

BUSINESS IN DIGITAL ERA

Vidhi Jain

Sri Venkateswara College, University of Delhi

DOI: 10.46609/IJSSER.2022.v07i10.005 URL: <https://doi.org/10.46609/IJSSER.2022.v07i10.005>

Received: 4 October 2022 / Accepted: 15 October 2022 / Published: 25 October 2022

ABSTRACT

This paper focuses on how businesses are changing in the digital era that we live in. We trace the digital era to its beginning and work our way up discussing how business models have changed with the help of technology. Further we discuss the success of companies like Netflix which have thrived on and because of digital platforms. Then we talk about the need for such businesses and the changes they have brought in our lives. We also explore various models that can be opted in a digital business. We conclude the paper with a final note that backs up our findings and throws light on how digital businesses are the unchangeable future.

KEYWORDS : Digital businesses, technology, digital era, online companies, Artificial Intelligence (AI), digital strategy, digital business mode

INTRODUCTION

The definition of digital business has expanded beyond only online retail; according to Accenture, "digital firms develop competitive edges based on specific combinations of digital and physical resources." They take action in a way that gives them a competitive advantage that others cannot.

According to Gartner, the development of new value chains and commercial prospects that traditional organisations are unable to provide constitutes a digital business. Digital "should be perceived less as a thing and more as a way of doing things," according to McKinsey.

User-centric thinking, iteration, platforms, freemium, and sharing have become popular in the age of digital technology and the Internet. The tide of openness, inclusivity, deconstruction, and disintermediation has also risen. Garage culture, café culture, and grassroots culture have all spread throughout the world.

Cuneiform script was created by the Sumerians around 3,200 BCE, marking a bright new

chapter to the history of human civilization. Chinese inventors of a movable type developed it around the sixth century A.D. People gained a better knowledge of electricity and magnetism throughout the nineteenth century, which sped up the development of information technology.

The World Wide Web allowed 200,000 computers all over the world to connect to the Internet in the 1990s. In 2012, the majority of people in the globe had a cell phone, as mobile Internet usage was rapidly expanding. Cloud computing and cloud storage had significant growth in 2013. In 2014, there were three billion people using the Internet out of a total of seven billion people on the planet.

Since social media platforms have made it possible for people all over the world to engage with one another, time and place are no longer obstacles to communication. There are 500 million users on the microblogging platform Sina Weibo, 500 million on WeChat, 800 million on Q.Q., and 1.2 billion on Facebook. The amount of information published on Sina Weibo in a single day is greater than what The New York Times reported in six decades. The largest video-sharing website in the world, YouTube, would take 98 years to play all the videos on a single day back-to-back.

The majority of digital organisations fall into one of these two categories: either they concentrate on developing their core business at new frontiers, or they utilise digital technology to boost growth, revenue, and performance in ways that were not conceivable using conventional business models.

We have every reason to believe that no person, business, industry, or nation will be able to remain on the sidelines when the revolution that is coming to an end arrives due to the rapid development of digital technologies, the flood of information sweeping the globe at essentially no cost, and closer links between humans, things, and humans and things.

Which kind of digital business model ought you to use?

When choosing the technology that's best for your brand, it's best to start by thinking about your customer profile. This could contain things like demographic traits, purchase patterns, and pain points. There are 11 different digital marketing models, according to Benjamin Talin, a digital transformation specialist.

1. Free-Model (ad-supported)

A free business model is one that relies on and is financed by advertisements from websites like Facebook and Google. The purpose of this business strategy is to provide a service without charge, making the customer the final product. The online user gives the business useful data that

makes it simple to display tailored adverts.

2. The Freemium Model

This popular business model gives customers free access to a product's basic version. This version might be rather constrained, but if the customer wants more features, they can upgrade and pay for a premium version. The latter is well illustrated by Spotify.

3. Availability Model

This approach alludes to a virtual good or service like streaming video from websites like Apple TV or Amazon Prime Video for a set amount of time. The freelance and gig economy portal Fiverr, where you hire a person and are compensated based on the project, is another illustration of this approach.

4. Online Store Model

One of the first and most successful businesses to use this online retailing of actual goods was Amazon. One of the most well-known business ideas on the internet nowadays is e-commerce.

5. Commercial Model

This approach alludes to a two-sided market where buyers and sellers do business on a third-party platform. Examples of this business strategy include the product-based eBay and Etsy and the service-based Uber.

6. Model of a Digital Ecosystem

Currently, one of the most intricate yet reliable digital business structures is the digital ecosystem. Customers are taken advantage of by ecosystem orchestrators like Alibaba, Amazon, Apple, Google, Tesla, and others by offering them different services across several platforms. Due to the "vendor lock-in" effects their ecosystems engender, they may use their knowledge and data to upsell current customers and draw in new ones.

