From Traditional to Digital Environment: 
An Analysis of the Evolution of Business Models and New Marketing Strategies

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Received 15 April 2019, Accepted 18 July 2019

ABSTRACT: This paper analyzes the major trends in the business environment that shaped the business models adopted by companies and their new marketing strategies. It adopts a desktop research methodology by collecting data from previous academic papers, statistical, and analytical reports. It starts by analyzing the globalization trend that forced most of the emerging economies to liberalize and privatize public entities to attract new investments. These trends intensified the competition between companies who reinforced their positions by adopting growth strategies based on mergers and acquisitions (M&A) and strategic alliances. The rising level of competition, trades, consumption, and population intensified the ecological problems and raised the awareness among consumers who were willing to buy goods and services from eco-friendly companies who started adopting green marketing strategies to address the ethical consumer markets. Further, the digitization attracted new start-ups to adopt the sharing economy as a business model. It also directed companies to adopt cognitive marketing strategies to analyze and benefit from data collected to set up digital marketing strategies. This paper concludes that digitization changed consumer’s attitudes and behaviors and pushed companies to innovate and adopt new digital marketing strategies.

Keywords: Globalization, MNCs, Strategic alliance, Ecological problem, Green marketing, Digitization, Sharing economy, Cognitive marketing

INTRODUCTION
There are many trends in the business environment that are affecting and changing the marketing strategy: globalization that is shrinking the world rapidly, the rapid financial flows, the faster digital communication, and the technological changes that are changing marketing strategies. In fact, there has been a significant growth of trade in the last thirty years due to globalization that was characterized by free trade agreements. Further, in the last twenty years, the number of multinational corporations (MNCs) has recorded a number of 82,000 corporations as per UNCTAD (2010). This increased number of MNCs coupled with the growth of global trade and free trade agreements have intensified the competition between large MNCs who expanded their geographical market into new ones. The targeted markets were the emerging countries that were experiencing liberalization, privatization, industrialization, and rapid economic growth. As industries and population are growing, ecological problems have also become more escalating. From pollution to climate change until the scarcity of water, consumers became more concerned about protecting the environment. MNCs became more
Globalization and advances in technologies have eliminated the barriers of entry and permitted the entrance of new players who are competing with the traditional ones in a more and more saturated market. New players have penetrated new markets benefiting from digitization and advance in technology and diminished the role of traditional businesses. To face this, the traditional companies have readapted their marketing strategies and changed their growth strategies through M&A, strategic alliances and various contractual agreements (outsourcing and offshoring) according to the new era of digitization.

The objective of this paper is to elaborate on the latest trends in the business environment and how companies are designing their marketing strategies accordingly. The methodology adopted is a desktop research by collecting data from several resources. We will discuss the issue of the changing business environment and its effects on marketing strategies. Because it’s a marketing conceptual paper, we have included some figures regarding the major trends so this paper becomes more interesting for readers. We start by reviewing the literature on globalization, emerging markets, liberalization, and privatization. Then we move to treat the rapid technological change, digitization, and rise of sharing economy. Due to an accessibility issue and lack of some literature regarding this trend in the academic journals, we based our analysis on data collected from Mckinsey Group, International Monetary Fund (IMF), Ernest Young (E&Y), KPMG, PWC, and IBM. Regarding marketing strategies, we have used the main data from McKinsey, and from the big four auditing companies, because these are the companies in charge of preparing annual reports for the MNCs, and thus through their meetings done with CEOs of MNCs, we can get access to accurate and reliable information. We used these data to highlight the marketing strategy in terms of digital marketing and channels used to create more value for customers.

