

DIGITALIZING THE LESS USUAL SUSPECTS IN THE B2C UNIVERSE

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suspects in the B2C universe**

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Digitalization will continue to affect the competitive landscape of all industries, especially in the B2C universe. Digital transformation can be defined as a process rather than a single step. Incumbents denying digital innovations will eventually fall behind the market growth.

EXECUTIVE SUMMARY

Digitalization is one of the most critical aspects of the new business ecosystem. It has completely altered business models in numerous sectors. The most notable of which can be assembled under three groups :

- New sales interaction models and distribution channels
- Redefinition of competitive landscape
- Revenue sources through technology and value chain transformation.

Digital transformation can be defined as a process rather than a single step. Once an effective digitalization action is taken by a player, the whole industry is eventually affected. Adaptation to digitalization takes place in five phases which can be categorised as :

- Emerging trends
- Disruption by innovative start-ups
- Early adopters
- Incumbents begin adaptation
- Mainstreamization.

Incumbents denying digital innovations will eventually fall behind the market growth. Some examples of large companies who could not manage to adopt the digital change and eventually went into bankruptcy are Kodak (digital photography), Blackberry (touchscreen smartphones) and Blockbuster (online on-demand movie streaming).

Digitalization solutions include a wide range of innovative technologies in different value chain stages, including product supply network, marketing, sales and after-sales services. Companies being a part of this innovative change in a timely manner, with a thorough and to-the-point strategy, take a competitive edge in winning at different aspects of the business, particularly around cost saving, cross-selling, customer acquisition and retention.

In addition to digitalization's comprehensive usage in various value chains, the digital business environment is growing sector specifically. Digital pillar matrix can help to maintain an overview of existing implementations in different areas grouped into four main fields that are technology, commerce, mass media and transaction services.

Digitalization will continue to affect the competitive landscape of all industries, especially in the B2C universe. No industry can claim to be a digital pioneer, however each industry has its outperformers in the B2C area.

Implementations are already being actively employed in many sectors including specialty and grocery retail, HoReCa, consumer transportation and real estate:

- **Specialty retail:** Apparel, cosmetics, electronics, home appliances are all main areas where we see most of the market examples. Solutions mostly target advertising, cross / up-sale and footprint optimization.
- **Grocery retail:** Grocery retail is a very dynamic industry with an array of opportunities with a correspondingly large potential for digitalization solutions. Digital marketing through leverage of social media, e-shopping and QR-code based loyalty offerings are the main tools.
- **HoReCa:** Hotels, restaurants and cafes have various digitalization solutions that mainly focus on loyalty programs and online ordering implementations. Alternative digital payment solutions also exist in this landscape.
- **Consumer transportation:** Consumer transportation has strong business models driven by digital initiatives. Digitalization implementations in this industry, namely taxi-call, rent-a-car, car-sharing and public transport amongst others mainly offer substitutes to traditional transportation alternatives.
- **Real-estate:** Internet of things (IoT), particularly the smart-home applications, have changed nature of the game in the real-estate sector. Some of the outstanding examples are remote-programmable durables for energy / time saving and digital 3D-galleries illustrating the finished version of under-construction projects.

In order to have a strong digital presence, it is critical to identify the ideal strategy from the very beginning. In this lucrative and rapidly evolving environment, Value Partners Management Consulting can assist clients through a very successful journey around the development and deployment of an effective digital strategy. With our comprehensive approach that consists of diagnostics, analysis and value proposition, definition and deployment phases, we ensure our clients to have the ideal strategy and roadmap in their digital transformation journey.

INTRODUCTION

Digital is changing the business environment rapidly. Digitalization efforts have become common among many successful companies, however many others are yet to exploit its benefits. To be among the high performers, companies need to broaden their digital agenda by utilizing it in their daily operations, either by moving faster to implement initiatives or by reallocating their resources to digital work. As a result, digitalization processes lead to a significantly improved bottom-line and bring positive impact, both in terms of revenue increase and cost reduction.

At this point, we are certain that the digital evolution changed the ways to do business. Once companies decided to embrace this, they faced a trade-off between implementing new businesses and strengthening the old one. Many are choosing to renovate the old but still, priorities in each industry play an important role over this decision. For instance, while big data has become critically important for healthcare, automation has been most likely to benefit manufacturing companies. Most of this transition was driven by customer related needs as to better address them and differentiate in the existing market.

With all the developments in technology, the power has shifted to customers in today's business world. Innovative companies are affecting the business landscape and delivering customer-oriented products to guarantee impeccable customer experience. Many traditional players are struggling to compete with disruptive strategies from new entrants. Though, once adapted, the tough competition provides relative advantage to these traditional players as they are more mature on their cost, risk and operational strategies.

