

What is the Pulse of Businesses in a Digitalised Era?

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ABSTRACT: Previously, the laborers believing in an automatized business could have been considered dreamy, looking to skip daily tasks. Nowadays, the spectrum upon automatization and platforms facilitating e-commerce has changed and highlights the jump from a brick and mortar store to a virtual one. More and more established brands are replacing classic locations with logistic warehouses to deliver products more efficiently. Well-known companies, e.g., Zara, Amazon, eBay that have been recently founded, embraced this change and took the best out of it. However, our attention will fall on smaller businesses and the difficulties they face during such a transition and analyses from various standpoints the goods and the bads of each. Should the jump from a physical to an online facility be considered or left untouched? What is the best model to be followed in order to level a business? Let us find in the following.

KEYWORDS: digital business, physical store, evolution, management, marketing, logistics

Introduction

Taking a flexible standpoint when opening a new business is important and might influence its evolution positively or negatively. For this reason, before stepping on this path, every business owner should gather enough valid information that can later be transformed into knowledge and experience. With a great pack of data, the process of creating, sustaining and leveling a business can flow correctly. Only after succeeding in such steps “by the book”, the owner would have built a strong base of valuable assets and can take strong decisions. However, businesses inclining towards digitalization should change the classic patterns of seeing the customer, managing the employees, creating marketing campaigns, managing the logistics and costs. In the lines below, we will observe the impact of such a transition and analyses the matter two-sided.

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Firstly, the overall image of the customer is changed in the digital environment. A major drawback of “meeting” someone in an online store is the inability to read emotions and observe their exact behavior. Let us assume that the client is placed on a pedestal; why you may wonder? Because that is the best place from which the individual can be observed from all points of view, i.e., physical, mental and emotional. On account of this, the company must create a customer portrait and understand what they are selling to who. There are plenty of analysis patterns available, but questions such as: Who is the audience? What are their personality traits? or what tone should be used when passing on information and emotions are universally available. By creating this imaginary representation of the buyer, we may know what should be done next. Unfortunately, the connection between you as the business owner and the consumer is limited to the website’s interface, online means of communication, e.g., live chat, e-mail, Gmail and but not limited to data analytics, e.g., Facebook pixels, Live data retrieved from the used platform or economic analytics such as ROAS. All of the above offer an idea of what a virtual customer looks like and the areas for improvement.

The advantage of having such tools available is impressive. The quality of retrieved data from Pixels, Google Analytics and other tools are excellent in segmenting consumer markets from a Geographic, Demographic, Geodemographic, Psychographic or Behavioral point of view (Lloyd 2020) that we are going to discuss later in the marketing section; tools unavailable or hard to categorize in a classic business.

In contrast, the physical buyer met into a brick and mortar store is not far from being strategically analyzed in that manner. A virtual or palpable database can be created and filled with everyday customer profiles, e.g., individuals or other businesses and successfully create a view upon The Value Proposition that we can observe below.

