

Companies must understand what needs to change in terms of digitalization and how

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Digitalization is rapidly altering the way business operates, and it is vital that companies keep up with the pace of change, according to new research from Susanna Takkunen at Aalto University Executive Education in Finland.

According to Takkunen, digitalization is transformative - it fades the boundaries between different industries and changes the logic behind companies' value creation and utilization.

It also has a strong impact on consumer behavior and purchase patterns, which is why for her dissertation, Takkunen, Doctor of Business Administration at Aalto University Executive Education, followed eight international companies operating within the consumer goods industry. She interviewed the companies' employees, attended their workshops and discussed research results with them.

The results indicated that the companies' interpretation of and attitude towards digitalization was determined by whether they considered their primary customer base to be retailers or consumer customers.

"The companies which believed that digitalization would drastically change consumer behavior realized that in order to succeed in the market, they would need to change their business model and focus on the consumer rather than the retailer," explains Takkunen.

Customer-centric thinking has been talked about for decades, but in practice, companies in the consumer goods industry have often considered retailers to be their primary customer group. Business models have been based on the idea of consumers buying products from a specific location, with companies focusing on the retailer and competing for specific advertising spots and shelf space.

"In the digital world and amid its transformation, however, the way of business thinking needs to change. In order for the transition from retailer-centric to consumer-centric thinking to succeed, a clear company policy must be laid out by the upper management, shifting focus onto the end users of the products," says Takkunen.

Sufficient time must also be set aside for digital transformation. If companies do not start strong in their transformation process, in five years' time they won't be able to do so anymore, as new players are entering the industry all the time.

Ultimately, companies understand what digitalization is all about, but the challenge is to understand what needs to change, and how.

About the Aalto Executive DBA - Doctor of Business Administration program

The Aalto Executive DBA (Doctor of Business Administration) program is designed for experienced executives who wish to complete a doctoral degree alongside their work.

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