



THRIVING IN A DIGITAL WORLD, AND THE DIGITAL MYOPIA

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Recent technological advances have created a new digital age. Widespread use of the internet and many powerful new technologies are having a dramatic impact on marketers and buyers. Many marketing strategies and practices of the past mass marketing, product standardization, media advertising, store retailing, and others were well suited to the old economy. These strategies and practices will continue to be important in the new digital age. However, marketers will also have to develop new strategies and practices better suited to today's new environment.

Today a growing number of appliances and systems operate on digital information, which comes as streams of zeros and ones, or bits.

The internet, sometimes called simply "the net", is a worldwide system of computer networks, a network of networks, in which users at any one computer can get information from any other computer. Today the internet is a public, corporative, and self sustaining facility accessible to hundreds of millions of people worldwide. The application of internet facility is widespread strategy for banking at present competitive banking environment.

Internet banking provides number of benefits for both customers and banks. But, in spite of benefits many problems also may be dealt with internet banking before it can become extensively adopted by customers. When compared with traditional banking, some customers find internet banking websites difficult to operate.

In addition, security and privacy issues involved with the adoption decision of customers for internet banking. They fear loss of money due to hacking and virus attacks, and a few think that their accounts information can easily be shared with third parties via the internet.

As one of the trust issues most of bank customers do not rely on internet banking because of threats associated with it. The other issue is the information quality. Customers are not being able to understand information available on the internet banking websites.

Sathye (1999) noted that adoption as "the acceptance and continued use of a product, service or idea" and the critical question is whether customers will accept the electronic form of



receiving information and performing transactions. As the technology support, customers expect faster internet access without any delay to perform the transactions through internet banking. In this modern era, customers also demand a services through the internet banking facilities.

Therefore, in order to create and maintain healthy internet banking facilities and in order to face the competition, it is vital to provide the best services through internet banking to fulfill the customer requirements.

In the new competitive banking environment, internet banking need to manage as main operational activity. Tan and Teo (2000) pointed out that banks need to reconsider their information technology strategies with focus to the internet banking services. To accomplish this purpose, it is important for the banks to know the factors that are more important for the adoption of internet banking according to customer perspective.

By recognizing and understanding the more influential factors for customers' acceptance to internet banking, banks should adopt their policies, strategies to improve their internet banking services accordingly to attract and improve their customer base.

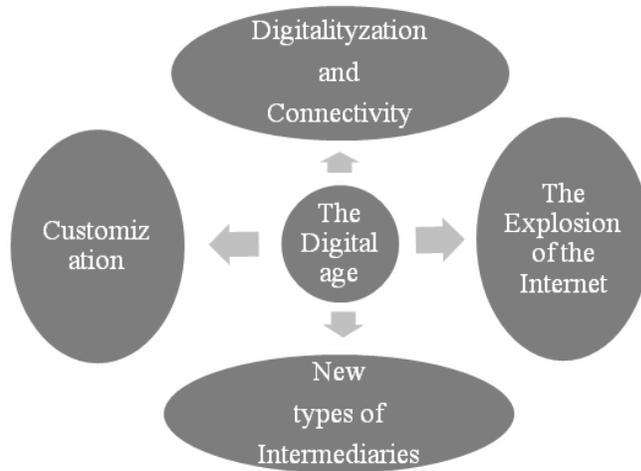
Though internet banking is very convenience method and provides more advantages for customer transactions. Wungwanitchakorn (2002) indicated that in most developing countries, the internet banking is still in its early stages. Even though the customers are registered or adopted the Internet banking facilities they do not execute as active participants.

Conducting business in the digital economy

Conducting business in the digital economy means using Web-based systems on the internet and other electronic networks to do some form of electronic commerce (EC). The infrastructure for EC is networked computing (also known as distributing computing) which connect computers and other electronic devices via electronic telecommunication networks.

Such connections allow users to access information stored in many places and to communicate and collaborate with others, all from their desktop (or even mobile) computers, while some people still use a standalone computer exclusively for a network confined to one location, the vast majority of people use multiple location network computers.

