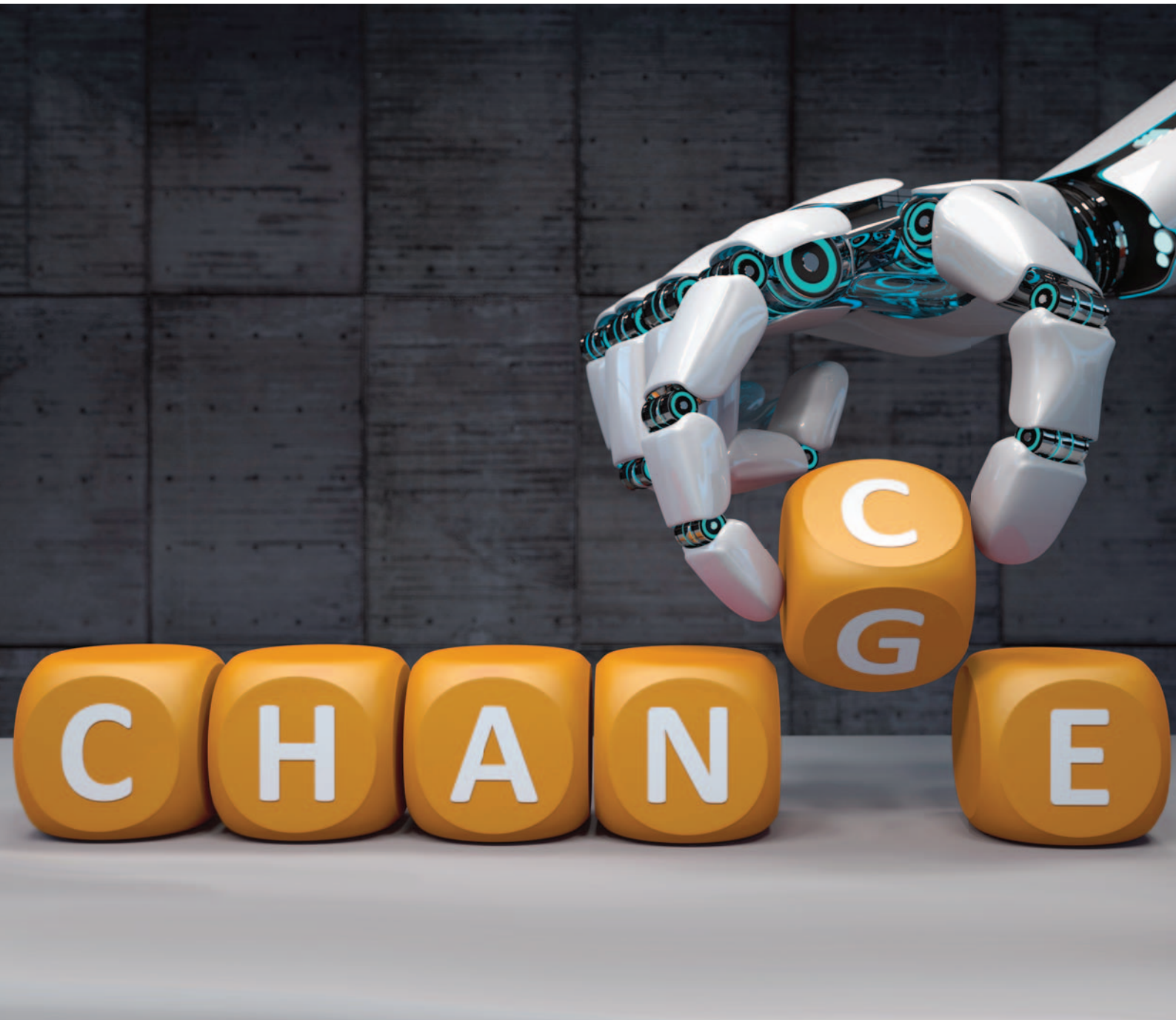


# BO(A)RDKARTE

MAGAZIN FÜR WIRKSAME GREMIEN- UND NETZWERKARBEIT



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## ASIA

# HOW CAN BUSINESS MODELS AND BRANDS TRANSFORM SUCCESSFULLY IN THE DIGITAL AGE?

In today's fast-moving world, there is no excuse for businesses not to step up. Businesses need to transform or be eliminated by competition. The rapid emergence of digital technology, e-commerce and the evolution of social media platforms as digital shop fronts continue to shake up almost all industries, across developed and emerging markets.

The rise of Asia and in particular China, have also contributed to redefine the global landscape as companies like Alibaba, Huawei and Tencent continue to make inroads across the world, and shake up current legacy models and traditional structures.

