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Digital Economy Boosting Economy

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Abstract

Consumers and business people no longer need to be near a computer to send and receive information. All they need is a cellular phone or personal digital assistant. While they are on the move, they can connect with the Internet to check stock prices, the weather, sports scores, or send and receive email messages. They can place online orders by simply using a phone or a PDA. A whole field called telemetric involves placing wireless Internet-connected computers in the dashboards of cars and trucks, and making more home appliances wireless so that they can be used anywhere in or near the home. Many see a big future in what is now called m-commerce. Consider the fast growth of Internet-connected phones.

(Keywords- "Marketing for the new Economy: M-Commerce Opens Up New Opportunities for Marketers.")

Introduction

A survey by Jupiter Communications found that most Americans wouldn't use or way for m-commerce because they didn't see a "killer application," because the mobile Internet is slow, and because the appliance screens are too small. In contrast, Europe and Japan have and are using better wireless service. M-commerce entrepreneurs need in focus on converting specific groups to m-commerce; they will make faster inroads by marketing separate service packages for, teenagers, mothers, investors, and executives than by trying to attract the mass market.

The new technological capabilities have led thousands of entrepreneurs to launch a dot-comes in the hope of striking gold. The amazing success of early online dot-cams such as Amazon, Yahoo, eBay, E-trade, and dozens of others struck terror in the hearts of many established manufacturers and retailers. For example, Compaq had its hands tied because it sold its computers through retailers, whereas Dell Computer grew faster by trying to sell online.

Established store-based retailers-notably bookstores, music stores, agents, stockbrokers, and car dealers-began to doubt their future as more business went into direct online marketing. They feared, and rightly so, being disinter mediated the new e-trailers. But disintermediation was only half the story. Although some established middlemen lost their businesses, new middlemen sprang up to supply Internet services to both businesses and consumers. Reinter mediation took place on a grand scale. New online middlemen appeared such as mySimon.com, Evenbetter.com, Buy.com, ShopBest.com, Bestbook.com, Smartshop.com, and StreetPrices.com.

Scope of the study:

The present paper is related to the study Digital Economy. It is also related to the study E-commerce.

Methodology:

Secondary data has been used for the study. The secondary data is collected from the internet, books and national conference proceeding.

Objectives of the Study

The paper is aimed to cover the following objectives:

1. To know the concept of Digital Economy in E-Commerce .
2. To identify the importance and need of Digital Economy in E-Commerce .
3. To study the challenges and prospects Digital Economy in E-Commerce .

Customization and Customization

The old economy revolved around manufacturing companies whose main drive was to standardize production, products, and business processes. They invested large sums in brand building to tout the advantages of their standard market offering. Through standardization and branding, managing their assets was to establish a command-and-control system that would run the business like a machine.

In contrast, the new economy is supported by information businesses. Information has the advantages of being easy to differentiate, customize, personalize, and dispatch over networks at incredible speed. As companies grew proficient gathering information about individual customers and business partners (suppliers, distributors, retailers,), and as their factories were designed more flexibly, they increased their ability to individualize their market offerings, messages, and media. For example, Dell Computer invites customers to specify exactly what they want in a computer and delivers a custom-built one in a few days. P&G, on its Reflect. Com site, allows a person to specify needs for a shampoo by answering a set of questions, and then P&G, on its Reflect.com site, allows a person to specify needs for a shampoo by answering a set of question, and then P&G formulates a unique shampoo for the person. Levi's is now able to produce customized jeans based on a person's measurements. That new opportunities lie at the intersection of two or more industries. Capitalizing on these opportunities can be challenging, however, as firms have to learn about new markets and competitors as well as how to achieve maximum synergy across the different parts of their business.

How business practices are changing

The changes in technology and economy are eliciting a new set of beliefs and practices on the part of business firms. Let's look at the major business beliefs in the old econo9my and how these beliefs are shifting

From organizing by product units to organizing by customer Segments

A company making two or more products normally assigns product managers or product divisions to manage them. GE's Appliance Division would assign different people or business units to manage their washing machines, dryers, refrigerators, and stoves. This makes sense, but it also makes sense, to add marketing groups that address the needs of different customer groups, such as households and building contractors, who buy differently. This would mean a switch from being product-centered to being customer-segment centered.

From focusing on profitable transactions to focusing on customers

Companies normally focus on individual transactions with the aim of making a profit on each transaction. New economy companies add a focus on estimating individual customer lifetime value and designing their market offerings and prices to make a profit over the customer's lifetime. The company will sometimes under price to gain new customers and will be generous in its pricing and services to existing customers with an eye toward retaining them for the long run.