Real problems for the traditional players start with lower entry barriers as a primal result of digitalization. Ease to implement digital assets are often an open invitation for new entrants. Disintegrated value chains create an accessible environment for new entrants to catch up and even pass the traditional players and implement more cost-effective structures. This new era is redefining the terms of competition considering several factors including: a near perfect price transparency that can lead to an inevitable commoditization hence driving down profit margins; reduction in transaction and labor costs that result in scale economies in data and talent, so a monopolistic structure arises in the market, and, most importantly, globalization integrates the markets and consequently increases the competition. At the end, digital requires companies not only to be more attentive to customer journeys but also to create a dynamic process where customer inputs are constantly analyzed. Two concerns arise to guarantee

competence in digitalization: timing and pace. Digital start-ups are massively changing the market place, hence incumbents need to redefine their traditional approaches to be even more disruptive. Digital improves company agendas and helps them to be agile and updated. Among many elements to be exploited, big data is one of the keys to ease the decision making process and speed up implementation of these decisions. When used effectively, big data can allow companies to generate higher revenues. Although the benefits are crystal clear, research proves another picture: underutilization of digital still exists.

Apple, Uber and Airbnb are a few examples of unexpected disruptions to a variety of sectors. The change has happened very quickly so the future holds even more risks. If the deserved attention to digitalization stays away from company agendas today, the sustainability of these companies will turn into a big conundrum.

Digitalization has been taking place in customer experience journeys over several recent years. Despite this change, most sectors are still struggling to create innovative cross-channel experiences. Taking advantage of digitization provides customers with targeted, just-in-time product or service information in an effective and seamless way. Hence, businesses need to take a different approach in managing the customer decision journey by embracing the speed that digitization brings.

Digitalization is critical for remaining competitive, leading edge and effective in today's business environment. Failing to adapt to a constantly changing digital ecosystem will deteriorate a company's efficiency and effectiveness and could even lead to the tumble of long-established incumbents. In the backhand of increasing competitiveness and tough macro-economic conditions that form a challenging business environment, this document aims to explain utilization of digitalization for customer acquisition, cross-sell / up-sell and retention dedicated to B2C business.

DIGITALIZATION TRANSFORMATION OF COMPANIES AND INDUSTRIES

Digitalization has completely altered business models in numerous industries. The outstanding examples of this exist under three principle pillars :

- New sales interaction modes and distribution channels
- Redefinition of competitive landscape and revenue sources through technology
- Value chain transformation.

On the new sales interaction side, most of the solutions are focused around eliminating third parties between customers and service providers. Through digitalization, the competitive landscape of various industries has entirely changed by applying entrepreneurial, innovative approaches. Digitalization has also been affecting all parts of the value chain with ERP (Enterprise Resource Planning) solutions, new payment systems and daily life-easing consumer applications.

Numerous examples ([see Exhibit 1 next page](#)) can be given to newly altered business models as a result of digitalization.

As realized from the examples, no industry can claim to be a digital pioneer - however, each industry has its high performers. Once an effective digitalization step is taken by a player, the entire industry will sooner or later be affected.

A digitalization adaptation curve consists of five stages. It starts with “Emerging trends”, which is followed by the “Disruption by innovative start-ups” stage. After this initial sense-check era, the emerging trends are shaped as a comprehensive digital business solution and launched by one of the innovative market players. Afterwards, this comprehensive digital solution starts to disrupt other industry players by changing several industry dynamics. Then, “Early adopters” welcome the new initiative or execute a similar implementation of proposed digitalization to their business models. Incumbents, who are long-lasting, big-scaled and traditional players, usually do not see these new trends as a big threat at first. Some of incumbents however, who have an innovative and change-embracing culture, begin adapting the new digitalization trends early in this phase. Before adapting, they, of course, perform a detailed analysis about the recent impacts of the new initiative in the market. These incumbents are usually able to benefit more from these digital initiatives as described, in this so-called “Incumbents begin adaptation” phase thanks to their scale and expertise.

EXHIBIT 1
Digitalization has completely altered business models
in numerous industries