These may be connected to the global networked environment, known as the internet or to its counterpart within organizations called and intranet. In addition some companies, banks link their intranets to those of their business partners over networks called extranet. The connection typically is done via wire line systems but since 2000 more and more communication and collaboration is done via wireless systems.



Forces shaping the digital age

Networked computing is helping some banks companies excel and are helping others simply to survive. Broadly, the collection of computing systems use by an organization is termed information technology (IT), which is focus and almost all medium and large organizations in develop countries. Many small ones, private or public, in manufacturing, agriculture, or services, use information technology , including electronic commerce, to support their operations. Indeed IT is creating a transformation in the way business is conducted, facilitating a transition of a digital economy.

The digital economy refers to an economy that is based on digital technologies including digital communication networks (the internet, intranet, and private value –added networks or VANS), computers, software and other related information technologies. The digital economy is also sometimes called the internet economy, the new economy, or the Web economy.

Major capabilities of information systems

- Perform high speed, high volume, numerical computation
- Provide fast, accurate and inexpensive communication within and between organizations
- Store huge amounts of information in an easy to access yet small space
- Allow quick and inexpensive access to vast amounts of information worldwide
- Enable communication and collaboration anywhere any time
- Increase the effectiveness and efficiency of people working in groups in one place or in several locations
- Vividly present information that challenges the human mind
- Facilitate work in hazardous environments



- Automate both semiautomatic business process and manually done tasks
- Facilitate interpretation of vast amounts of data
- Can be wireless, thus supporting unique applications anywhere
- Accomplish all of the above much less expensively than when done manually

Information and Communication Technologies (ICT)

Information and communication technologies (ICT) is a domain undergoing an accelerated transformation and evolution since the time the personal computer became a key business accessory during the early 1980s. The ICT evolution and the increasing penetration of the internet technology in all areas of human activity, combined with significant developments on the socio-economic, political and demographic landscape have been continuously transforming the market dynamics and the consumer behavior over the last years.

The changing market place is for quite some time the subject of academic research and debate and topics around the impact of the ICT make frequently headlines in the specialized press as well as in public media and also among the experts in the banking industry.

In April 2005 the influential weekly *The Economist* published an article titled “Crowned at last”, explaining how technology has changed the market dynamics and how the market power is migrating towards the new, individualistic, existential but also educated and well-informed consumer.

However empowered contemporary consumer has increasingly become an important, if not the dominant, part of an evolutionary process likely to affect the business practice of the twenty-first century.

At the same time recent high profile takeovers of Paypal (an internet-based payments system) and Skype (an internet-based telephone service) by eBay, of the photo sharing service Flickr by Yahoo, of the video exchange platform YouTube by Google and the takeover of the online advertiser aQquantive Inc. by Microsoft have placed once more the internet-based economy in public prominence, reinstating memories of the dot.com gold rush of the 90s.

Well-known brands of the new high-tech era like Google, eBay, Skype, Myspace, *secondlife.com*, Wikipedia and YouTube next to their meteoric growth as internet success stories are also examples of a new breed of web corporations belonging to a category frequently referred to as Web 2.0, (Web 2.0 is the current state of online technology as it compares to the early days of the Web, characterized by greater user interactivity and collaboration, more pervasive network connectivity and enhanced communication channels.) semantic web or social media.



The migration of the market power from those who traditionally held it – the producers/sellers – towards the consumers/customers is a major ongoing revolution in the internet space but also in the broader marketing landscape.

Collective customer reaction appears to become more and more a common place nowadays and the voice of the consumer has turned out to be a factor that no one can easily ignore.

The loud consumer voice is based today on a collective power never known before, facilitated by technologies and communication platforms allowing not only the particular monitoring of corporate activities but also the viral dissemination of information about all kinds of business-related problems and corporate negligence or misconduct (often based on written, audio or video evidence).

Bank customers do their banking transactions online, while consumers order their photo prints online, something that has led to the disappearance of the traditional film processing industry and has led to a fierce international competition for the printing of photographs.

Consumers buying airline tickets are taking over the whole process of booking, checking in, choosing their seat and printing their boarding pass without the help of any agent.

