



The Impact of Digital Disruption on Consumer Value Creation-A Study on Retail Consumers.

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Abstract:

Digital technologies dominate strategic innovation discussions, as consumers gravitate toward online and mobile platforms for more of their brand interactions. As customer behaviors change, brands must reevaluate their approach to marketing and engagement to remain in line with evolving expectations. To keep up, brands must establish programs that support both the digital and human sides of the customer relationship. Customers can switch overnight if they want, but companies need to change the course of a bigger ship, which is harder. The challenge is to follow up on this speed.

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I. Introduction:

Digital disruption is the change that occurs when new digital technologies and business models affect the value proposition of existing goods and services. The rapid increase in the use of mobile devices for personal use and work, a shift sometimes referred to as the consumerization of IT, has increased the potential for digital disruption across many industries.

Generally, digital disruption happens after a digital innovation, such as big data, machine learning (ML), internet of things (IoT) or the bring your own device (BYOD) movement. Digital innovation then affects how customer expectations and behaviors evolve, causing organizations to shift how they create products and services, produce marketing material and evaluate feedback. This shift in digital strategy can occur on an individual, organizational, industry or societal level.

The term digital disruption has become something of a cliché in recent years and is often misused to describe any product involving digital technology or the use of digitization to better compete against marketplace peers. It is often confused with the term disruptive technology, a term coined by Harvard Business School professor Clayton M. Christensen to describe a new technology that displaces an established technology.

Examples of digital disruption

A few examples of digital disruption include:

- The digital camera business disrupted the industry of film photography and photo processing.
- The subscription economy business model, as used by companies like Amazon, Hulu and Netflix, caused a disruption within the media and entertainment industries by changing how content is accessed by customers and monetized by advertisers.
- Freemium products, such as Spotify, LinkedIn or Dropbox, that allow users to sample a basic product with the option to pay for the full offer, put more emphasis on developing a well-known brand behind a product or service.
- On-demand services, like Uber, have disrupted more traditional services like taxis.
- The rise of electronic reading has redefined the print and publication industry.

Importance of digital disruption

It is important for organizations to embrace digital disruption in order to gain a competitive advantage. When an industry experiences digital disruption, it typically signals that consumer needs are shifting. Therefore, understanding the disruption allows companies to keep existing customers happy as well as create opportunities for new customers. It also gives companies a better idea of human behavior and how trends may occur over time. A few best practices to follow that ensure digital disruptions are more of an opportunity than a threat are:

- Pursue initiatives that might cause a disruption, do not be afraid to be the disruptor.

- Consolidate data assets and use them to make decisions.
- Brainstorm ideas for entirely unique products, services or channels.
- Employ customer data in new, innovative ways.

How will Digital Transformation Impact the Retail Industry?

Even before the global health and economic challenges of Corona virus pandemic, purchasing behavior has been changing rapidly. Retailers are required to understand diversified sense of values and provide experience tailored to individual needs. Fujitsu describes its vision for the future of digitalized retail services and proposes how retail and other industries will be transformed by its digital technologies.

Retailers have been experimenting with myriad of ways to respond to new shopper expectations, bridge digital and physical shopping experiences and try literally dozens of ways to transform the retail experience, handle back-office processes better and much more.

Drivers of digital transformation in the retail industry:

Among the key drivers of digital transformation in retail are:

- The evolving expectations from the so-called digital or omni-channel shopper who really doesn't care about channels as much as we do.
- The need to blur digital and physical experiences with in-store experiences as a crucial element and the de facto disappearance of the borders between digital and physical already existing in the mind of the consumer and further enabled by the Internet of Things and the immersive experiences in virtual and augmented reality.
- Challenges on the level of the supply chain which is really crucial and all too often far from digitized enough. Speed, time and a transparent view are key.
- Competition from digital and overall customer experience champions and increasing cost pressure. Fortunately, thanks to new digital possibilities, there are ample ways to decrease costs, among others on the level of digitization and supply chain.
- The impact and opportunities in areas such as data-driven optimization and marketing, empowerment of staff and new technologies.
- An appetite from shoppers to have a personalized experience, which is pretty hard to achieve as it depends on the context and can range from the need to find and buy things fast to the exact opposite: have a relaxed and immersive shopping experience with digital technologies available all over the place and used for anything from smart displays to even music and ambiance.
- The uncertainties brought upon us by the COVID-19 pandemic which are seriously impacting the retail industry. One thing, however, is already clear: transformation and several data-driven and IoT-enabled retail solutions (essentially anything enabling to leverage data to optimize the business, make shoppers feel safe, protect workers, save/manage costs, and even potentially decide on which retail stores to close) play a major role here.

Five Ways Digital Disruption Will Impact the Customer Experience

How will digital disruption impact your customers, Here are five key factors you need to consider:

Pace of innovation. Technology disruptions now occur at increasingly faster intervals. Does that mean consumers will be skeptical about anything "new and improved" as they anticipate an even better product on the not-so-distant horizon? Moreover, how will your company's R&D compete in this fast-paced marketplace? Is our future filled with product launches to trumpet only incremental change?

Increased competition. "Digital disruption accelerates competing ideas even as it facilitates the entry of a previously impossible number and magnitude of ideas. The cumulative effect is devastating to any company operating under the rules of the prior century."

Personalization of interactions. Big data analytics enable marketers to send customer communications that are more relevant, personalized and targeted than ever before. Our research shows that consumers welcome personalized offers, such as price-matching and loyalty points. Soon, they'll not only welcome it, they'll expect it. By using data-driving marketing, marketers can learn how to optimize their appeal to individual customers. (That's the only way you'll keep your competitive edge.)