<p>DEVELOPMENT OF NEW SALES AND CUSTOMER INTERACTION CHANNELS</p>	<p></p> <p>CONSUMER GOODS Buy products online</p> <p>Internet-based (book) stores offer more choice, give personalized recommendations and deliver relatively quickly</p>	<p></p> <p>TRAVEL AGENCIES Assemble holidays packages yourself</p> <p>Internet-based booking websites for flights and hotels made B&M travel agencies redundant and led to increased price transparency</p>	<p></p> <p>VIDEO RENTAL Rent videos at home</p> <p>Internet-based video on demand services have changed the way clients choose and watch films, making video rental redundant</p>
<p>CREATION OF NEW COMPETITIVE LANDSCAPE</p>	<p> LIBERTY GLOBAL</p> <p>TELECOM Cable companies compete with phone companies</p> <p>Adoption of the TCP/IP technology enabled network convergence, canceling out the difference between COAX and copper</p>	<p></p> <p>PHOTOGRAPHY Sharing photo's online replaces printing</p> <p>Introduction of digital photography and social media sites to share photos led to complete transformation of Kodak no longer printing photos</p>	<p></p> <p>MOBILE PHONES Computer companies replace phone manufacturers</p> <p>Function of mobile appliances shifted from making calls towards internet applications</p>
<p>TRANSFORMATION OF VALUE CHAIN</p>	<p></p> <p>TRAFFIC CONTROL Based on mobile phone data, traffic jams are located in real-time</p> <p>TomTom to propose alternative routes to car drivers</p>	<p></p> <p>CLOTHES Adapt clothes design and production on shop sales data</p> <p>Fast fashion with short collection cycles, based on an integrated supply chain, daily sales monitoring and an interactive process between stores and designers</p>	<p></p> <p>MONEY TRANSPORT Pool back-office operations due to obsolescence of cash</p> <p>Growing digital payments lead to lower demand for cash and ATM services, leading banks to outsource and pool cash services with other banks</p>

The last stage is the “Mainstream phase”, having an inflection point inside where those adapting to the new digital norm will continue with growth. Status-quo defenders, in comparison, will not be able to escape from falling behind. In most industries, there is still some time for incumbents to meet the needs of today’s consumers; however if precautions are not taken in a timely order, laggards eventually fall behind once emerging players disrupt the industry’s ecosystem.

There is no clear signal warning companies of the exact timing of the inflection point inside the mainstream phase.

If business entities choose to wait until the beginning of mainstream phase to adapt the new digital trend, intentionally or unintentionally, they need to carefully monitor for the right timing to take action; or it may be too late to catch up with the market growth trend.

The successful initiatives and companies are the ones moving faster to build digital programs and implement initiatives, and reallocating their resources and their best people for the digital work. In reality, however, most companies are either not aware of, or ignore potential threats coming from digital disruptors. On the other hand, it will not bring any value to adapt an inefficient initiative just because it is in digital form. Hence, companies need to consistently analyze market trends and should not wait so long to implement, once they detect an innovative and influential digital solution.