However numbers of industries are experiencing the negative effects of the changing market practices. The new power structures and many traditional players attempt to react to the change by fundamentally re-designing their business processes and revenue models.

Some examples are as follows:

- Banks realize that the best way to serve their customers and win their loyalty is to place much more attention on their online banking services. Physical banking is declining (the number of banks and bank branches is steadily declining since the 1980s) and a substantial number of banking transactions takes place in ATMs and online.
- Digitalization becomes a new paradigm shift to the banking industry in the world. New application, technological methods is using by the banks for their transactions than the traditional methods in the world now.
- The main distribution channel of the traditional travel and holiday industry, the travel agency, has seen its role as intermediary substantially weakening. There are different estimates as to the numbers of airline tickets and vacations reservations booked online but the percentages in some countries are already quite substantial. Thousands of travel agencies go out of business worldwide every year. Tour operators and airlines pay less or no commissions to agents preferring to pass these savings directly to the customers while e-tickets have by now become a standard airline practice.
- The music and film industry has seen sales falling and the number of hit music albums or hit films steadily diminishing during the last years. Illegal distributions have hit hard the revenues



of the industry and most legal efforts to curb the file sharing phenomenon have failed. On the other hand the customer preference for music, films or games in digital and downloadable form threatens to make CD-ROM, DVD and other reproduction technologies outdated in the coming years. Physical distributors of music are forced to diversify their businesses in order to survive in this circumstance.

- The printing industry is undergoing a silent yet radical transition; print-on-demand and other forms of online printing services form a direct threat to traditional printing. The new online services give the customer the power to decide the terms of the transaction (no minimum copies or printing batches are required, even printing of one copy is possible) enjoying low costs and flexible solutions for his printing requirements. Now world moves towards the paperless society with the focus of protect environment.
- News papers observe their revenues from classified advertisement diminishing; customers find it easier and cheaper to place their advertisement on online auctions or any other of the thousands of similar Consumer-to-Consumer trading sites. Such sites allow to buyers and sellers to find each other quickly and at no cost.
- Traditional employment agencies are exploring new ways of operation, involving much more active use of the web, since a substantial part of this market migrates to online employment services like monster.com and others.

The functions, advantages of the Web

- It is quite obvious that the main mechanism of these developments is the internet that in many ways has become a daily reality for over a billion users internationally. The popularity of the internet keeps increasing, due to technologies like broadband and some important advantages it offers to the users.
- Transparency and abundant information. The user can find easily, fast and inexpensively information about businesses, products, persons and services that is necessary in order to make sound purchasing decisions.(data mining)
- More alternatives and choice: The user can engage in commercial transactions with vendors in any part of the world and buy products and services offering the highest possible value. e.g. Ebay, amazon.co.uk
- Easy contacts and business deals: Transactions are possible with the click of the mouse button. The public trust in online commerce is increasing and the confidence in online payments at present is higher than ever before.
- Control over the transaction process: The buyer has absolute control on all processes leading to commercial transactions (information search, product comparison, purchasing, delivery, payment) without intervention of intermediaries. The consumer is furthermore able to influence other fellow consumers who are interested in similar products by posting product and vendor reviews, personal experiences and comments on various consumer forums, billeting boards, blogs or other types of social media.



Competitive intelligence on the internet

The internet can be used to help a bank conduct competitive intelligence easily, quickly and relatively inexpensively in the following ways.

1. Review competitors web sites. Such visits can reveal information about new products or projects, trends in budgeting, advertising strength, financial strategies, and much more
2. Analyze related electronic discussion groups. Internet newsgroups and web site discussion boards can help bankers to find out what people think about a bank and its products.
3. Examine publicly available financial documents. This can be accomplished by entering a number of databases. Most charges a nominal fee.
4. Do market research at your own web site. Can conduct survey or pose questions to visitors at your sites and give prizes to those visitors who best describe the strengths and weaknesses of the bank.
5. Use an information delivery service to gather news on companies. Information delivery services (such as info wizards, my yahoo) find what is published on the internet, including newsgroup correspondence about your competitors and their products.
6. Use corporate research. Corporate research and rating companies provide, for a fee, information ranging from risk analysis to stock market analysts reports a out your bank
7. Dig up the dirt on your bank.
8. Find out what the “going rates” for employee pay.
9. Find corporate credit history

The above facts indicate the important role of the internet for the present but also for the future business and social perspective. We should not forget that the volume of the online commerce has put the internet to the second place as retail channel in many countries in the Western world, second only to the high street retailing. In many countries the internet is already the primary source of information for large consumer segments and users increasingly show confidence in the internet as a safe transaction platform.