From fusing on just the financial scorecard to focusing also on the marketing score card

Most senior managers will judge the company's performance by financial results as reflected on the profit and loss statement and the balance sheet. Top management in new economy companies will also examine the marketing scorecard to interpret what is happening to market share (not just sales revenue), customer loss rate, customer satisfaction, product quality relative to competitors, and other measures. They recognize that changes in marketing indicators predict changes in financial results.

How marketing practices are changing: e-business

E-business describes the use of electronic means and platforms to conduct a company's business. The advent of the ability of companies to conduct their business faster, more accurately, over a wider range of time and space, at reduced cost, and with the ability to customize and personalize customer offerings. Countless companies have set up Web sites to inform and promote their products and services. They have created Intranets to facilitate employees communicating with one another and to facilitate downloading and uploading information to and from the company's computers. Companies have also set up Extranets with major suppliers and distributors to facilitate information exchange, orders, transactions, and payments. Bill Gates of Microsoft claims that Microsoft is almost entirely run electronically; there is hardly any paper flowing through the company because everything is one the computer screen.

E-commerce is more specific than e-business; it means that in addition to providing information to visitors about the company, its history, policies, products, and job opportunities, the company or site offers to transact or facilitate the selling of products and services online. Most company sites are still just providing information, not doing e-commerce. Amazon. Com, CDNow, eToys, e-Steel, and e-Plasticsnet are examples of e-commerce.

E-commerce has given rise in turn to e-purchasing and e-marketing. E-purchasing means companies decide to purchase goods, services, and information from various online suppliers. Smart e-purchasing has already saved companies millions of dollars. E-marketing describes company efforts to inform, communicate, promote, and sell its products and services over the Internet. The term is also used in terms such as e-finance, e-learning, and e-service. But as someone observed, the will eventually be dropped when most business practice is online.

E-business and e-commerce take place over four major Internet domains: B2C (business to consumer), B2B (business), C2C (consumers to consumers), and C2B (consumers to businesses.) (We will omit government relations like G2C, G2B, B2G, and C2G.)

Data warehouses and data mining

Survey companies are capturing information every time a customer comes into contact with any of its departments. The touch points include a customer purchase, a customer requested service call, an online query, or a mail-in rebate card. These data are collected by the company's contact center and organized into a data warehouse. Company personnel can capture, query, and analyze the data. Inferences can be drawn about an individual customer's needs and responses.

Telemarketers can respond to customer inquiries based on a total picture of the customer relationship.

Through data mining, marketing statisticians can extract useful information about individuals, trends, and segments from the mass of data. Data mining involves the use of sophisticated statistical and mathematical techniques such as cluster analysis, automatic interaction detection, predictive modeling, and neural networking. A company that wants to learn the most from its database needs to engage the services of a person or company skilled in data mining.

USING THE DATABASE

In general, companies can use their databases in five ways:

1. To identify prospects. Many companies generate sales leads by advertising their product or service. The ads generally contain a response feature, such as a business reply card or toll-free phone number. The database is built from these responses. The company sorts through the database to identify the best prospects, then contacts them by mail, phone, or personal call in an attempt to convert them into customers.
2. To decide which should receive a particular offer. Companies are interested in selling, up selling, and cross-selling their products and services. Companies set up criteria describing the ideal target.
3. Customer for a particular offer. Then they search their customer databases for those who most closely resemble the ideal type.

Conclusion

1. New technological advances and new market forces are creating a new economy. Companies and marketers need to add new tools and practices if they hope to be successful.
2. Four specific drivers of the new economy are digitalization and connectivity, disintermediation and reinter mediation, customization and customerization, and industry convergence. Digitalization in particular has introduced exciting new capabilities for consumers and for businesses.
3. The new economy is shifting several old economy business practices toward organizing by customer segments (instead of only by products), focusing on customer lifetime value (instead of only transactions), focusing on stakeholders (and not only shareholders), getting everyone to do the marketing, building brands through behavior (not just advertising), focusing on
4. Customer retention (as much as customer acquisition), measuring customer satisfaction, and under promising and over delivering.
5. Companies face many questions in adopting e-marketing. Three of them know how to design an attractive Web site, knowing how to advertise on the Web, and knowing how to build a sound revenue and profit model for their dot-com business.
6. Companies are also becoming skilled in Customer Relationship Management (CRM), which focuses on meeting the individual needs of valued customers. The skill requires building a customer database and doing detaining to detect trends, segments, and individual needs.

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