DIGITIZATION: A STRATEGIC KEY TO BUSINESS
Ritika Gulati¹, Tanima Soni²

HOW TO CITE THIS ARTICLE:

ABSTRACT: Since the advent of the internet in the 90s companies have fought to develop their capabilities to create, to manage, to sell and distribute digitally. As the internet explosion continues to offer new networks and devices for distribution and consumption of goods, companies who miss the chance to innovate with new standards, new business models will be left behind as others rush to fill the gaps. However to be digital leaders companies must understand the entire internal system of the organization. They must also identify all the interactions between the internal system and the external participants to learn how they are accompanying the sales and distribution process and giving customer value. Only then the business models can form the analog world be updated and to anticipate the digital universe that is evolving every day. Globally it is observed that the countries are on the accelerated pace in digitization the mass is adopting smart way to remain connected by information and communication technology to consumers, business and government. To measure the impact of digitization it is important to support the policy makers and investment decision. Countries in the advanced digitization stage reap 20 percent more economic benefits than countries at the start of their digitization journeys.

KEYWORDS: Communication, Customer, Business models, Technology.

INTRODUCTION: Digitization is the process of conversion of relationship information into micro information. As it has expanded its capabilities, it made the life captured in some of the other digital form and we all have moved closer towards the interconnection of everyday object. Its impact is the real-time medium for global exchange of information. Proposed econometric methodology supports the economy development societal up-gradation and effectiveness of government policies. Digitization multiplies the benefits of connectivity; it gives multiple times more economic advancement than broadband internet technology.

The companies across the industries are now racing in faster speed to grab the success and position in the market. The traditional concept used “consumer is the king” has now modernized and modified as per the requirement of the market. The operating models of the companies are made on the basis of the plug and play to match the frequency of the consumer’s desires and competitors’ abilities.¹¹ It has provided the market players the opportunity and threats to compete themselves and serve their objectives persistently, as to be the largest advantage gainer of digitization medium. These new software and hardware gave the momentum to the strategic decisions, has altered the structure of competition, the conduct of business management and policies, and most importantly the performances of the companies

Digitization itself is proving in many areas improving the standard of living, up-grading the knowledge and efficiency, reducing the unemployment and also allowing the government to be transparent and effective to operate its policies. It has proven to be the key drivers to the industries for example banking, apparel, electronics, daily needs, kitchen accessories and many more in line which
have resulted in the market expansion services and provided the space to access its desires with the suitable purchase to its prospects.

![Diagram: How digitization transforms industries]

Source: www.mckinsey.com/insights/strategy/strategic_principles_for_competing_in_the_digital_age

**Awareness** : What options do I have?
**Investigations** : Will the product fit my need?
**Purchase or Engagement** : Is this the brand fit my lifestyle?
**Repurchase or loyalty** : I trust the brand to enhance my lifestyle? Or Do I have other options?

**NEED OF VALUE CREATION IN ALL CHANNELS:**

**Continuous Growth in the Global Market Expansion Services Industry with Asia Pacific as the Biggest Market:** The high growth dynamics for the global market for market expansion services have been confirmed with an annual growth rate of 7.4% through 2018. The MES market therefore remains one of the most promising sectors in the outsourcing industry. Ongoing growth of the middle-class, intra-regional trade in Asia, Africa and South America, as well as the increasing trend towards outsourcing, are fueling the demand for market expansion services.

**Digitization Is Enhancing Traditional Business Models but not changing the Basic Business Logic:** Digitization as a megatrend is impacting all areas of corporate business models. Companies are adapting their strategies and business models to cope with challenges and opportunities arising from
the digital age. While growth in digital commerce has shown tremendous growth figures in recent years, global penetration is still below 5% of total sales.

**Three Trends are Driving Digitization:** Three key trends are driving digitization and are likely to have an immediate effect. Mobile commerce, business intelligence and smart infrastructures are the key topics that have a significant short- to mid-term impact on companies and customers, and on ways of doing business.

**Digitization is Reshaping Customer Interaction and Business Transactions:** Digitization is reshaping the ways in which customer interaction is handled and is opening new paths for marketing and customer influence. Social media strategies, digital marketing and big data analysis are tools for fostering customer-company relationships. With new technology, the sales process is being redesigned and new channels for sales are becoming available.

