

B2C Digitalization via Smartphones and Big Data – the Impact on Traditional Industries and Workplaces in Europe

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Abstract: Big Data shows a vast range of opportunities for the European economy. However, it might be that B2C applications of Big Data are not only underestimated against B2B applications, but also show unprecedented impacts on the European industry that might not always be appreciated. The presentation analyzes the effects of Smartphones and Big Data on traditional industries such as retail and banks with regard to changing customer ownership and asymmetric competition as well as ways to maintain competitiveness or even gain competitive advantages in this area.

The influence of information technology on traditional industries' business is constantly increasing. However, in B2C the combination of Smartphones and Big Data techniques shows even more potential to change the whole game.

The strategic threat for traditional industries' end-customer relationship, however, is the upcoming pervasive end-customer ownership of companies that control the mobile channel. The major approaches for such a control originate from a fully controlled end device with a complete walled garden approach (Apple), from a fully controlled mobile operating system (OS) and the control of search queries and their results (Google), and from the control of all social networking and communication of end-users (Facebook). In any of these cases, the named origins have been enriched by additional services and data sources, resulting in various additional control points. While these three major players are based in the Internet industry and have no relation to retail yet, there is a second row of two players based in the online shopping world which are attempting to catch up and move in that same direction: eBay/PayPal and Amazon. All five players own cross-functional and context-based customer knowledge from different backgrounds.

For the above described kind of players that are characterized by cross-functional and context-based customer knowledge, we use in the following the acronym "AGFEA" according to the first characters of Apple, Google, Facebook, eBay and Amazon. However, in doing so, we do not exclude the appearance of further ones in the coming years. Major characteristics of AGFEA players are:

- a remarkable usage time and number of customer interactions per day,
- control of and influence on their customers' use of mobile and Internet services,
- a large and rich personalized data set about every customer.

Today these companies already constitute the first reference point for many real-world customers' inquiries. Tomorrow their increasing control, aggregated personalized customer knowledge and data-driven marketing abilities will enable them to go further. In a few years'

time, traditional industries such as retailers or banks might witness these new players act as a filter between their customers and them. A pervasive customer ownership by AGFEAs could bypass and render obsolete many of the traditional industries' current innovations, especially with regard to their mobile apps and in-store technology.

The strategic threat for traditional retailers in the mobile information age, therefore, is represented by a third party which could, predict and influence customer behavior, i.e. recognize customers' needs in advance, make tailored offers anytime anywhere by giving advice where (else) to buy, and drive retailers into a competition to pay fees for being shortlisted or contracted.

Against this background, we apply a design science approach to analyze how traditional retailers could compete with this type of pervasive customer ownership and, themselves, utilize a new combination of mobile services and data-driven marketing as a strategic mean of competition.

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