To increase the confidence to the Virtual business, the awareness should be enhanced with banking customer empowerment. One of the effects of customer empowerment is that the importance and power of the traditional mass media (press, television and radio) as the main channels for reaching large numbers of consumers is steadily declining while the consumer becomes more and more suspicious of corporate marketing efforts.

Technology’s penetration has reached an inflection point where we are considering the impact of digitalization throughout the business world. The sheer proliferation of data, the internet of things, and digital automation are leading to disintermediation with new routes to market and new business risks to handle digital now serve as a catchall term for things related to the internet and the increasing interconnectedness of people and things.



Consumers, losing emotional connection to traditional brands and trust in corporate communication, turn increasingly to internet, virtual banking, mobile banking, and online transaction facilities, thousands of social web sites where they can meet virtually the other consumers/customers for information, advice and fulfill their facilities.

The new reality of marketing

The new reality of marketing: from high pressure tactics to customer advocacy. The unique power of the modern, virtual consumer and the diminishing effectiveness of traditional market models and corporate influence are indicative of a new marketing paradigm causing anxiety and uncertainty to traditional enterprises. Banks or any other institutions unable to react and adapt to the new realities are facing increasing difficulties in reaching, acquiring and retaining customers.

The customer expectations and the parameters defining the customer value have become increasingly hard to identify while the consumers' behaviour is changing in line with their market empowerment and increase of alternative options.

Internet users learn quickly that the web today is a very powerful, simple to use tool that allows them not only to make better and more sensible choices but also to save them substantial amounts of money thus reducing the cost.

Presenting the customer with the right online experience becomes so important that there are already examples of banks creating the position of managers of customer experience.

Banks should use the corporate web site as platform of customer advocacy. Constantinides (2008) suggests a number of ways to do that:

- Using Virtual Advisors (advanced tools helping the customer to make the right choice),
- "Listening-In" to the way your customer is behaving when exploring your web site, • Engage the customer in collaborative design of your products/services
- Maintain an honest, open dialog with him.

In a more concrete approach Forrester Research identifies the main ingredients of a web site that will contribute to customer advocacy as follows:

- Simplicity: make the life of your customer easy.
- Benevolence: show your customers that you are willing and able to help them.
- Transparency: do not be afraid to compare your product with the competitor.
- Trustworthiness: always do what is right and honor your promises.

The financial institution, banks or any other companies once rooted in more and more antiquated business models can survive or thrive in the digital world by following:



- Using private and open data to help discover meaningful, useful business insights
- Harnessing the power of mobile computing and the internet of things to grow revenues and reduces costs
- Taking a mature approach to cyber security

- Replacing established operating models so as to reduce costs and better serve new customers
- Taking an integrated approach to serving customers by way of a combination of digital and traditional platforms
- Challenging the preconceptions as to which tasks can be automated

Digital transformation now contributes to outperformance and will most likely become a requirement for survival and strategically a partner for offering exceptional service to the customers.

Contribution an exceptional experience and listen to the customer's voice there are some other concrete steps to the direction of customer advocacy in the banking or any other field. As mentioned there are many examples of financial institutions using advanced tools like online advisors in order to help their customers to make an easy and correct choice of any banking activities such as loans or compare honestly different financial products or in any area which relates to their activities.

A number of firms are experimenting already entering the social media or Web territory in order to open an honest dialog with their customers regarding the services they present or offer them the possibility to express their complaints, preferences and ideas which help the institution to make correct decisions all the time. e.g. Face Book

Many traditional banks, companies, financial institutions or any other institutions seek direct communication, interaction and customer feedback through the introduction of web sites based on social networking and customer generated content. e.g. firms like Nike, Disney, Coca Cola, The Hearst Media and others have been proactive in this area and have integrated corporate blogs into their regular marketing activities.

