

Impact of Digitalization on Changes in Business Processes of Service Provision

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Business processes are transformed over time, responding to the challenges of our time. Modern conditions of General digitalization contribute to the emergence of new technological processes associated with forcing supply and demand in the market of goods and services. Directly services in the information society have acquired a new status. This article discusses the degree of transformation of modern services in the conditions of digitalization of processes. The position of both business and consumer is considered, which allows to create a more complete picture for the evaluation of positive and negative elements of the system.

Key words: *Digitalization, digitalization in business, digitalization of services, transformation of production process.*

Introduction

The transformation of processes caused by the transformation of the organization of processes is inevitable in modern society. The information space of the Internet, offers a free exchange of information at high speed allowed to bring into the sphere of human management has many positive and some negative elements.

Digitalization has allowed various processes in life to be altered and improved (Boronos, V. et al, 2018). Media coverage of goods and services is considered to be an element of the marketing strategy, as some firms do not make investments in the advertising segment, but information resources, one way or another, popularize the products of these enterprises, which indicates the formation of a distinctive spontaneity of information exchange in society (Heaton, J., Parlikad, A. K. 2019).

The main significant tools that have undergone changes in the formation of the supply of goods and services in the conditions of digitalization for the service (Grieger, M., Ludwig, A., 2018):

- Pre-order.
- Advertising.
- Branding.
- Pricing.

These tools were effective without the use of modern techniques and technologies, and at this stage of development they just reached a new level. Thus, there is even a lack of the initial cost of the service for pre-order. Due to the coverage of products in the media for certain users, it is possible to increase sales (Komulainen, H., Saraniemi, S. 2019). Exclusive pre-order – the opportunity to feel the consumer as a particularly important customer (VIP). Under this option, it is also possible to endow the final product with additional exceptional characteristics, so that the feeling of buying was special.

The importance of creating an optimized advertising company in today's market conditions is due to the need to form a marketing company in which the product will be the most liquid. The tools used have been highly effective in the past, and in the context of the development of information technology there are opportunities to bring their use to a qualitatively new level. But modern companies can also incur losses from the "low-quality" offer of services in such a direction as pre-order (Ivanov, D., Das, A., Choi, T., 2018). The history of Warner Bros Interactive Entertainment knows such a miscalculation (Smirnov, E. N., Lukyanov, S. A., 2019). In June 2014, the company announced a computer game that was available for pre-order at an inflated cost. The formation of the cost was due to the unique set of game content. At the time of the game's release, which took place in April 2015, consumers of the unique pre-order possessed rare characters, locations and so on. In some circles, it was even a matter of pride, however, the situation has changed with the release of an additional edition of this game with the same set, but cheaper. Content purchased for disproportionately large amounts of money was not unique, which in the eyes of the community has become a kind of deception of the consumer. People paid for the uniqueness, but in fact, were only unique a few months after the release of the game. It is also worth noting that in the future to attract additional funding since the company Warner Bros Interactive Entertainment is not as good as before.

In the indicated market failures, such a point as the influence of monopolies is highlighted. The initial conditions of all companies are different (Vinogradova M. V. et al, 2018). Made.com - Made has a model by which you order a piece of furniture, knowing that it will take more time than if you went to a traditional furniture store. They give an approximate time and use advertising for sale. They also advertise the idea that by buying from them, you "missed the middleman" by going through them directly to the producers - there's still the middleman, that is, Made.com but it's a much smaller mid-level chain. Similar to this, Agencies are such well-

known companies as E-catalog and travel agencies that specialize in collecting information and stimulating demand through the provision of consolidated information (Yusifov, F., Gurbanli, A., 2018).

Almost all products and services that are sold on Kickstarter, for example, are in pre-production (Golowko, N., 2018). When a customer buys, they basically purchase the product in the future, that is, pre-order the future product shown in the Kickstarter campaign. But this example fits the definition of an innovative product. Multiple prototypes presented on this platform, having a sufficient level of advertising on the platform, become ideologically popular.

Digital content - many computer programs and games are available upon reservation. This typically allows you to generate a hype (hipe) in a given semantic field and capture an audience from adjacent information fields.