EXHIBIT 2
Digitalization adaptation curve consists of five stages

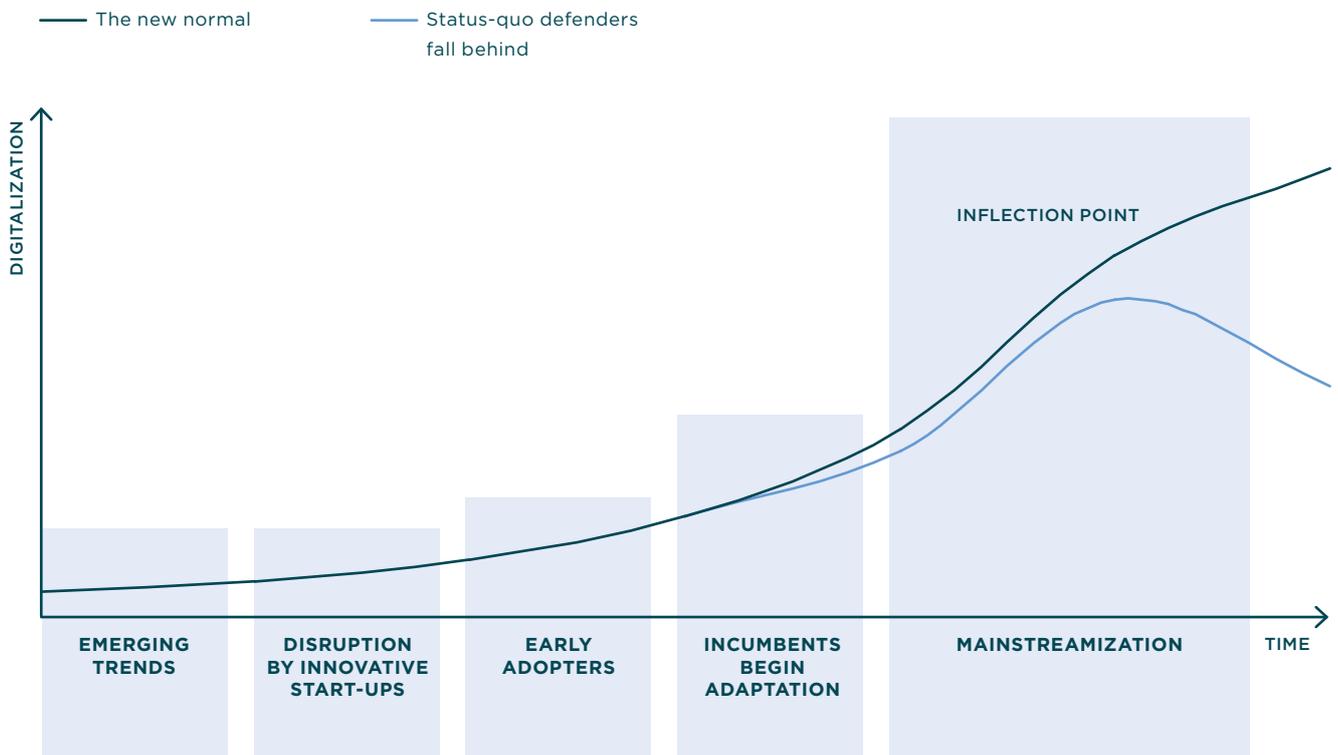
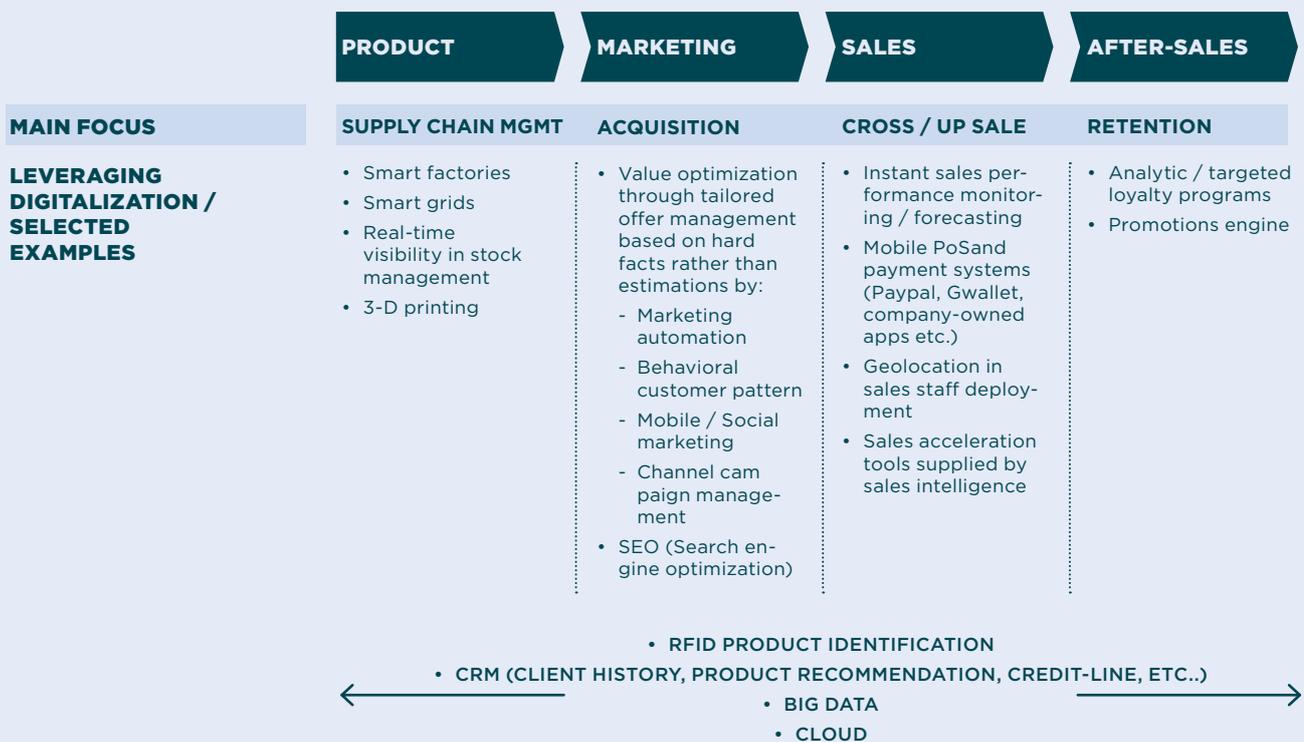


EXHIBIT 3
Many successful companies failed to maintain their top position when confronted with market and technology challenges

COMPANY			
TRADITIONAL PRODUCT	Mobile phone with keyboard	VCD/DVD movie rentals	Analog films
DIGITAL INNOVATION	Touchscreen	Online on-demand movie streaming	Digital photography
IMPACT	Close to bankruptcy in 2013	Filed for bankruptcy in 2010	Filed for bankruptcy in 2012
NEW NORMAL			

EXHIBIT 4
There are many different implementation methodologies of digitalization solutions in every aspect of value chain



Despite the mite and wealth of the well-acknowledged brands, many successful companies failed to maintain their top position when confronted with market and technology challenges. Among these companies, Kodak, Blackberry and Blockbuster are very eye-opening examples (Exhibit 3). Kodak, for instance, indeed tried to shift its business to digital photography from analog film manufacturing in 2000s, however it could not manage the huge change needed in cost-structure and organization. This example shows that not only timely execution but also perfect change management is needed for successful digital business innovations.