Three broad factors have redefined modern business models:

- The emergence of online platforms has been significantly influential as new channels for brand communication, promotion and revenue generation

- Branded experiences are acquired more importance than brands alone

- The lines between the physical and digital world are getting blurred in customer journeys

Until recently, business models have been traditionally focused on creating and establishing a

differentiated value proposition or brand positioning, bringing this positioning alive across all channels and ensuring that the key activities, including branding and marketing are able to positively generate healthy revenue streams and build brand equity. These principles have not really changed. Instead, it has become more challenging and complex today to achieve the desired results.

## Key challenges for business model transformation in the digital age

The emergence of digital platforms has shifted the focus of many businesses to e-commerce as part of the business model and strategy. Physical stores, while still critical to many businesses especially those in the FMCG or retail industry, are starting to take a backseat while management teams focus more efforts on achieving cross-channel consistency around visual identity, generating perceptions, communication of positioning, and enhancing the customer experience. Some of the challenges that businesses across sectors will face while transforming their businesses to respond to the digital age include the following:

## Consistency in brand proposition across channels

With the customer decision journey now traversing both online and physical worlds, businesses will have to ensure consistent and high-quality brand experiences across channels and points of engagement. For example, a bad customer experience on the online channel of a retailer may impact sales at physical sites, or in many instances, negatively impact the equity of the whole brand.

As an example, Singapore Airlines has consistently been one of the best and most admired airlines in the world setting standards for service excellence and customer experiences.

## Online vs. offline brand expectations

Consumers have altogether different expectations when they engage with businesses online and offline. When a consumer is researching or buying a product from an online channel, his or her primary needs are convenience, ease of research (compare, contrast, read feedback and reviews), and the ability to easily access a wide range of products to take a value-driven decision. In an offline channel (physical store), the primary consumer

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needs are to physically touch and feel the product, to satisfy a specific shopping occasion and to get a more in-depth evaluation of the product. In order to satisfy these different consumer needs, it becomes imperative that businesses need to think of ways to delight the consumer across these wide variety of needs and channels.

### Technology and sensory driven expectations

When engaging with brands in online channels, consumers are looking for brand experiences that seamlessly transition between platforms and technologies (desktops, laptops, tablets, smartphones, etc.). Consumers do not buy brands anymore these days; they buy “experiences”. Superior functionality and ease of use of online channels is a key expectation of consumers, which leads to the need for impressive visual features. In the physical world, consumers expect to be wowed by holistic brand experiences.

This has been the trigger behind businesses starting to offer experience centers – for example, Samsung Experience Stores, Muji Hotels, SK-II Future X Smart Stores – or even places where you only experience brands and not feeling pressure to buy the products.

### Best practices for successful brand and business model transformation

Traditionally, corporate strategy and branding have been carried out by companies with the objective of achieving a strong unique selling proposition. With the benefits offered by digital to customers, companies are being forced to change the old model.

### Management of brand identity

The identity of a brand conveys the values, image and associati-

ons of the brand to its customers. As such, it is one of those corporate activities that are managed with utmost control, diligence and consistency. However, with the changed dynamics between companies and customers, companies will have to include customers in their processes and as such, brand identity management will have to morph into a collaborative process with lesser control and constant change. Such a transformation will require companies to carry out a structural shift in control, management, participation and co-creation. Therefore, companies will benefit if they carry out a due diligence to see their level of preparedness and level of willingness to implement such a shift.

### Novel ways of customer engagement

With digital, conventional advertising, sponsorships, endorsements need to give way to new channels that would encourage and initiate a dialogue with its customers. The underlying premise of the communication channels chosen need to show a departure from the outdated mindset that companies are information providers and customers are information receivers. Instead, participatory dialogue must be encouraged.

### Leverage customer and social networks

The connectivity of the Internet has enabled customers to create a strong web of virtual ties and communities. These networks can enhance word of mouth communication, diffusion of innovation, solicit real-time feedback on product design, and help companies monitor current and evolving trends in many sectors. Companies need to incorporate this potential of digital into its business models in order to leverage on the invaluable consumer informa-

tion and consequently effectively design suitable strategies.

### Digital is a double-edged sword for businesses in transforming their business models

By allowing companies the reach and tools to better serve their customers, digital technology and platforms have introduced huge potential for businesses to better anticipate the needs of and delight their customers. It will be key for businesses to think of ways to effectively transform their business models to take full advantage of the opportunities brought about by the digital age. The era of customer empowerment and digital technology is for real. The sooner the companies learn to maneuver the changed lanes of business, the better it will be for their survival and success. Asia in many ways are showing the way forward as many companies are leapfrogging directly into the digital space. ■

Martin Roll



Martin Roll is a Senior Advisor to Fortune 100, Asian firms & family businesses. CEO of Martin Roll Company with 25 years of top-level C-suite counselling experience. He is an advisor to several global boards. Martin Roll teaches at global business schools, e.g. as Distinguished Fellow (family business) and Entrepreneur in Residence at INSEAD. He is author of the global bestseller “Asian Brand Strategy”.