Dropshipping is a Dropshipping business, in a sense, a pre-ordering business (Heinis, T. B., et al, 2018). This is a model of speculative business. Taking an order from a supplier of goods and services, place an order from the manufacturer, which sends directly to the consumer. Completely different from the above examples, but still can be viewed within the same business category.

In all these examples, the possibility of pre-ordering goods emphasizes the importance of the consumer's interest. This fact characterizes the phenomenon as having a pronounced institutional character (Glaser, F., Risius, M., 2018). Together with an effective advertising company, it is an important element of attracting assets at the time of product development. Advertising in this way is a form of mass communication with the public. This is usually a one-way flow of information, that is, from the company to the buyer or potential user of the product. It is a form of communication that usually attempts to persuade potential customers to buy or consume more of a particular brand of economic good or to persuade them to use it (Fokina E. N. et al, 2018). Identifying needs at a qualitatively new level, you can advertise to those consumers for whom it will be useful through information from the provider about the user of the network.

Companies choose the method according to cost, budget, target audiences and their response (Belov, V., 2018). However, word of mouth or personal recommendation advertising is an unpaid form of advertising that can provide good exposure at minimal cost. So in modern society there is a specific form of advertising – consumer reviews in the digital space.

An effective marketing plan essentially implies realistic expectations that the company can achieve a certain level of sales, and find ways to achieve these goals. The priority is to identify the target audience (Eckhardt, J. et al, 2018). With the development of search engine services,

modern business has a number of opportunities to identify potential consumers by tagging its own brand. Most brands within a single product provides more or less the same functional benefits and meet the same needs of consumers. Since so many products in the market have the same function, the only way to position a product, service or company differently from everything else in the same category is to introduce the popularization of a particular brand's product or service at all levels of consumer internet surfing. As part of this process, traditional advertising takes a back seat.

The success of the final product depends entirely on the empathy and significance of the message that the producer of the economic good is trying to convey to the consumer (Fausel, T., Hussein, N., 2018). If you create a suitable environment for creative people with the right information, they can create great advertising. To create the right environment, people need to team up. This postulate of the advertising business, in principle, has not changed. The creative advertising that is actually sold is the result of "teamwork" (Isoherranen, V.,Majava, J., 2018).

Price perception has been one of the most important problems of consumer behavior research in recent years. The concept of a control point is very important in this respect and efforts have been made to define it (Berglund, J., Gong et al, 2017). Consumers set their targets in accordance with their personal understanding, annotations, existing knowledge of prices and their subjective interpretation. Control points depend on two factors: the type of information, that is, external or internal, and the behavioral process of forming links. Theories about the elasticity of goods in the classical economic paradigm in our time are realized more than ever.

The internal control point comes from the consumer price assessment in the consumer's mind. Two factors are involved in this formation - contextual and temporal. The first factor is the perception of different prices within the same product category when buying. The time factor depends on the customer's past buying experiences (Hirata, E., 2019). The importance of these factors varies depending on the characteristics of the customer. For example, a consumer who purchased one product more often will remember the price, and the result will be a more important time factor.

The mass transition of companies to digital or digitalization of business processes in the next few years is predicted for all sectors of the economy (Lindhult, E. et al, 2018). In the future, this will lead to a change in the business model, increase in productivity, the emergence of new roles.

Method

To improve the quality of the study, the following list of methodological tools was chosen:

1. The method of abstraction - Theoretical-empirical method. This method allows in the process of performing analytical and design work to escape from the random,

situational, from non-essential properties, relationships and relationships of the phenomenon under study, as in our case, we study a certain set of factors that are formed within the digitalization of the production process.