**Clients and Customers are at different Stages in their Digital Journey:** Clients and customers pursue different strategies reflecting their stage of digital readiness and objectives. International and digitally advanced players (Multi-digital natives) sharply focus on improving their customer relationships, while local and digital beginners (Small-town laggards) expect to boost growth through digitization. Local and advanced digital companies (Local e-heroes) want to make existing digital operations more efficient, whereas international digital beginners (Global old scholars) are increasingly considering digitization as a means for improving both their sales and customer relationships in order to remain globally competitive.

**As companies often lack the Key Resources and Capabilities to Drive a Digital Strategy through Omni-channeling, they are Turning to Qualified Partners:** Companies pursuing a digital market expansion strategy are seeking partners that have experience and capabilities in providing superior services in digitization as well as market expansion. Partners with existing digital capabilities as well as local expertise and access to multiple sales channels and digital marketing opportunities are in demand.

**MES Providers Succeed with Comprehensive Set of Services:** MES providers are the preferred choice for companies, as they are well positioned to provide their clients with the best mix of market expansion and digital transformation services. While digital specialists only serve specific steps of value creation, MES providers offer an integrated approach to supporting companies along the entire value chain.

**MES Providers are Combining the Best of the Old and New World Cross-regional:** MES providers are in an optimal position to drive Omni-channel market expansion. Due to their local presence, expertise and know-how, they are able to offer their clients superior services along the entire value chain and combine both online and offline services for market expansion and market development.

**Source:** http://www.rolandberger.asia/media/pdf/Roland_Berger_DKSH20140905.pdf[2]
Challenges of Digitization: As the world is moving on the track of technology, not only the companies are facing the challenges but also the customers. They are the two sides of one coin.

For Customers: The demand side of the coin faces the challenge of multi-channel or cross-channel system of the companies. As it desire the seamless way to fulfill its demand. The companies are struggling to enhance their operating systems. According to the current scenario and the coming five years the companies will be at ease as the digitization reflects an entire generation C (for connected) is growing towards the digital world. Computers, mobile phones, social networking will make the consumer familiar with the working of technology and they will understand the way of offering of companies.\[3\]

To deal with the challenge the companies improved the customer service significantly by digital operational models they are more transparent and fast in resolving the issues and building the trust of the customers. The companies has provided the space to customer to register their complaints which will be answered by the companies’ representative quickly and avoiding the physical presence of the customer. As the companies are observing the response to multi-channel it’s becoming hard for them to get the message efficiently. Multichannel services require envisioning and implementing change across customer experience and internal operational processes and make it as the integrated multi-channel process. For example-home shopping with the option to receive products by mail or in a store.\[4\]

For Companies: The challenges supply side is facing the implication of the digital change as everything is getting commoditized by this there may be the chances of losing the control over the customer relationship, increased competitions and new entrants, need to be connected with the suppliers, employees, investors in addition to the customers.

To deal with these fortune challenges of digitization change the companies across the industries has to rethink about their business models and develop them to an end-to-end response.
model which will strategically interconnect and engage them at 360 degree. The management must take practical initiatives to generate the influencing formal levers as leadership polices, personnel positions and people processes along with some informal levers as attitude, corporate culture, working environment for employees that could help them think, feel and behave in new ways. For example—using these formal and informal levers in an integrated fashion industry can help people adapt to new ways of doing business and enable companies to deliver the multichannel experience that customer’s want.[5]

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
<th>Example</th>
<th>Benefits</th>
<th>Value</th>
</tr>
</thead>
</table>
| 1. Use digital technology to enhance traditional business models | Use automated and digital services to compete with and extend existing manual services | • eBay auction model  
• Life insurance computing algorithms  
• Dell/Amazon dynamic pricing | Make better use of self-service channels including customer service through social media | • Reduced cost to serve  
• Reduced time to revenue |
|                         | Shift the core business model from selling products towards offering services | • IBM  
• Streetcar/Zip car | ‘Pay as you go’ model Extension | • Increased share of value-chain and share of wallet |
|                         | Transform hardware offerings into service offerings                          | • Xerox/HP offering ‘Managed Print Services’  
• Apple/Amazon integration of product with ongoing service (iTunes) | Integrating products with services engenders combined loyalty  
Longer-term relationship with customer | • Increased annuity revenue streams from services  
• Increased customer lifetime value |
| 2. Transform existing business models digitally | Offer entirely new services that cannot be provided manually                  | • Google/Yahoo – online search capability  
• Skype – VoIP  
Salesforce.com – software-as-a-service  
• Facebook/LinkedIn – social media marketplaces | Volume of potential customers using the often free service | • Shareholder and reputational value |
Offer existing services through new digital channels