This paper is organized into five main sections. In section 2, we will illustrate the trends that are related to the globalization, the rapid growth of emerging markets, deregulation, and privatization. We will see how companies have adopted new business models and new marketing strategies to face new competitors. Several strategies were adopted by MNCs like M&A, cross-sectorial alliances, outsourcing, offshoring, and coopetition strategy. In section 3 we will represent the ecological problems. We will see how consumers have become more concerned and aware about the environment, and forced the companies to adopt green marketing strategy and promote green consumerism. In section 4 we will address the technological change, digitization, and rise of sharing economy. We will see how the rapid progress of technology and digitalization have created new business models, eliminated barriers to entering new markets, and improved companies supply chain values. We will explore how private individuals, small and medium enterprises have benefited from technological advances such as trade platforms and online auctions, to compete with large traditional MNCs. This competition has created new marketing tools as cognitive technology, Omni-channeling, and SoLoMo adopted by companies to attract new consumers and retain the oldest ones. In section 5 we will conclude our paper by presenting the main findings and recommendations.

Globalization, Liberalization, and Privatization

The accelerating rate of the globalization which has its roots in the international free trade agreements was created to promote international trade between countries through eliminating international trade barriers and investments, reducing trade tariffs. The first agreement was the GATT (General Agreement on Tariffs and Trade) which was established in 1947 (updated in 1994). In 1995, there was the establishment of the WTO (World Trade Organization). On the European level, there was the formation of the EU (European Union) in 1957. In the United States, there were two important free trade agreements; The NAFTA (North American Free Trade Agreement) in 1994; the CAFTA (Central American Free Trade Agreement) in 2005. In South America, twelve countries have signed in 2004 the USAN agreement (Union of South American Nations).

The purpose of these free trade agreements was to create single markets that facilitate the circulation of goods and services between the member countries, eliminate the barriers, increasing the competition among companies,
and decrease regulatory burden in markets. The major consequences of globalization were the rise of emerging countries in the global economy driven by deregulation and privatization; and, an accelerating rate of technological changes which led to the digitization of these economies.

Emerging countries are those experiencing rapid economic growth and industrialization. The five major emerging economies are Brazil, Russia, India, China, and South Africa (the BRICS). The opening of new markets to investment and trade, the liberalization of capital movements, the deregulation of financial services, and the growth of international competition were the main reasons and drivers for the economic and financial globalization in these emerging economies. In literature, some authors found out that globalization has a limited impact as an immediate driver of deregulation. For Heinemann (2007), and after conducting an econometric study for OECD countries for the period 1975 to 2001, and executing a panel analysis to look up for correlations between deregulation and globalization, he concluded that globalization in the narrow sense of capital movement and markets openness has a minor effect of deregulation.

Other authors (Ramamurti, 1992; Megginson and Netter, 2001) agree with Heinemann and emphasize that the decisions of governments to privatize their institutions and liberalize their economies are influenced by their national financial and economic situations. Ramamurti (1992) argue that countries who suffered from financial crises and high budget deficits take the decision to privatize their economies in order to attract new savings and investments. As for Megginson and Netter (2001), these authors reveal that countries characterized by higher levels of income inequality, less developed financial institutions and high budget deficits adopt the privatization of their public institutions as a solution for their financial problems.

After the debt crisis in the 1980s, Latin America was among the first emerging countries who adopted the financial liberalization of their economies, as well as the liberation of capital circulation. In 1991 the Soviet Union was collapsed and this led many countries in East Europe, who were part of the Soviet Union, to liberalize their economies to attract new capitals and investments. In 1990, India was facing a severe economic crisis in terms of a decrease in its export profits, industrial products, and national income. That year was marked by the initiation of Indian deregulation. In fact, to face their economic and financial problems and to resolve its debts issues, India asked the aid from World Bank and International Monetary funds (IMF). To be eligible and qualified for aid from international financial institutions, India liberalized the Indian economy and introduced the New Industrial Policy in 1991. Later on, and due to the Asian financial crisis in 1997, other emerging economies in Asia have followed India and started to liberalize their economies.