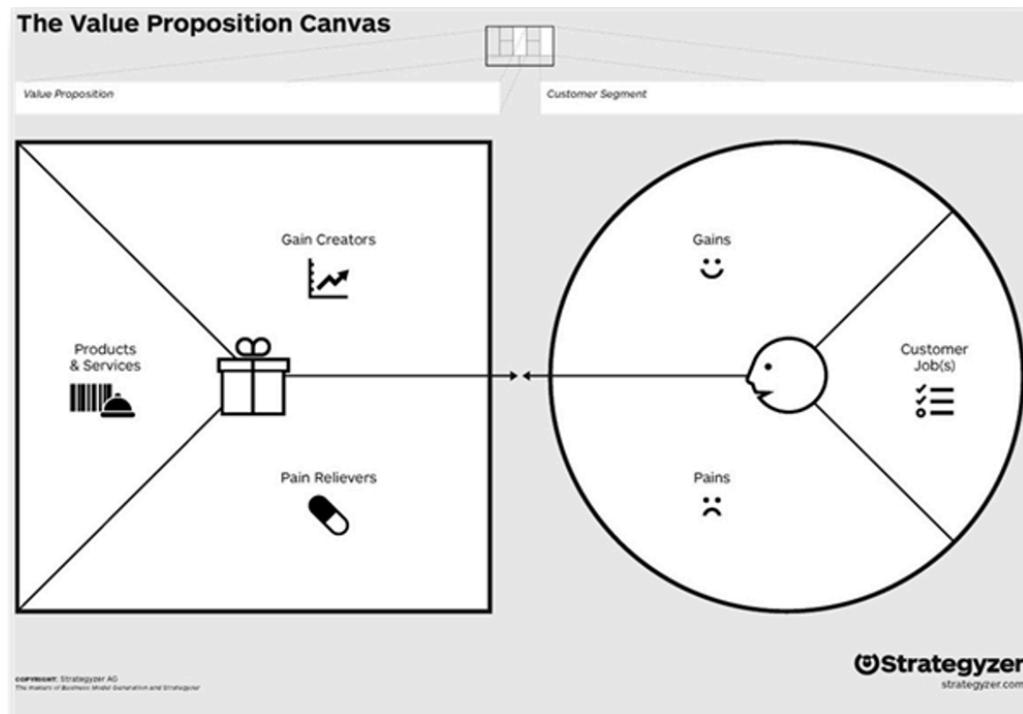


Figure 1. Strategyzer (No date), 'The Value Propostion Canvas' Available at: strategyzer.com

The visual representation of The Value Proposition divides the “Gains” from the “Pains” in the customer’s eyes. Further, that information helps us understand the fears a person might face when buying the product and what should be annihilated to offer the best possible experience. In this manner, a better view can be created upon the sold products by seeing and understanding the “Pain Relievers”, “Gain Creators”, and the offered Products & Services. By following such a method, a physical store is able to enter a competitive market. From the arguments listed above, we can observe that a digital store is likely to get more information about the customer and use it for the sake of profit and competitive advantage.

Secondly, the perception of labor upon how tasks are meant to be done have changed compared to the last century. Brute force, “hard work”, and a threshold higher than fifty hours of work per week were replaced by robots carrying dangerous or small tasks, intelligent targets and a regulated working schedule not surpassing the initial threshold (Spurgeon, Harrington and Cooper 1997). Not a long time ago, humans were seen only as “labor,” which dissolved their unique human qualities (Galloway and Vedder 2003). Sometimes, tasks within a company were supposed to be done in a singular way imposed by the manager and tailored by his knowledge. There is not a flawed approach considering his more remarkable experience, but there are certain disadvantages we can divide into two categories: labor and customers. The former refers to the working force within an organization that might feel pressured by an authoritarian manager. The latter portrays a lack of diversity; When customers face the same ideas, products, visuals or responses from the company, their interest will slowly decrease due to inadaptability to each customer needs.

Nowadays, in this pandemic context, we face a forced digitalization from many points of view, e.g., education, work, payment methods, transport and not only. For the first time, older age groups, e.g., 40-50 or 60+, are getting involved more and more in the digital conversion, which

would not happen in other circumstances. However, why is that? Because there existed alternatives and older labor did not feel pushed to do something “unpleasant” like using a computer. Today, we have finished the first year of pandemic transformation and advantages such as connectivity, time-saving, reaching targets quicker, and overall productivity appeared on the surface. “Perhaps the most important finding from the data is that remote working does not result in productivity declining. Indeed, for many, the remote environment has made them more productive because they are better able to craft an environment that works for them” (Gaskell, 2020). The ability to reach more customers via the internet, e.g., Social Platforms through advertising, changed the standpoint upon digitalization in the workplace towards better.

Nevertheless, some disadvantages are to be mentioned. Constantly being out of sight of your superior and experiencing permanent freedom by remote working “forced so many to pare back to the very basics rather than worrying about experimentation and innovation.” (ibid 2020). Along with this lack of revolution, some elements to fight against it have been recommended by Gaskell. Creating a hybrid form of working in the future and providing better ways for employees to connect are some of the mentioned ideas.

Thirdly, the marketing campaigns are remarkably changed compared to a couple of decades ago. The classic door-to-door salesman found its end at the beginning of the 2000s and made space for a revolutionizing way of selling called digital marketing. There is no doubt that consecrated methods of advertising products are still in use today, e.g., banners, television ads, telemarketing, flyers, radio marketing or organic marketing. However, along with the internet, companies worldwide understood the importance of monopolizing this platform and slowly started to invest in creating websites, e.g., eBay, Amazon and promoting products via new platforms like Youtube, Google, and later Facebook via Pixels. However, this category is more balanced than others as individuals still use entertainment methods similar to those in the past, e.g., television. This results in the extended life of classic marketing campaigns. Sticking with the principle of “go with the flow”, modern businesses promote their services or products via the internet, having access to a more extensive database of people. In the first paragraph, we listed some criteria after which brands guide themselves. In the chart below, we can observe the meaning of each market segmentation, e.g., Geographic, Demographic, Psychographic and Behavioral, along with a brief categorization of what they consist of. These are tools offered by digital platforms in order to select, change and adapt your target audience and who is seeing your tailored ads.