7. Access-Over-Ownership Model / Sharing Model

Everything revolves around "sharing," but in a work-related manner. With this strategy, you can pay for something for a set period of time without truly owning it. Renting a vehicle, an apartment, or even equipment for industry are a few examples. This was one of the most revolutionary company concepts because of its effects on ownership and potential revenues. An automobile may generate income rather than only costs.

8. Experience Model

Adding worth to things that would be impossible without the use of digital technologies. By implementing digital services and even a digital ecosystem into its automobiles, Tesla, for instance, transformed the automotive industry and is now the main driver of its business model. Combining different experiences to create a new customer-centric ecosystem is another way to use the experience model.

9. Subscription Model

Office 365 and Netflix are both well-known services. These are great examples of the conventional subscription industry. The user obtains access, updates, services, etc. on a monthly or annual basis. Particularly popular subscription models include those for memberships, software, and content.

10. Open-Source Model

Firefox is one of the most popular open-source examples. The programme is accessible for download, use, and community contribution worldwide. It spreads swiftly since it is free and has a large community of contributors. It typically draws a lot of (free) resources to enhance the software. The financial model of Firefox depends on partnerships and royalties from search engines. Open source software isn't always a business plan because you might not be able to use it for a viable business model. Red Hat offers Linux distribution without charge, and then generates revenue via hosting, services, and training.

11. A Method for Creating Hidden Income

Customers might not always be able to immediately observe how revenue is generated. The gathering and analysis of data may lead to the emergence of new value streams. We are aware that the business structures supporting platforms and digital services could be obscure. As demonstrated by the Mozilla example, the open-source browser makes money by purchasing rights to incorporate other search engines.

DISCUSSION

Digital organisations use technology to develop novel business models, client experiences, and internal capabilities that support their core operations. The phrase refers to both traditional players and brands that solely operate online that are utilising digital technologies to alter their industries. Industry professionals have differing opinions on what exactly constitutes a digital firm.

Due to increased online spending, businesses are putting more of an emphasis on digital platforms and revenue streams. Consumer awareness of digital goods and services has grown as a result of the development of the digital economy, and this has prompted businesses to look for new ways to compete in the digital market.

But it's not as easy as we may believe to conduct business in the digital age. The order is delivered after a few clicks. It appears to be like this at first glance. People may easily place orders and complete transactions thanks to online businesses. Even while Amazon or Lazada almost did exactly that, the success of an online business in the future involves much more than simply transferring a physical store to an online platform.

Take a look at some other significant online businesses that challenge established business models, like BukaLapak, eBay, Go-Jek, Grab, and Air BnB. More was done by them than merely starting an online store. For instance, BukaLapak developed a system that links merchants and purchasers. An online auction mechanism was developed by eBay. Go-Jek and Grab have threatened traditional taxi services because they make it simple to share the idle capacity for vehicles and motorcycles. Additionally, Air BnB launched a room-sharing business model that poses a threat to hotel chains.

Or consider how financial technology (fintech) firms are increasingly undermining the function of traditional banks as go-betweens for creditors and lenders. The necessity for and use of currency has been reduced thanks to the innovative transaction methods that fintech companies have developed, which simply require tapping.

It is beneficial for companies to review common characteristics of digital business and compare them to their own business models. Here are a few characteristics that differentiate digital processes from traditional ones.

To reduce costs, gather information, and enhance client experiences, they take advantage of already-available technology. Digital businesses place a strong emphasis on the competitive advantages that technology gives them, whether it's cutting costs or giving consumers new benefits. These businesses embrace the idea of digital transformation and the corresponding cultural changes. In particular, if new positions are created and IT is given more sway over strategic decisions, organisational reorganisation may be required for the adoption and management of digital services. Additionally, look at brand-new company models that prioritise the digital strategy of the client. In the digital era, a great customer experience is a vital point of difference since customers usually place a higher value on it. Since people are increasingly favouring digital experiences, business models that align with this extreme focus on customer happiness will eventually be centred on digital services.

Most new online businesses follow a similar technique. With the use of the internet, they eliminated the function of middlemen or agents. They also provide a variety of programmes to meet the demands of their users, including those for education, art, and enjoyment (games, films, music). They also make use of cutting-edge technology like artificial intelligence, big data, and the internet of things to satisfy these rising needs.

The most popular brands of today are embracing new technology, which enables them to change the way they conduct business. In terms of enhancing the user experience, next-generation technologies like Artificial Intelligence (AI) can be a game-changer. Chatbots, which may assist site visitors with their questions, are powered by AI. AI can be programmed to provide prompt responses in your favourite voice and tone and can even identify and respond to questions in multiple forms.