Another aspect of globalization is the privatization of stated-owned institutions. It means that the control of ownership of public institutions is transferred to private sector that will manage it efficiently and produce better products and services at lower prices and less corruption. Privatization means also a decline in government involvement in managing public facilities, and reduces in the role of government in the national economy because the property rights have shifted from public sector to private sector. For example, in India, the main aspects were more autonomy to the public sector, de-reservation of the public sector, privatization policies. Further, in order to be granted financial aid from international institutions, India has strengthened the performance and the efficiency of the privatized firms. It has developed the competitiveness of the Indian industry by giving access to the steps and the resources. It improves the engineering of the Indian industries by implementing new technological advances. All these steps permit the Indian economy to boost and create positive signs of the financial markets and attract new multinational investments.

To operate efficiently and succeed in emerging countries, Khanna et al. (2005) propose that MNCs must adopt and implement new business models that are different from traditional ones because each emerging country has its own characteristics for doing business. In the first place, they have to adapt their marketing strategies according to consumer cultures, purchasing behavior, and so on. They have to adopt new business models while retaining at the same time their core business propositions (MacDonald in Russia). They must be powerful enough to modify their operating context
(emerging country). They must offer products and services that create intense changes and modifications in the emerging country (Korean Stars Satellite in India). Some MNCs were capable to change the contexts in factor markets too (Big Four audit firms in Brazil). However, if the company found that it’s not practical or profitable to modify its business model and marketing strategy in an emerging country, so it can create synergies by considering all its different markets as a part of one system (Home Depot in Mexico).

While some MNCs have adopted new business models, others have run for an outsourcing strategy. For example, Apple company have adopted this strategy in China when it outsources the production of its high-tech products to the Taiwanese company Foxcomm. Due to the strong relations with the official’s representative of the Chinese government, Foxcomm has benefited from Chinese facilities such as subsidies and cheap land. When Apple launched its new iPhone, Foxcomm was already signed an agreement with the official’s representatives of Zhengzhou local government. The main objective of this agreement was to subsidize the construction of an industrial park (inside a bonded zone). It also consists of granting customs facilities to assist the exportation of apple exports (iPhone). Zhengzhou local government have financed Foxcomm with billions of dollars, trained and recruited thousands of Chinese workers. In 2016, the local government provided 350,000 workers for Foxcomm industrial facility. According to Barboza (2016), Foxcomm produced around 90% of Apple’s iPhones. The heavy dependence on China for producing iPhones required from Apple Company to abide strictly to Chinese legal and political rules and conditions. In 2017, Apple had stopped selling on its Chinese App Store the virtual private network (VPN) applications that permitted to Chinese users the access to blocked websites by the Chinese government (Facebook, Twitter, and Financial Times), Kuchler and Seddon (2017). Recently, in 2018, Marketwatch.com reported that Apple had removed on its Chinese App Store 25,000 apps that facilitate for Chinese users illegal lotteries and gambling.

Some MNCs have found that offshoring of services to emerging economies is also efficient. By benefitting from the evolution of internet speed (satellites and optical fiber cables), advances in technologies, MNCs decided to offshore their information technology (IT) services to emerging countries (India and China) and leading to economic growth in these countries. Jones (2005) argues that America companies were the leaders to offshore their IT services to Bangalore in India, which permitted the growth of this region.

The progress rate of privatization, liberalization, offshoring, and outsourcing trends have produced new opportunities for companies to develop. The liberalization of capital movement has facilitated the access to global capital markets and raising funds. In some emerging countries, local companies have become powerful enough to compete with big MNCs, Huawei Company (China). Other local companies have adopted Mergers and Acquisitions (M&A) strategies for expanding their business. In fact, they have acquired global brands and businesses from global MNCs, in China, Lenovo Company who acquired IBM personal computer in 2005. in India, Tata Motor’s acquired Jaguar and Land Rover from Ford in 2008; in Brazil, Natura’s acquired of The Body Shop from L’Oréal France in 2017.

Casanova and Miroux (2017) have studied emerging markets, and concluded that Chinese MNCs were among the first companies who adopt the M&A strategy for growing their business and expand their geographical markets; this trend was accelerated after the financial crisis of 2008, and the targeted companies were European and Latin American MNCs. According to these authors, the M&A deals in China were doubled after 2008. And the growth of this trend was driven by innovation, technological advances, new marketing, and distribution channels, search for internationally recognized brands, and knowledge-driven acquisitions in developed markets.