Another example, Blackberry, is the pioneer of smart-phone concept, nevertheless it went down with the launch of touchscreen phones which have changed the entire smartphone industry. To generalize, digitalization solutions can even define new customer needs which customers were not aware of before, rather than just fulfilling the currently-known. Blockbuster's bankruptcy is another case where an incumbent player resists to accept change which was brought by a disruptive innovation called online on-demand movie streaming.

Today, almost all industries are likely to be transformed by shifts in the new value chain models to stay competitive or even alive. There are many different implementation methodologies of digitalization solutions which are not necessarily applied to the same areas of the business. In the Exhibit below, selected examples leveraging digitalization are given under the umbrella of four main aspects of value chain, which are product supply, marketing, sales and after-sales services.

From supply chain management to customer retention-increasing activities, digitalization is levered in various ways. On top of the concepts in this framework, comprehension of current trends in the digitalization universe is also a pre-requisite to develop a sound digital-transformation strategy. The digital business environment is growing quickly in many areas. The pillar matrix shown below can help to maintain an overview of existing implementations and identify the most relevant ones in different dimensions - namely technology, commerce, transaction services and mass media.

EXHIBIT 5
Digital pillar matrix can help to maintain a general view of existing implementations in different areas

TECHNOLOGY			COMMERCE		
HEALTH	IT	SOFTWARE	CE	MOBILITY	RETAIL
HUMAN ENHANCEMENT		M2M		CONNECTED CAR	ONLINE ORDER
CLOUD SERVICES		BIG DATA		E-MOBILITY	DIGITAL SHELF
NANO-TECHNOLOGY E-HEALTH		XAAS	DIGITAL IDENTITY	SECURITY & PRIVACY	
E-GAMBLING	SOCIAL MEDIA				NFC
		E-BUSINESS			ALGO TRADING
NEXT GENERATION TV	NET NEUTRALITY		E-GOV	CYBER WARFARE	E-PAYMENT
ENTERTAIN.	ADVERT.	MEDIA	E-SERVICES	PAYMENT	SECURITY
MASS MEDIA			TRANSACTION SERVICES		

EXHIBIT 6
Digitalization in specialty retail landscape: apparel, cosmetics, electronics, home appliances

	PRODUCT	MARKETING	SALES	AFTER-SALES
APPLICABILITY	X	✓	✓	✓
RATIONALE / OBJECTIVE	• N/A	• Mass-marketing / PR • Targeted marketing	• Increasing consumer - Touch-points - Base	• Customer retention
		← X-SELLING →		
EXAMPLE 1	 GUCCI	• Gucci launched an omni-channel initiative in the US called Find in Store, enabling consumers to identify which stores carry particular items.		
EXAMPLE 2	 M&S EST. 1884	• M&S launched its first omni-store in Amsterdam's prestigious Kalverstraat to minimize required store space and providing full inventory online	• Deployed a 'virtual rail', a touchscreen panel to browse items	
EXAMPLE 3	 YOOX	• Introduced the "e-butler service", where the delivery-man waits for 15 minutes while customers try on their clothes		
EXAMPLE 4	 kate spade GLASSES	• Implemented interactive display systems and deployed digital, shoppable windows in NYC for consumers to shop on streets, coupled with same-day delivery service		
EXAMPLE 5	 ALLSAINTS	• Prioritizing e-tailing; AllSaints has relocated its distribution center to Atlanta, where the UPS headquarters are...	• ... and also entered Korea as a stronghold in Asia, believing in its growth in e-commerce	
EXAMPLE 6	 hopi	• Hopi has partnered up with numerous prominent local Turkish retailers, from apparel to electronics industries, to create a cross-industry app	• Provides combined loyalty programs • Utilizes big-data for targeted ads	
EXAMPLE 7	 GLAMOUR	• Glamour Magazine has set-up shoppable walls, stocked with beauty products in NYC	• Consumers can purchase products through their mobile apps by scanning barcodes	
EXAMPLE 8	 IKEA	• Ikea, through its catalog app, facilitates augmented reality by digitally projecting consumers how the Ikea furniture would look like in their premises		
EXAMPLE 9	 SEPHORA WHERE BEAUTY BEATS	• Sephora has deployed touchscreens in its selected US stores, Skincare IQ, that recommends best products to users following several questions		
EXAMPLE 10	 UNI QLO	• Uniqlo has deployed "magic mirror"s in few selected stores in the U.S., that project different colors of the jackets the user is trying on, without the need of the user changing the jacket		
EXAMPLE 11	 LANCÔME PARIS	• Lancome has launched its augmented reality app, Lancome House of Color, that predicts how a certain type of make-up would look on uploaded pictures of users		
EXAMPLE 12	 Bodymetrics	• Bodymetrics launched private closets to map unique body sizes of users, to find perfect-fit apparel		
EXAMPLE 13	 collect+	• Collect + provides an alternative solution for shipment of products: Consumers can return and collect orders from local shops such as newsagent stores		
EXAMPLE 14	 amazon	• Amazon has started trialling delivery through drones	• Amazon has even proposed drones-only airspace to facilitate high-speed delivery	