Speed of interactions. For many, digital communication equates with speed. Just as consumers increasingly expect personalization, they also increasingly expect real-time interaction with brands.

Integration. Without integration, you'll never be able to unleash the full potential of digital technologies. First, you need integration to create cohesion across all marketing channels and platforms. (Consistent messaging builds consumer trust.) Second, integrated internal marketing functions help you better understand data patterns and customer interactions, while providing the visibility necessary to prove return on marketing investment across today's multi-channel campaigns.

Digital disruption may be messy, unpredictable and at times, overwhelming. But, it's also inescapable, powerful and incredibly motivating. How do you plan to leverage digital disruption to enhance the customer experience and drive business value?

Need of the study:

Retail sector in India is clearly poised to become one of the largest beneficiaries of the disruptive era that has begun in Indian retail sector. Retailers have had two options in the way they have responded to the digital opportunity. A vast majority has seen digital as an enabler of better customer service or greater operational efficiency and have hence implemented many digital technologies to improve their performance on these parameters. This approach is an incremental response to the opportunities presented by digital and is primarily driven by a low risk propensity to allocate scarce resources which help both the retailers as well the consumer for better utilization of digital disruption.

Research methodology: The study started by identifying and selecting the articles that are to be analyzed. The articles have been selected from the different data bases pertaining to the title.

To obtain a detailed picture of current situation in digital transformation and its impact on retail consumers, different sources have been used, already published articles, conference papers, and business reports from Forbes. The study aims to determine how the areas of business models are disrupted by the digital transformation.

II. Review Of Literature:

1.Lorrean warren massey university Digital disruption of the Value Creation Ecosystem - how new business models emerge” they took a closer look at ‘business models’ in the digital economy through the concepts of entrepreneurship, innovation and emergence. In doing so, we expand knowledge of the structures of these different value creating processes in the context of the digital economy and how they are different from traditional business models.

2. New paths to customer value Joseph Bradley Jeff Loucks James Macaulay Andy Noronha Michael Wade explores that “Digital Vortex,” to create new value for customers—cost value, experience value, and platform value—and provides a taxonomy of digital business models, including examples of the disruptors who use them to create this value. As such, it presents a more detailed analysis of digital business models and the threats (and opportunities) they present. Although their business models may focus on one type of value—low cost for example—most digital disruptors practice what we call “combinatorial disruption.” They use digital technologies to fuse cost value, experience value, and platform value to deliver products and services that make offerings from incumbents immediately unattractive or obsolete.

3. THE DIGITAL TRANSFORMATION OF MARKETING: IMPACT ON MARKETING PRACTICE & MARKETS Tom Gillpatrick explored that Organizations and policy makers need to address how the digital transformation of marketing will affect economic competitiveness and consumer welfare. Both companies and public policy makers need to “follow the consumer” to gain insights on how to best adapt business strategies and governmental policies to best operate in this new digital economy. Traditional marketing methods used to understand consumer behavior have proven to be less useful in a world transformed by digital markets. Consumer shopping and purchase behavior is rapidly evolving with increased preferences for shared consumption over ownership, use of mobile technology, consumer co-creation of value, online shopping and an increased preference for experiences over material things among the many changes in preferences.

4. HOW CUSTOMER EXPERIENCE DRIVES DIGITAL TRANSFORMATION Jennifer Lund 11 February, 2022 based the digital customer experiences survey identified that Digital Transformation is driving customer experience in many ways. Like Instead of purchasing on-site solutions, thinking about the cloud solutions, personalizing the experience according to the customer expectation by using CRM software. Provide a single, user-friendly customer experience by tying all the possible digital channels.

5.Dr Dave Chaffey is CEO and co-founder of Smart Insights, Digital disruption in retail Analysing the industry use of Agile management in improving customer experiences via digital technologies. By the retailers survey opinioned that since there are significant challenges of integrating technology to support effective, joined-up customer experiences. many respondents mentioning challenges of prioritizing and integrating technology and evaluating the effectiveness of experiences, yet admitting they have a limited planning horizon, it's clear there is a need to create a roadmap for developing propositions which is flexible enough to respond to marketplace changes.

6. Adopting to the next normal in retail: The customer experience imperative. This article explains Retailers that focus on customer experience and respond with agility and innovation in their Omni channel experience will fare better and strengthen their ties to customers. The next normal is still taking shape, and

customer expectations will continue to shift in response. And also a rapid approach to tests and trials can enable retailers to launch offerings at scale more quickly and avoid losing share in the face of shifting consumer behavior.

7. Business Opportunities Unclaimed: Digital Disruption of Business Models Viktorija BABICA. based on the systematic literature review the study explore in detail that Digital transformation is introducing technological innovation to every aspect of organization performance in order to create new value and increase competitive advantage Changes enabled by information technologies impact product and process innovation as well as development of an innovative business models. Digital transformation is affecting business models, customer experience and operational processes. Inclusive digital transformation of business processes is possible when both external and internal processes are digitally enabled, that means customers obtain digital experience and within company are implemented digital process, as the result arises new business models, and partially disrupted markets for digital businesses.

8. A Customer Value Creation Framework for Businesses That Generate Revenue with Open Source Software. The researcher explained in brief, that to identify the customer requirements regarding what they want, what job need to be get done, the kind of barriers they faced, the firms need to conduct customer value research to answer all these questions, based on this the firms can refine their strategy to fulfill the requirement of the customer.

III. Conclusion:

The customer is becoming non-compromising with his/her preferences. It has become imperative for the business to cater to individual customers' preferences. The technology today and its evolution facilitate customer preference centric commerce. Catering to the individual customer's preferences would be a critical survival factor for the enterprises.

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