In 2007, the value of Chinese outbound M&A was around $40 billion. In 2015, the value recorded an amount of $140 billion. In June 2016, the value of announced M&A had surpassed the amount recorded in 2015 as illustrated in figure 1. Other companies have found that strategic alliances are a better strategy for growth and expansion into new markets. PwC (2016) have conducted a Global CEO Survey report to figure
out the trends adopted by the CEO in terms of strategic alliances. They found that there is a decrease in this trend because 49% of global CEOs, in 2016, are expecting to enter into a strategic alliance compared to 51% in 2015. In the USA, there is an increase in this trend because 59% of global CEOs, in 2016, are expecting to enter into a strategic alliance compared to 44% in 2015 as illustrated in figure 2. In terms of global economic sector, PWC reported that 68% are planning to enter alliances in the entertainment business, 62% in life sciences and pharmaceuticals businesses, and 66% in healthcare business.

In 2017, KPMG has surveyed fifty alliance experts who have a relevant experience and participation of managing and planning alliances in big MNCs. The report concluded that in the 21st century, big MNCs are adopting the cross-sector strategic alliances instead of familiar horizontal alliances, especially with high-tech companies to benefit from new technological advances. In figure 3 retrieved from KPMG report, we noticed that for the 15 big automotive companies, the number of cross-sector alliances, from 2008 to 2017, has recorded 52 alliances compared to 3 cross-sector alliances, from 1998 to 2007.

![Figure 1: Value of announced outbound M&A deals, 2000-Q2 2016](image1)

*Note: Q2 data includes deals announced through to June 2016*


![Figure 2: CEOs are focused on pursuing strategic alliances](image2)

*Source: Retrieved from PwC (2016). Joint Ventures and Strategic Alliances: Examining the Keys to Success, p. 4.*
Finally, another interesting trend adopted by MNCs is the coopetition strategy which means that companies compete and collaborate with stakeholders simultaneously. According to Ritala (2012), from a marketing perspective, companies are recently coopeting for the following objectives: protecting their market share and conquering a larger share of what remains, creating new markets and new demands, increasing the size of the current market, sharing risks and costs when entering new markets, using their current resources more efficiently in serving their existing share of the market, using fewer resources instead of more for the same market. Several examples exist for coopetition strategy such as: General Motors and Toyota have developed together fuel cell-powered cars; Samsung, Sharp, and Sony with TV sets; Seagate, IBM, and HP in their linear tape-open (LTO) program. However, when two competitors entered into a coopetition strategy, they can reach a wider audience, strengthen power, and because they are addressing the same customers so they will benefit more.

In the end, globalization and the rise of emerging markets have changed consumer types, classes, concerns, and needs in different countries and especially in the emerging ones with high population rate (China and India). These trends created a growing middle class and a new rich class, both requiring new products and services, and who are more aware of ecological problems. According to McKinsey report (2015b) about consumer's trends in 2030, it is estimated that due to growth in emerging markets, the spending of the middle-class consumers will almost triple by 2030. The removal of restrictions and the liberalization adopted in emerging countries enabled MNCs to adopt new business models like outsourcing, offshoring’s, strategic alliances and coopetition strategy. Their objective is to expand its market shares and penetrate new emerging markets. They adopted new marketing strategies and tools to create more value and meet new customers’ demands and needs.

Green Marketing Strategy and Green Consumerism

All academics who studied the effects of globalization on environmental issues have concluded that this trend affected negatively the environment and increased the ecological problems. Panayotou (1993) stated that the positive effect of globalization was economic prosperity and growth while the negative effect was an increasing level of pollution and deterioration of the natural environment. For Panayotou (1993), globalization had converted the countries natural and cultural assets, and values into money. It has accelerated the
industrial structural change of countries and modified the use of natural resources by industries and increased pollution.