2. Active observation is a kind of observation method when the observer actively participates in the activity of the studied phenomenon, simultaneously registering the details of the behavior of its members. The study of phenomena in situational conditions is one of the most important and effective ways of research.
3. The method of alternatives - This method improves the quality of work performed by the relative objectification of the procedure for choosing a method of solving a particular problem, because when it is used, different alternatives, options for action, answer the question, options for solving the problem are put forward; then these options/alternatives are considered from different points of view of economic thought.
4. Method of analysis - Theoretical and empirical method, the dismemberment of the whole object into component parts (sides, features, properties or relationships) for the purpose of their comprehensive study of the phenomenon.
5. Methods of analysis of mutual influence – produced by analyzing the influence of various factors on the studied problem.
6. Analysis method range of subproblem Method of analysis of the range of subproblem is to decompose the original problem into interdependent components, taken separately, the components of subproblem (as a rule, subject to hierarchical subordination). Then, all possible combinations of the components of the problem are compiled, for each of which a particular draft decision is drawn up.
7. The method of analysis of problems – Choosing the research method subproblem, we couldn't pass the method the main problems. This method is used to solve the problems of choice of alternatives by means of their multi-criteria rating.

Discussion

An example of improving the efficiency of the process through the introduction of digitalization is the generation of leads in e-Commerce. Managers working in this area, it is necessary to evaluate each potential client, contact him, then negotiate the method adopted by the company. At the same time, the manager should receive all information about the process of the client's transition to the sales funnel, indicating the reason for the refusal of the transaction, if it broke.

At this stage, managers often forget to track leads, because of what they lose prospective customers, and because of the large number of tasks they make mistakes in reports. The transfer of lead generation to a digital base allows to reduce the number of errors and fully control the process, providing management with all the necessary data and reports that are automatically

generated by the system (Salmela-Aro, K., Upadyaya, K., 2018; Tatuev AA, 2018; Tatuev AA, Shanin SA, 2018).

One of the first digital transformations of business processes in Russia is implemented by financial institutions, oil and gas corporations, companies engaged in retail sales in e-commerce, media and entertainment portals (Bejtkovský, J., et al, 2018; Seydhoseini S, et al 2019).

Companies from the B2B sector often underestimate the advantages of digitalization of processes, adhering to traditional methods of doing business. In the Russian market of wholesale purchases interaction of suppliers with key customers traditionally takes place live. This implies a long-term building of personal, trusting relationships between managers and partners. Since the Pareto principle is that 20% of VIP clients generate 80% of profits, companies may have a false sense of stability in their position in the industry: why implement changes and move to an electronic platform, if everything works like that?

However, digitalization is implemented by competitors in the meantime. And the transition to electronic platforms such as the B2B portal from AGORA, for example, brings them new opportunities. It integrates with ERP systems for inventory accounting (1C) and allows you to track balances in real time (Granholm, G., et al, 2017). Digitalization of production processes helps customers to see which of the hundreds of thousands of items are available at the moment and to what extent. This allows you to make orders without involving managers of the supplier to clarify the availability of goods.

Without electronic solutions such extensive personalization settings turn into a lot of errors, because managers have to keep this data in mind and operate them, interacting with many customers. The digitalization of business processes not only allows to implement such settings, adapting to the requirements of customers, but also eliminates the influence of the human factor, as well as several times reduces operating costs (Rachinger, M., et al, 2018; Shahizare S, Fathi A. 2019 ; Mardani M, Fallah R. 2018).

Having got rid of unnecessary operations, the staff are released for tasks that are really important and require training. Transaction management becomes more efficient: the system automatically offers customers personalized solutions that they are potentially interested in, and the process of concluding contracts is controlled by managers of a higher level. With a B2B portal makes it easier to monitor bottlenecks in your pipeline and to coordinate the efforts in this direction.

Digitalization of business processes provides the most complete information about customers, their behavior in procurement, their products or illiquid assets, as well as orders that were put

in the basket, but not issued. Data analysis allows you to create algorithms that predict sales and make purchases of certain goods automatically, without the involvement of company managers. CRM systems, which are also integrated with the B2B portal, simplify and increase the speed of sales.

Digital business transformation is not just another marketing term, it is a new reality that requires a radical revision of business processes and approaches to working with clients. The ability to quickly adapt to changes and optimize their work "on the fly", adapting to the expectations of the client — the main challenges that brings business digitalization.

Customer expectations about the speed and quality of service are growing rapidly. This is especially true for the younger generation of consumers. A high level of service becomes the default requirement. Requesting a loan, activating a service, ordering goods, accessing expense information, getting advice — customers want to perform all these operations here and now with the devices they have "at hand". Consumers are increasingly appreciating their time, they need instant feedback, and a clear and user-friendly interface to meet their needs. Good design of information resources, availability of online chats, individual approach — this is the world to which customers have already got used (Sklyar, A., et al, 2019; Seydhoseini S, et al 2019; Salas-Rueda RA. 2019).

