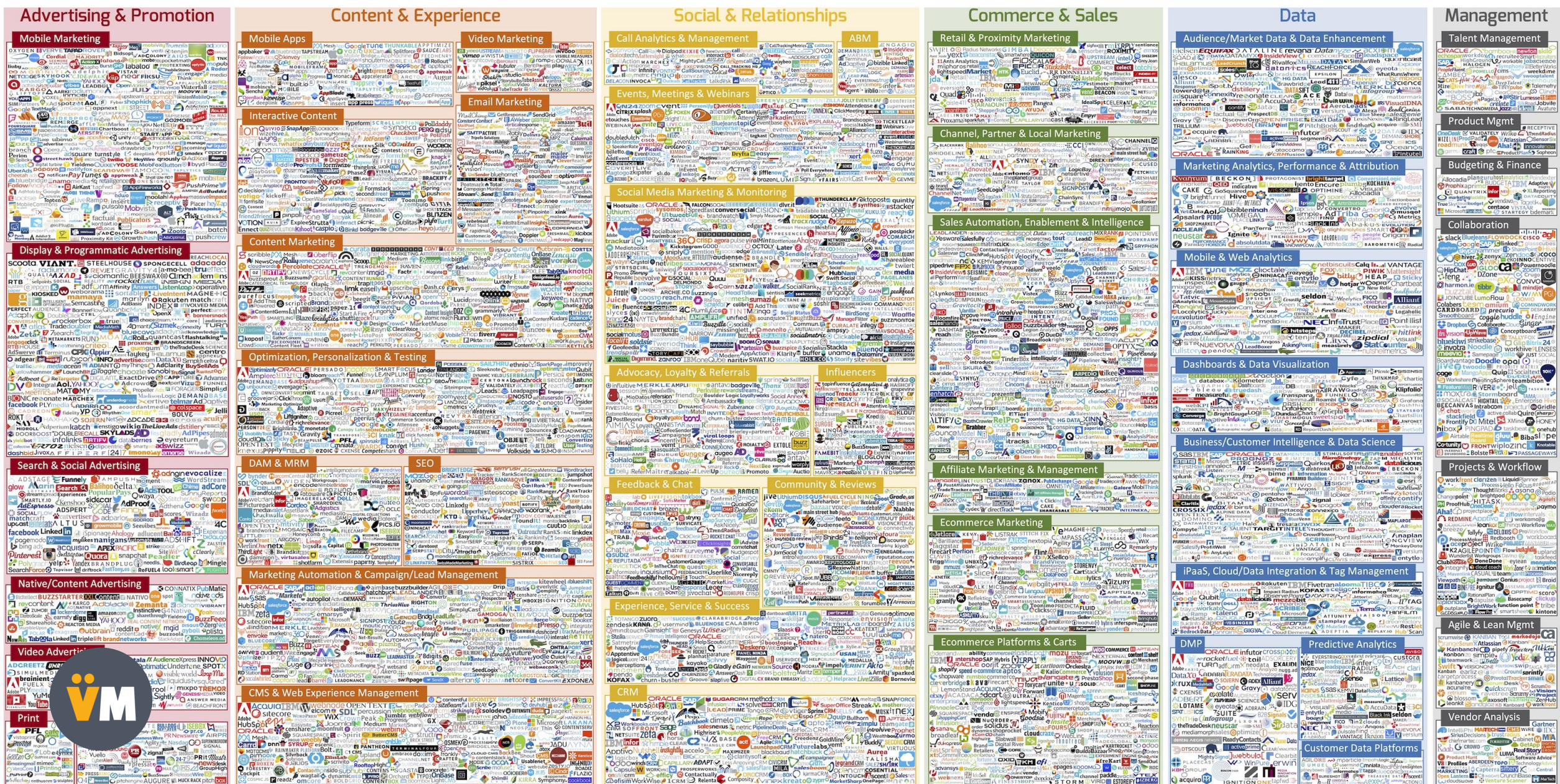
~1,000

~2,000

~3,500

~5,000





Sources: CabinetM, Capterra, G2 Crowd, Google, LUMA Partners, Siftify, TrustRadius — see <http://chiefmartec.com/2017/05/marketing-technology-landscape-supergraphic-2017/> for details.

Produced by Scott Brinker (@chiefmartec) and Anand Thaker (@anandthaker).