Dua and Esty (1997) studied the effect of liberalization on emerging countries and concluded that this trend would create economic growth as a positive outcome. But as a negative outcome, it will increase ecological problems in terms of high level of environmental pollution; it includes unsustainable use of natural resources and trans-boundary spillovers of harm ("super externalities"). Esty (2001) reported that the growth level of trade has increase competition between MNCs who were obliged to produce goods and services below environmental standards. MNCs that are operating in low regulatory jurisdictions are producing at lower costs compared to MNCs that are operating in high regulatory jurisdictions. Other authors like Neumayer (2001) focus on the hypothesis of "pollution haven" which means that MNCs are moving their industries and production toward countries that had lower environmental rules and regulations. According to Neumayer (2001), the differences observed in terms of national environmental standards will lead to an unequal distribution of ecological problems among developed and developing countries. Most environment-intensive industries are concentrated in developing countries. For Keleş (2012), poor industrial practices have depleted natural resources and strain livelihoods. By looking for profits and to compete with other MNCs, many companies have implemented cheap industrial practices that are considered as resource-intensive in the long term.

In studying the impact of Globalization on the environment, Huwart and Verdier (2013) reported that this trend was the main reason behind the increasing level of international trade between developed and developing countries. This has raised the level of consumption of products in an extraordinary way which led to a high level of production. The rising levels of consumption and production have impacted negatively the ecological problems in all countries. The authors observed that transport is linked to high pollution rate, unplanned urbanization in most emerging countries, overpopulation, and the destruction of the historical environment.

If the environmental problems left unchecked, it will harm all MNCs negatively directly and indirectly; directly in terms of a disrupted supply chain; and indirectly, in terms of health hazards leading to losses of manpower’s which mean fewer man-hours and efficiency.

As the expansion of businesses was harmful to the environment and causes ecological problems, it has raised consumer awareness towards more sustainability. MNCs are more and more promoting for the "green consumerism or ethical consumption" as a new marketing strategy for raising awareness, protecting the environment, generating profits from the ethical consumption market, which currently is worth billions. With the willingness to gain customers loyalty, the main target of companies is to create more value for customers, as the latter are becoming more informed, more educated and more aware of the environmental problems; these days, consumers are more willing to pay for products and services that are eco-friendly and that do not harm earth and natural resources. So nowadays, many companies are focusing on preserving natural resources such as water, land, clean air, forests, ozone depletion, and climate change. They are adopting a sustainable green marketing strategy and promoting the “Green consumerism”.

To develop a sustainable green marketing strategy, MNCs are concentrating on Eco-innovations. According to Polonsky and Rosenberger (2001), to convince consumers, marketers are focusing on adopting sustainable marketing plans to ensure the consumers that the behaviors of their companies are eco-friendly. For Kumar et al. (2012), the adoption of these types of sustainable marketing plan will be beneficial for consumers by adding value and long-term relationship, and for businesses, environment and society.

As for Green consumerism, Gleim et al. (2013) define it as the process of purchasing eco-friendly products that help to protect the environment and society. MNCs are adopting green marketing strategies to reach new markets, create more needs, retain old consumers, and gain new ones. For Molina and Azorin (2009), green marketing strategies are developed by MNCs to reach the “ethical consumption market”. For Chen and Chai (2010), MNCs have adopted green strategies and green business branding to increase
their market share and gain competitive advantage. Other authors like Kinoti (2011) stated that green marketing strategies will provide benefits for the companies, consumers, society, and the environment. He defined green marketing as the process of evaluating the effects (positive and negative) of business and marketing on the pollution in the environment and deterioration of resources and energy. So, to assess it correctly, the process of green marketing must include the following specifications such as renewable, eco-friendly, producing durable products, less toxic, recyclable, phosphate free, ozone friendly and more. It focuses on using green logistics, producing green products, promoting green activities, and adopting green pricing. All these actions will reduce the pollution, resources losses, increase the recycling and promote for re-consumption, and encourage the adoption of a green lifestyle. Kinoti (2011) stated that these processes will help the MNCS to develop their corporate image by showing consumers, suppliers, and society that their actions are environmentally friendly.