- 100flowers – purchase through Facebook
- Tesco – purchase through Smartphone app
- Dell – customer service through Twitter

Customer convenience engenders loyalty

- Increased revenue streams
- Reduced cost to serve

3. Invent entirely new business models or different engagement models

Offer entirely new revenue generating products/services, or different engagement models

- Virtual currency used in online games and social networks
- Google/Yahoo – Advertising revenue linked to search
- Facebook – sell digital customer data
- giffgaff – a ‘people-powered’ mobile operator business model

First to market

- Fast to market through digital channels
- High customer loyalty and low cost to serve with giffgaff

- New revenue streams


CONCLUSION: Leading the business in the dynamic environment is a challenging task for the organizations and enabling themselves with the current scenario of the market and foreseeing the upcoming trends as its includes the critical analysis, strategies formulation in keeping the view of customer needs and demand, edging over the competition so by the evolution of digitization as a instrument into a strategy it led the organization a one step ahead to reach its consumer need and expand its area of business over the globe by transforming their business models from traditional to new business models also known as engagement models where both the parties are co-producers.

It has benefited in many areas in maintaining the regular demand according to new trends, opportunity to market players for new business ventures also lessen the time and cost to reach the customer, value creation by training the personnel and importantly maintaining the long-term relationship with consumers. Technology supportive strategy has given the immense hikes to the organizations of different sectors as insurance, apparel, home décor, clothing, cosmetics, travel and tourism etc. in increasing their revenues and curbing their cost with usage of new software, and hardware it had made the transparent channels for the consumers to know their requirement by offering the gateways to customize their purchasing which give them the direction and also make them satisfied and more loyal.

FINDINGS AND RECOMMENDATIONS

Success Lies in Understanding your Prospects: The behavior is continuing to evolve and adapt to new technologies at a faster rate. Effective communications and engagement will rely on developing strategies that recognize and exploit the dynamics of the unique relationship each organization has with its distance buyers. As the scenario changing the expectations is also changing, the people are accessing the new ways to interact with the organizations.
Develop the Articulated Digital Strategy: The current change in scenario often drives the organizations to be tactful. There are almost limitless options available to decision makers and simply following best practice is unlikely to yield success. Successful digital engagement will be reliant on developing a logically fitted strategy that focuses effort on tangible outcomes.

Develop your Business Content: Content has a pivotal importance on digital channels but many organizations are still failing to exploit their content’s full potential and focusing unduly on their owned platforms. Developing an always on approach to publishing, planning long term editorial calendars, creating a range of engaging and structured content formats and optimizing them for consumption and engagement on third party platforms will be a major priority for digital businesses.

Have to be ‘Multi-channel’ Operator: The ongoing increase of digital channels, devices and platforms and the impending disruption signified by the arrival of the Internet of Things will present a major challenge in 2014. Understanding the ways in which our audiences traverse different channels and defining better multi-channel experiences and services must be a priority. And organizations who cannot organize and exploit audience data to optimize those experiences using CRM will really struggle.

Mark up yourself to be a Digital Leader: Digital priorities have become increasingly requirement with other aspects of organizational activity. In order to implement a logical strategy, create engaging content and offer excellent multi-channel experiences it is now essential for marketing and IT teams to work alongside range divisions including operations, customer services, sales teams and human resource executives. To become a digital leader, digital owners require the huge investments, collaborations and situational learning tactics to capture the market of its own.

REFERENCES:
3. www.strategyand.pwc.com/global/home/what-we-think/digitization/megatrend
### AUTHORS:
1. Ritika Gulati
2. Tanima Soni

### PARTICULARS OF CONTRIBUTORS:
1. Assistant Professor, Department of Management, Lal Bahadur Shastri College of Higher Education, Bareilly.
2. Assistant Professor, Department of Management, Lal Bahadur Shastri College of Higher Education, Bareilly.

### NAME ADDRESS EMAIL ID OF THE CORRESPONDING AUTHOR:
Tanima Soni,
IWP, Katha Factory,
Izzatnagar, Bareilly.
E-mail: soni24.tanima@gmail.com

Date of Submission: 09/06/2015.
Date of Peer Review: 15/06/2015.
Date of Acceptance: 19/06/2015.
Date of Publishing: 24/06/2015.