DIGITALIZATION LANDSCAPE IN VARIOUS SECTORS

Digitalization solutions can be utilized in numerous sectors with specialty and grocery retail, HoReCa, consumer transportation and real estate as prime examples.

Specialty Retail

In the specialty retail landscape (Exhibit 6), apparel, cosmetics, electronics and home appliances are the main areas where we see most of the market examples. These different examples show that digitalization in business is not limited to specific markets or regions. Since the information can easily travel across borders and continents, digital solutions can be readily observed from a business model located in any country in the world and can be reapplied to another one. In this industry, digitalization is widely used to optimize store footprints.

Via mobile applications, customers are given the opportunity to check items' locations to see which store they are particularly located in. Hence, once this awareness spreads among customers, companies do not have to try maximizing each product's availability in every store. Instead, they have the optimization and customization opportunity enabling footprint improvement for the company and time/effort saving for the customers. In addition, loyalty programs are also widely used in the digital landscape of specialty retail.

As an innovative example of digitalization usage, Uniqlo in US has deployed "magic mirrors" in a few selected stores, which project different colors of the jackets the user is trying on without the need of the user changing the jacket.

Grocery Retail

Grocery retail is a very dynamic industry with multiple opportunities and room for digitalization solutions. Market players experiment new store formats, communication tools and sales strategies every year. Digitalization solutions naturally take their part in this changing industry as part of the emerging innovation trend. Digital initiatives are not only being actively used in supply chain premises but also being recently used as customer communication and sales tools.

The main implementation targets are changing the grocery shopping format by introducing e-grocery. In virtual-stores, consumers are able to collect the products in their baskets and buy online. In this solution, the delivery and cost structure of the retailer is very crucial for a feasible e-grocery service. Another implementation example is the usage of digital marketing and social-media. With the increasing smartphone penetration, most people are currently able to perceive the communication channels deployed through Facebook, Twitter or QR-code apps of which all are used by groceries or consumer goods companies.

EXHIBITS 7 & 8
Digitalization in grocery retail scene and in HoReCa sector

Impact area	PRODUCT	MARKETING	SALES	AFTER-SALES
APPLICABILITY	✓	✓	✓	✓
RATIONALE / OBJECTIVE	<ul style="list-style-type: none"> Fresh / healthy products 	<ul style="list-style-type: none"> PR Targeted marketing 	<ul style="list-style-type: none"> Increasing consumer touch-points Eased check-out 	<ul style="list-style-type: none"> Customer retention
	← X-SELLING →			
EXAMPLE 1	 <ul style="list-style-type: none"> Walgreens has created a 'Scan-to-Refill' feature in its pharmacy service the scanning feature embedded into their mobile app, customers can scan drug labels and pick-up their prescription refills in an hour. 			
EXAMPLE 2	 <ul style="list-style-type: none"> Deployed 22 interactive billboards in South Korea, to reach time-pressed consumers, allowing them to shop on-the-go using the mobile app during their daily commutes 			
EXAMPLE 3	 <ul style="list-style-type: none"> Tesco has launched its "Winefinder service" to provide customized suggestions to users on which wine to have depending on their personal taste, the food to be served with and the type of occasion 			
EXAMPLE 4	 <ul style="list-style-type: none"> A start-up that delivers fresh ingredients for a specific recipe for specific amount of people periodically to consumers' premises 			
EXAMPLE 5	 <ul style="list-style-type: none"> A start-up that brings niche, organic, genetically non-modified, fresh products straight from farms to consumers' premises 			
EXAMPLE 6	 <ul style="list-style-type: none"> Introduced in France at the beginning of 2000s, Auchan Drive is a simple click & collect service that allows consumers to order spontaneously / in advance to a pick-up products from their vehicles in specified points in less than five minutes 			
EXAMPLE 7	 <ul style="list-style-type: none"> Wal-Mart, has commenced an in-store collection locker trial, to expedite the collection of products for pre-orders Expected to boost online sales 			
EXAMPLE 8	 <ul style="list-style-type: none"> Grocery orders are delivered at consumers' premises at a convenience fee Partners up with major grocery retailers around the U.S. including Whole Foods, Costco, etc. 			
APPLICABILITY	✓	✓	✓	✓
RATIONALE / OBJECTIVE	<ul style="list-style-type: none"> Disruptive services 	<ul style="list-style-type: none"> Targeted marketing 	<ul style="list-style-type: none"> Increasing consumer touch-points Eased check-out 	<ul style="list-style-type: none"> Customer retention
	← X-SELLING →			
EXAMPLE 1	 <ul style="list-style-type: none"> Starbucks has facilitated the use of mobile payments through its application, improving the loyalty program and customer experience 10mln users and USD 5mln transactions per week in 2013 			
EXAMPLE 2	 <ul style="list-style-type: none"> Through Domino's app, consumers can easily place orders Consumers can also: Track their orders online (Pizza tracker); Keep vouchers; Customize pizza with special requests (e.g. Toppings, half-and-half pizza orders, etc.) 			
EXAMPLE 3	 <ul style="list-style-type: none"> Uber has launched its food-delivery service, UberEats, where consumers can use the app, pick the food from local restaurants and get them delivered to their premises Partners up with local restaurants; Promises to deliver meals under 10 minutes; Additional fee is paid by consumers 			
EXAMPLE 4	 <ul style="list-style-type: none"> Sushico launched its own website, bundled with its own loyalty program Dynamic percentages for loyalty rebates, changing percentages for every hour 			