The Top executives of reputed organizations in the world (e.g. Steve Jobs, former CEO of Apple Computers) used to place their daily comments on corporate blogs seeking a direct contact and dialog with their customers by encouraging them to react and freely express their feelings or remarks about the company and its products.

Some firms are going even further: Companies like Sony encourage customers to create commercials for them, based on the assumption that an advertisement created by a customer is more effective than one created by an advertising agency; other corporations go as far as offering to customers online tools that allow them to modify or customize the company's products according to their personal wishes.



Pioneers in this area are companies like Nike, Pepsi Co., encouraging customers to design their own can, (designyourpepsican.com), Kleenex offering the option of customized packaging (mykleenextissue.com), the US Postal service (photostamps.com), Heinz (myheinz.com) allowing customers to create their own personalized label of their ketchup bottle and M&M (mymms.com) allowing customers to select their favorite candy colors and have a personalized message printed on it.

Shunning the digital myopia

How does digital process relate with the myopic thinking? If you describe someone as myopic, you are critical of them because they seem unable to realize that their actions might have negative consequences. Especially the bankers should understand this reality and should always apply the practicable solutions, strategies for their actions.

Some managerial issues of E-commerce

- Managing resistance to change
- Integration of e-commerce into the business environment
- Lack of qualified personal and outsourcing
- Alliances. It is not a bad idea to join an alliance but the problem is which alliance to join, or what kind of alliance to form and with whom.
- Implementation plan
- Choosing the bank's strategy towards e-commerce
- Privacy
- Justifying e-commerce by conducting a cost benefits analysis is very difficult
- Order fulfillment
- Managing the impacts

Bankers, marketers, professionals and strategists who still feel that the internet is a fastidious thing but they do not know exactly what to do and most of them probably suffering from digital myopia, a condition that can become the biggest threat to their institution's success.

Analyzing successful companies, banks, researchers have suggested that if they do careful planning to reach profitability quickly, many brick and mortar companies, banks are likely to succeed.

The fastest they alleviate themselves from it the more the chances to survive in a global and highly competitive digital market place where the new media play an ever increasing role. Therefore increase the internal and external customer confidence requires new approaches and thinking and customer advocacy is likely to become an important part of the new marketing paradigm.



Learning to offer the right experience and communicate openly with the customers is the initial important step to this direction. Becoming the customer advocate, supporter is the final objective.

While the effects and practical value of some of the new approaches have to be further analyzed and evaluated, managers have no choice but to think proactively and endeavor some new technological, digital approaches and even unconventional banking strategies, marketing approaches neglecting myopic thinking. This seems to be a risky strategy but there are not many other choices. However in the present competitive banking environment it can be seen that the empowered banking customers are also unconventional.

Conclusion

The world is moving to a digital economy which can be viewed as a major economic, societal, and organizational revolution. This revaluation process automates business process by using the internet, intranets and extranets to connect organizations and people. The digital economy is characterized by extensive use of information technology in general and the internet in particular. These drive new business models that dramatically reduce cost an increase quality customer service and speed. Financial institutions and banks are trying to transform themselves to e-business by converting their information systems to Web-based and by automating as many business processes as possible.

Many market, technology and societal pressures surround the modern organization, which is responding with critical response activities supported by information technology. An accelerated rate of technological change, complexity and turbulence and a move towards a global economy today characterize the business environment. In addition the competition faced by business is ever increasing. The organizational responses include strategic information systems, continuous improvements, restructuring and business process reengineering, electronic commerce, and business alliances.

IT plays a major role in all of these. The banks are adopting a customer focused approach in order to succeed. They are changing their mode of operation by using IT supported innovative approaches such as e-commerce, mass customization CRM, and business alliances.

Therefore learning about IT, applying it, digitalization the process are essential because the role of IT is rapidly increasing in the support of banks. We are getting more dependent on IT as time passes.

Consequently in this transformation era it is extremely imperative to understand how to thrive in a digit world.



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