# #2 Increased specialization





#3 Big data and  
personalization,  
predictive analytics,  
machine learning



1% = 100%



# #4 Speed





*The data-monitoring hub at Target's headquarters  
Grab from Fortune Video*

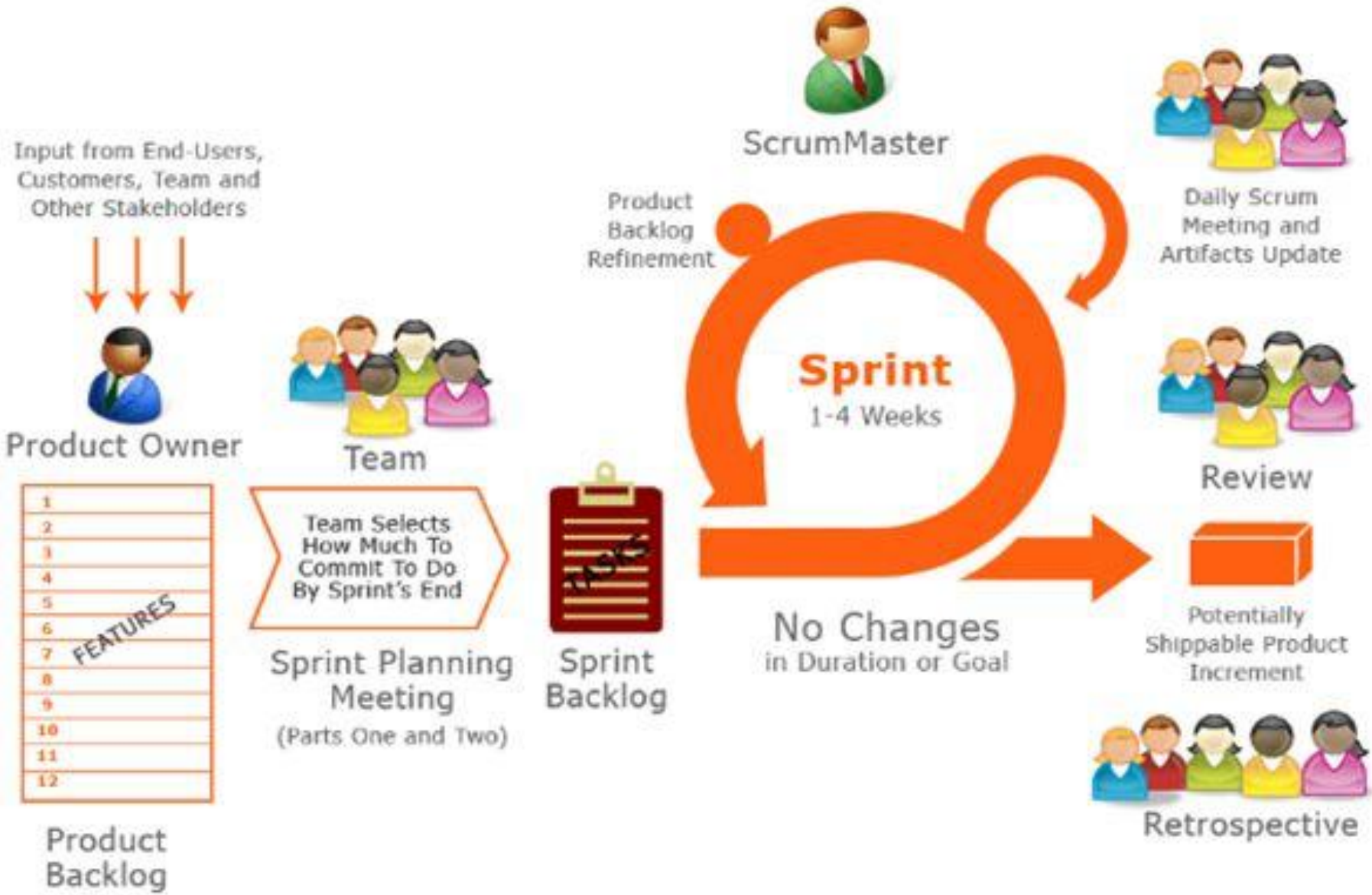
Engaging in digital ecosystems requires a new set of managerial skills and capabilities. How quickly companies develop them will determine if they succeed in the ecosystem economy.