Customized promotions through effective utilization of CRM solutions are also another strong aspect of digitalization in retail. Coupons and promotions have also been transforming to a digital, customized format from generic mass-communication hard-copy flyers.

Additionally, retailers are developing more efficient payment processes for customers. Traditional cashiers are bottlenecks for both consumers and retailers. Consumers want to save time and effort during payment; and retailers want to save on their wage costs. Therefore, digital self-payment solutions are widely accepted by both stakeholders of the industry. Other selected successful examples with impact areas in different stages of the value chain can be seen in [Exhibit 7](#).

HoReCa

In the HoReCa sector ([Exhibit 8](#)), loyalty programs and online ordering are the most common implementations of digitalization. We also see examples of using digitalization as an alternative payment solution. For instance, Starbucks has facilitated the use of mobile payments through its application, improving their loyalty program and customer experience.

As an innovative example here, Uber has launched its food-delivery service, UberEats, where consumers can use the app for picking the food from local restaurants and having them delivered to their premises.

Consumer Transportation

In consumer transportation ([Exhibit 9](#)), there are strong business models driven by digital initiatives. Digitalization implementations in this industry mainly offer substitutes to traditional transportation alternatives. The business models can vary from personal car sharing to central pool car services with special drivers. Payment service alternatives are also add-ons of these digital implementations in the consumer transportation sector. By using mobile applications, users are able to fulfill their personal transportation needs in a more efficient way. Therefore, digitalization is alive during the entire course of the consumer transportation value chain.

Real-estate sector

The Internet of things (IoT), particularly smart-home applications, have changed the game in the real-estate sector. Some of the built-in durables are now remote-programmables which enable home owners to save time and money. As an example, Nest provides Wi-Fi-enabled thermostats which can learn user habits and increase energy efficiency. Further examples can be smart smoke detectors and other security systems. Real estate development companies are also benefiting from digitalization - offering specialized mobile apps to their customers for targeted marketing, cross-selling and retention. Through these apps, users can access 3D-picture galleries, floor plans, key information; they can request concierge service, contact sales team, and see targeted offers via push notifications.

EXHIBITS 9 & 10

Digitalization in consumer transport: Taxi, rent-a-car, car-sharing, public transport (bus, train, etc.) and in real estate