In order to meet the high expectations of customers, companies need to accelerate the digitization of their business processes. To do this, it is not enough to automate existing business processes. Companies need to reinvent them. The main goals of digital transformation are to increase the speed of decision-making, increase the variability of processes depending on the needs and characteristics of the client, reduce the number of employees involved in the process.

Consumers need instant feedback as well as a clear and user-friendly interface to meet their needs.

Digitization of existing processes is expensive and often quite useless, as all existing problems, shortcomings and "crutches" are automated. It is necessary to shift the center of gravity towards new opportunities that give the company a competitive advantage (Thompson, N., 2018; Sambinelli F., Borges MA., 2019). For example, instead of automating the work of the employees responsible for working with clients, you need to create self-service systems, minimizing the number of mediators between the client and the final service or product.

Today's famous company Netflix was created in 1997 as a network of DVD rental outlets. While scaling up its business, Netflix has also introduced DVD rental by mail, and by 2009 the number of its customers had reached 10 million people. However, this business model was



doomed: few people were interested in ordering movies by mail, if they are available for viewing in an online cinema. Obviously, the company understood this, and in 2007 Netflix launched streaming video on the Internet. The development of this direction has led to a complete transformation of the business model: first, a digital product (video instead of DVD), and then the business itself has changed — Netflix has become a producer of its own content. The company is now working closely with a major technology player, Amazon Web Services, using a partner infrastructure to scale its services.

Digital transformation is always a long process that changes the approach to how the company's business is carried out. It requires significant investments not only in infrastructure, but also in changing the company's strategy, skills development and process re-engineering.

The introduction of technology in itself rarely produces tangible sustainable results. Of course, you can automate the work of accounting, reduce a few people and save. However, this will not help the business to stay afloat, if for example, as Kodak in the early 2000s, these technologies are not converted into products: the manufacturer of film cameras could not withstand the competition of the digital world. Kodak engineers tested the digital camera back in 1975, then invested heavily in its development and acquisition of technology startups, but failed to turn it into profit.

Henry Ford went down in history as the man who introduced the conveyor into mass production. However, the essence of this transformation was different: Ford did not just create a new product — a mass car, he created a market for it — from his own workers, who were paid significantly more thanks to unattainable for competitors productivity. If he had simply optimized the assembly line, his warehouse would have been overloaded with cars that no one would have bought.

The role of Henry Ford in the early XXI century claims Elon Musk, who not only produces electric Tesla, but in a different way builds the process of production, distribution, and in the future and consumption of its product. Despite the fact that the Mask still has to report losses, his strategy now takes into account the trend of the transition from the model of car sales to the sale of services, that is, the refusal of ownership in favor of renting a car if necessary.

Conclusion

Digital transformation is the creation of a new production process. Existing systems and structures tend to resist the new.



The introduction of digital technologies requires development, and one of the most difficult tasks here is to create an infrastructure to support such products. This is a new look at the function of research and development.

Often the most effective digital solutions can be implemented only on the basis of pilot projects. After them, there is the necessary experience and information that allow you to make meaningful decisions: whether to scale the technology or the decision to the whole company or the market. Thus, until the pilot project is implemented, the question of full-scale programmes remains open, and any integrated plans are, in fact, only a guideline that will definitely be revised.

Technology-related transformation is a process that often succeeds not the one who started earlier, but the one who started on time, that is, had the opportunity to analyze the experience of others and wait for a certain maturity of decisions. 20 years ago, e-Commerce was a radical innovation. Major players such as Staples and Walmart began to invest huge sums in this direction, but in the early stages were not able to rebuild their business models. Time passed, and successful models of e-Commerce, run-in by others, used all the leading players, including those who made mistakes. These facts suggest that digitalization has a relatively positive impact on the production of goods and services.

The modern Russian market of services can be estimated as lagging in development in the key of digitalization of production process, however, this fact allows to use effective models of management of processes, transforming economy more effectively.

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