# Ajile







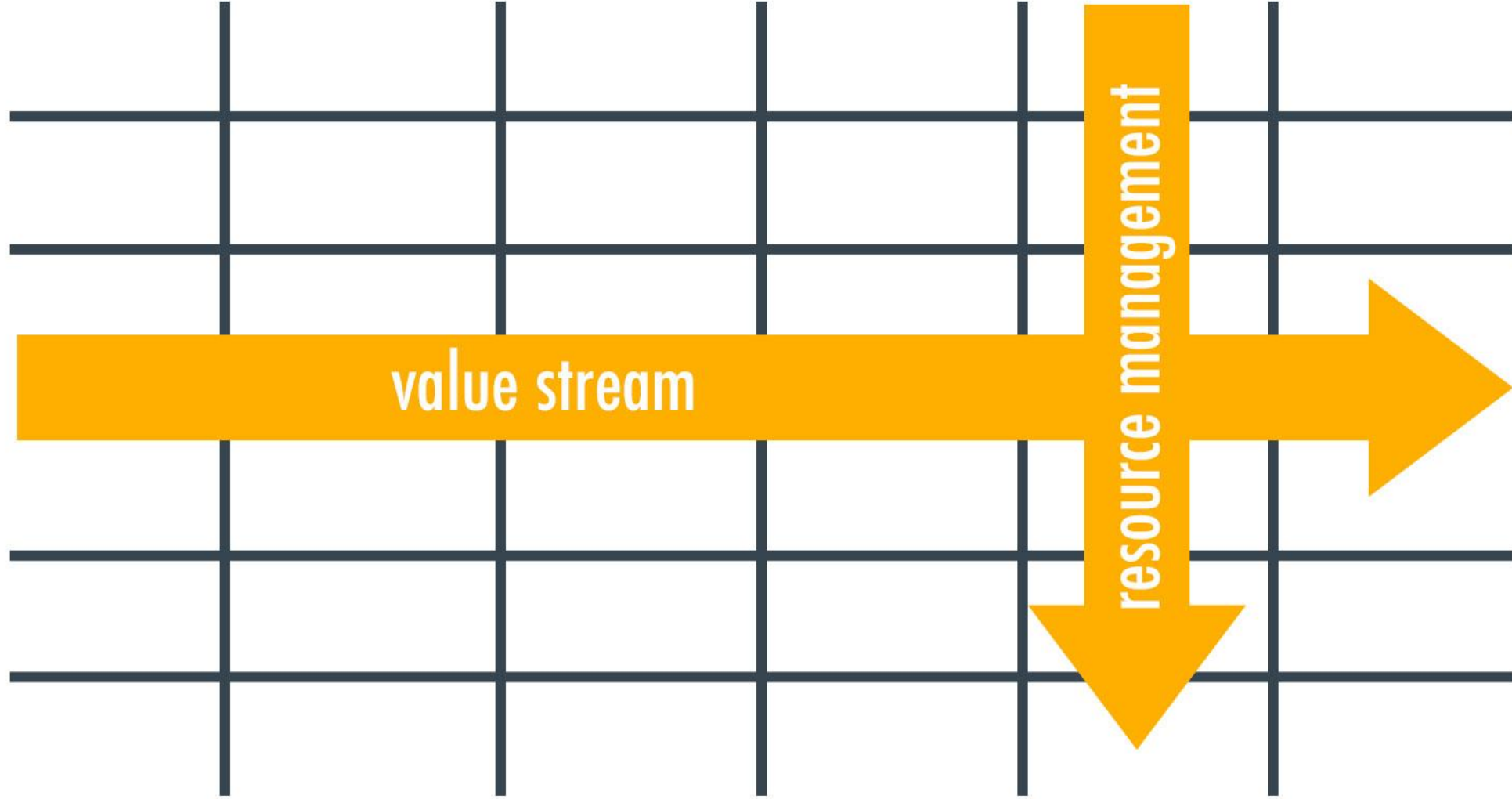
# Product & Self-management





Self-management product team

Functional management



#5 Performance,  
mobile, video, social



2017,  
Russia

DESKTOP 52% (-5%)

<

MOBILE 57% (+9%)



Source: RAEC 2018

2017,  
Russia

## CONTEXT (PERFORMANCE)

140,8 billion rubles (+22%)

## WEB DEV and MOBILE ADV.

28,9 billion rubles (+6%)

## MEDIA (BANNERS)

27,2 billion rubles (+11%)

## VIDEO ADVERTISING

8 billion rubles (+45%)

## CONTENT-MARKETING (SMM, SMO, SEO, ASO)

24,2 billion rubles (+9%)



Source: RAEC 2018

Global advertising market – \$548 billion

Digital advertising market – \$230 billion

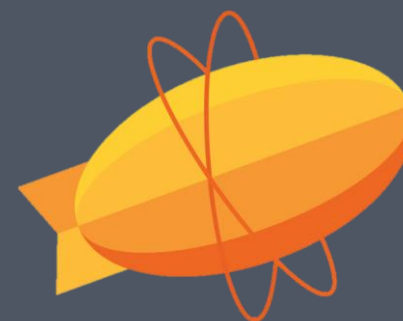
>40%



Thanks!

Digital transformation  
is the norm of our life and business.

Lev Likhtarev  
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CEO Vzletmedia Ltd.





Global advertising market – \$548 billion

Digital advertising market – \$230 billion

USA digital adv. market – \$120 billion

RUS digital adv. Market – <\$4 billion (224 billion)