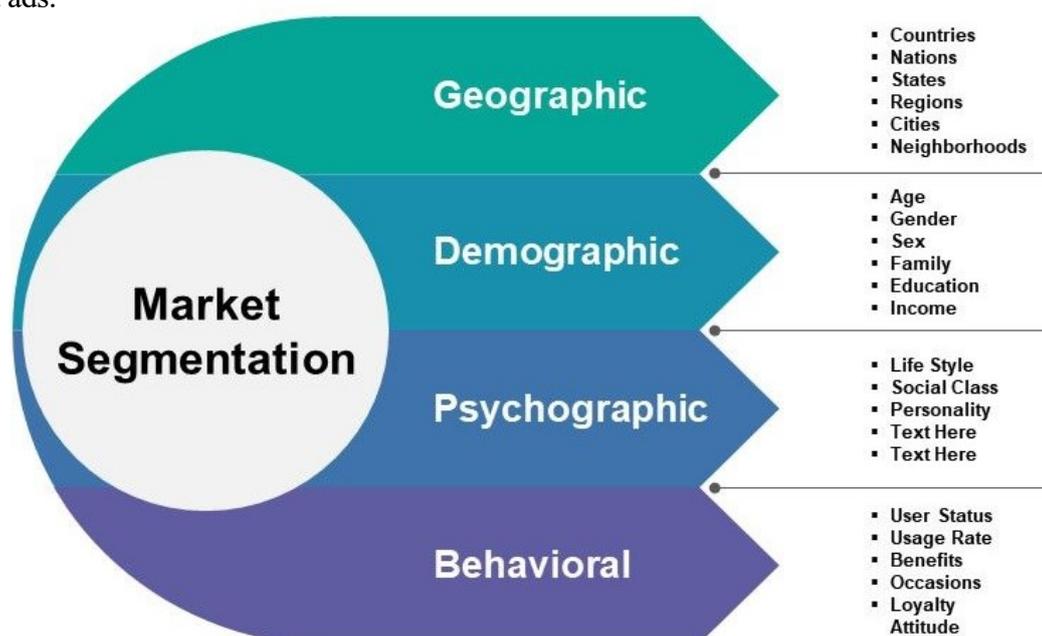


Figure 2. Slide Team n.d., ‘Market Segmentation Strategy Geographic Demographic Psychographic Behavioral’
Available at: slideteam.net

As for disadvantages, there is a high level of competition on these platforms and saturated pages, including various products. Only a well-created advertisement, respecting the marketing mix, e.g., Price, Product, Promotion and Place, correctly using the segmentation tools and offering good visuals along with a background story, will successfully establish a well-known and beloved brand.

Lastly, we are going to analyze how the logistics and costs are managed in a digital store versus a physical one. There is not enough to have a qualitative product or a reasonable price when it comes to delivery. The client must be provided with a reasonable shipping time and a tracking number, e.g., air waybill, to follow where his parcel is. He should be constantly updated via e-mail or other means of communication regarding the delivery status. This is the point where digital transformation plays a crucial role in our lives. The freedom of seeing, understanding and choosing what we want and when we want for the minimum cost is harder to be fulfilled in a store where the items are limited; special orders take time to arrive in the shop, and the process is more expensive. In the case of a digital business, a logistic warehouse is enough to send orders to at least one continent for a small amount of money, e.g., working B2B with a third-party warehouse owner.

Disadvantages regarding this category are similar between a physical and a virtual store. The rate of return (RoR), the cost of delivery (CoD) or packaging fees and transport are pretty much unchanged; but, the volume of sales the former store can provide if the above marketing steps are followed is much more significant, and there is no reason to limit yourself only to a physical company.

Conclusion

In closing, both advantages and disadvantages considering two types of businesses, i.e., online and brick and mortar, were discussed and analyzed. Each of them indeed comes with their set of goods and bads. However, the balance inclines towards the first category by settling significant problems as reaching a higher public, targeting it better and lowering the cost of production and delivery. Not to be neglected, especially when it comes to marketing, classic means of promoting a brand will not die shortly as people still find peace in similar actions as they did a century ago, and a hybrid between those two will succeed.

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