	PRODUCT	MARKETING	SALES	AFTER-SALES
Impact area				
APPLICABILITY	✓	✓	✓	✓
RATIONALE / OBJECTIVE	<ul style="list-style-type: none"> • New products lines 	<ul style="list-style-type: none"> • Targeted marketing 	<ul style="list-style-type: none"> • Increasing consumer touch-points 	<ul style="list-style-type: none"> • Customer retention
	← • X-SELLING →			
EXAMPLE 1	  <ul style="list-style-type: none"> • Hong Kong's Octopus card is a closed-loop debit card that is used for public transportation and for other services as it has partnered up with prominent retailers (e.g. McDonalds, 7Eleven, ...) 			
EXAMPLE 2	  <ul style="list-style-type: none"> • Disrupting the global taxi industry, Uber caters to consumers' convenience needs by mediating on-demand transportation services 			
EXAMPLE 3	  <ul style="list-style-type: none"> • Blablacar has become the poster-child for the new car-sharing industry 			
APPLICABILITY	X	✓	✓	✓
RATIONALE / OBJECTIVE	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • Targeted marketing 	<ul style="list-style-type: none"> • Increasing consumer touch-points 	<ul style="list-style-type: none"> • Customer retention
	← • X-SELLING →			
EXAMPLE 1	  <ul style="list-style-type: none"> • Sunteck and Lodha Group are real estate development companies, catering to the ultra-luxury and luxury residential segment – offering specialized mobile app to its customers 			
EXAMPLE 2	  <ul style="list-style-type: none"> • Nest is a home automation producer of programmable Wi-Fi-enabled thermostats which can learn user habits and increase energy efficiency, smart smoke detectors, and other security systems. It is acquired by Google for \$3.2 billion 			
	<ul style="list-style-type: none"> • Through an app, users can: Access picture galleries, floor plans, key information; Request concierge service; Contact sales team; See targeted offers via push notifications 			
	<ul style="list-style-type: none"> • Through an app, users can: Sell / buy seats on a private car at a destination; Pay for the service (no physical trx.); Rate the driver/user and see how drivers/users are rated 			
	<ul style="list-style-type: none"> • It calculates the fee for each custom trip, depending on entrance and exit points 			
	<ul style="list-style-type: none"> • Through an app, users can: Order cabs / cars; Pay for the service (no physical trx.); Rate the driver and see how drivers are rated 			
	<ul style="list-style-type: none"> • Through an app, users can: Adjust the temperature of home from work with smartphones • Watch home from smartphone or be alarmed by any suspicious activity in home 			

CONCLUSION

Putting everything together, we can see that digitalization is now a part of most businesses and its utilization has been rapidly growing among many sector players. It has already changed the business dynamics in most industries. Those being a part of this change took a more competitive edge in winning at different aspects of the business, particularly around cross-selling, customer acquisition and retention. The digital landscape of any industry should be monitored closely for new initiatives and offerings. Once a new initiative is detected, it is very crucial to understand its maturity level, impact created and its pace of growth.

Simultaneously, it is also important for businesses to organize internal company planning for a potential counter-initiative. If the recent solution in the market changes the dynamics, the other companies would be ready before any inflection point as a result of close market-monitoring and internal preparation. All companies including incumbents, should be vigilant about market-watching and internal agility for awareness of different implementation methodologies of digitalization solutions in every aspect of value chain. In other words, to be among the successful and game-changing cases of digitalization implementations, companies must develop a mechanism for efficient internal planning.

The digital business environment is growing fast in many directions, both within sectors and inter-sectors. Companies need to monitor, not only the sector within which it operates, but also other sectors to see potential benchmarking opportunities.

The digital pillar matrix can assist companies to have an overview of present solutions and identify the most relevant ones. In addition to this conceptual matrix, solid examples from specialty and grocery retail, HoReCa, consumer transportation and real estate sectors can be examined. There are many eye-opening examples which have changed the landscape in their operating industry. In light of all these visions, a company should set its digital roadmap and strategy through three phases.

These can be named as:

- Diagnostic,
- Analysis and value proposition,
- Definition and deployment.

As a result, companies will be ready for digital transformation with a comprehensive approach.

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Digitalization has already changed the business dynamics in most industries. To be among the successful and game-changing players, companies must simultaneously monitor new initiatives in the market and develop a mechanism to set their digital roadmap and strategy accordingly.

ABOUT VALUE PARTNERS

Value Partners is a global management consulting firm that works with multinational corporations and high-potential entrepreneurial businesses to identify and pursue value enhancement initiatives across innovation, international expansion, and operational effectiveness.

As Value Partners, from defining the digital strategy to developing a detailed plan to reach ideal digital platform, we are providing turnkey solutions to our clients. Our solution services are mainly divided into three parts which are diagnostic, analysis and value proposition, definition and deployment. We have developed ideal strategies and assessed required capabilities for digital transformations of our clients, in addition to baselining key KPIs to ensure future sustainability of the initiative.

Furthermore, we have analysed requirements for the identified strategy with ambition setting. For our clients, we have scoped and re-designed commercial propositions, developed required skills and processes, developed technology platform and defined KPI steering model to ensure continuous digital improvement.

We are here for taking our clients through the journey of digital innovation in the right direction.

Founded in Milan in 1993, over the years, Value Partners has grown to over 30 global partners and more than 250 professional consultants from 23 countries. It has offices in Milan, London, Istanbul, Dubai, São Paulo, Buenos Aires, Beijing, Shanghai, Hong Kong and Singapore.

Value Partners has built a portfolio of more than 350 international clients – from the original 10 in 1993 – with a worldwide revenue mix, as over 60 percent of the management consulting revenues are generated outside Europe. Value Partners combines methodological approaches, analytical frameworks and professional tools with a practical hands-on attitude and a wealth of industry knowledge and executive capacity within many sectors.

For more information on the issues raised in this note please contact the authors.

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