This kind of innovation may be incorporated into a "digital business model," a strategy for value creation centred on the creation of customer advantages through the use of digital technologies. These digital solutions are designed to offer substantial benefits that clients are ready to pay for and, ultimately, to enhance various elements of your business. This could be everything from the methods your business uses to obtain clients to the goods or services you offer. Most crucially, digital business models use and rely on technology that offers customers tailored and meaningful experiences together with excellent goods and services. A successful digital strategy is essential for your brand.

Businesses must be aware of their potential and determine whether there are still opportunities to merge one existing business model with another in order to generate additional revenue. However, when working with data and unaware clients, covert money production could go wrong. An excellent illustration of such a backlash and the catastrophic consequences it has for both businesses is Cambridge Analytica.

Having a clear vision of the brand identity you want to project to the world is essential to creating a successful brand and business online. You must be aware of your audience and the methods and resources you'll employ to communicate with them. This covers not just the technology you need to create the website but also the analytics, marketing, and communication tools required to deliver exceptional customer service and develop a devoted following.

Therefore, the first element of success in the digital age is the capacity to come up with fresh concepts that can better serve the demands of customers or address brand-new problems. Here, creativity is an absolute must.

The second essential skill is the capacity to convert concepts into goods or services that live up to consumer expectations. IT and operational management expertise, such as supply chain and

customer relations management, are essential for achieving this.

The third factor is the business's capacity to maximise shareholder wealth (value). Businesspeople no longer evaluate firms purely on the basis of their real profits. As long as the enterprises have a distinctive business strategy and a sizable user base, investors may today place a very high price on online businesses that are still losing money.

No matter the size of your business, digital transformation is constant. You must consider the digitally transformative tools and processes that can bring about the essential change for enhanced productivity, lower resource expenditure, and competitive advantage in order to satisfy expanding and changing consumer expectations. Digital transformation affects all types of businesses, whether they are corporations or enterprises, online shops or physical warehouses. This transformation is a culture shift within the organisation that necessitates constant rethinking and investigation across all departments in order to uncover novel approaches to providing value to the clients.

Here are some examples

Uber makes use of a business model that enables them to maintain comparatively low capital investments while capitalising on the growing adoption of smartphones. An electronic version of the taxi industry would allow consumers to reserve a taxi online and possibly monitor previous trips, but the core experience would stay the same. A standard taxi firm must own and maintain vehicles as well as provide overhead to hiring and managing personnel. Because Uber is fundamentally a platform that links customers and drivers on a large scale via the internet while enhancing the experience for customers, it solidifies its position as a digital business.

A company that transitioned from e-business to digital business is Netflix. Initially, Netflix employed technology to run an inventory system and ship DVDs to subscribers, offering a more convenient service that eventually was somewhat comparable to video rental shops. However, it disrupted itself and changed how people consume film and television media once it provided subscribers with the choice to stream movies on demand. Without the ubiquitous internet connectivity that the majority of customers have now, it is difficult to watch movies and TV shows at any time or location.

One established company that has embraced digital technology to improve visitor experiences at theme parks is Disney. Its MagicBand, a bracelet that links to sensors throughout the park using RFID and radio, seeks to improve five fundamental components of every Park experience: going to an attraction, booking lodging, eating at a restaurant, taking a picture and sending it to loved ones, and buying souvenirs. The MagicBand is given to visitors a few weeks before their visit, and they can use it to enter the park, pay for meals and shopping, reserve rides, and view wait

times in real time. In the end, visitors enjoy a seamless transition between the digital and physical worlds.

CONCLUSION

A new era of fierce rivalry where the victor takes all is just getting started. The road to new company models has never been wider. Will digital technology alter the nature of business? Yes, it is the answer. Will the business theories that are taught at business schools year after year be given a new lease on life by digital technologies? I believe the solution is also yes.

Building a successful online business requires developing a distinctive brand identity and supporting it with excellent customer service and a positive shopping experience. Knowing your audience and the most effective means of communication with them is the key to these. Look into the best tools and strategies for drawing in and retaining ideal customers because using the correct tools to construct your website and marketing is just as crucial as having a clear strategy for reaching your audience. The only thing that is constant in the digital world is change.

REFERENCES

- <https://web.ithb.ac.id/en/doing-business-successfully-in-the-digital-era/>
- <https://link.springer.com/content/pdf/bfm:978-981-10-1079-8/1.pdf>
- <https://www.liferay.com/resources/1/digital-business>
- <https://celagenix.com/entrepreneurship-in-digital-era-digital-transformation-and-its-impact-on-business-strategy/>
- <https://www.simplilearn.com/digital-business-model-article>
- <https://readwrite.com/8-key-components-to-building-a-successful-business-online/>