Technological Change, Digitization, and the Rise of Sharing Economy

However, the 21st century was also marked by accelerating technological changes which moved the economy with all its components to the era of digitization; the emergence of E-business, E-commerce and the rise of sharing economy. These new business models have developed accordingly with the evolution of the Internet of Things (IoT) technologies that are developed for 15 years. Nordrum (2016) defined IoT as a system of interconnected devices, objects, mobiles, digital and mechanical machines, or even people that are provided with special and identifiers and the capacity to transfer data collected over the web without any human to computer or human to human interaction. Experts estimate the worldwide market value of IoT in 2020 will exceed the amount of $7 trillion, Hsu and Lin (2016). They have also evaluated that IoT objects, in 2020, will consist of about 30 billion objects, Nordrum (2016).

Other technological advances that have changed the business models are the development of Big Data and Artificial Intelligence (AI). These advances coupled with IoT have permitted marketers to capture, analyze, and explain a huge data that contain the transactions and features of billions of users. By using special algorithms models and formulas, companies became able to derive patterns used, forecast economic agents’ behavior, predict products and services prices, and finally imitate human decision and judgment.

The invention of Distributed Ledger Technology (DLT) has empowered companies to jump in computing power and stability through connecting user’s personal devices. DLT have permitted the development of Blockchain technology and thus the creation of Cryptocurrency. This has transformed securities and payments settlements, reduced financial transactions cost, changed back-office functionality, and facilitating Business to Business (B2B) transactions by avoiding intermediaries. Further, the cryptography revolution created new smart contracts (digital contracts) that are combined with biometrics and sensing technologies to generate strong security systems.

The above mentioned technological evolutions give rise to business digitization the sharing economy. New players benefit from these trends and have created a new business model called sharing economy that allows them to offer products and services for consumers that are characterized by lower transaction cost, elimination of geographic and sector barriers, more transparency, lower search cost, and greater matching of products to preferences. In this way, customers can compare features, prices, product satisfaction, and service by searching over the web and check reviews over social networks. Further, sharing economy has eliminated the need for intermediaries, because digital platforms replaced physical and localized intermediaries; it captured market power.

E&Y report in 2015 stated that sharing economy is constructed around the sharing of physical and human resources; it’s a socio-economic ecosystem. It means that different economic agents (organizations and people) shared the distribution, production, creation consumption, and trade of products and services. Many factors have contributed to the creation of the sharing economy such as the implementation and creation of peer-to-peer (P2P) digital platforms, the rising speed of internet connectivity, and the high penetration rate of smartphones. These factors have facilitated the
connection between suppliers and users for the renting, purchase and exchange of products and services. For Bauwens (2006), P2P dynamics is a process that increases equal participation and the most widespread by users and suppliers. Through the access of producers to distributed capital, P2P processes aim to generate “use-value” for users through the free cooperation of these producers. P2P processes allow the creation of “use-value” not for the market, but for a community of users that governs these processes making “use-value” accessible on a universal basis.

A good example of how the sharing economy is developing and supplying services by relying on IoT connectivity and accessing distributed networks is Airbnb application. It’s a digital platform for the rental of privately owned apartments and accommodations all around the world. This platform has benefitted from digitization and disrupted the hospitality industry in developed countries. It has displaced traditional intermediaries and gained a large market share from traditional players (Hotels). As per E&Y (2015) report, despite that the hospitality industry in the United States has fixed commercial assets, Hotels, for the amount of $340 billion, Airbnb has generated and recorded digital trade for the amount of $17 trillion in terms of renting residential assets for private owners.

McKinsey (2015a) have elaborated a report to measure the level of the United States Digitization in the different economic sectors. They created an index called MGI Industry Digitization Index to measure digitization level and provide a general overview of how and where US companies are creating a more digital workforce, expanding digital usage, and building digital assets. The report concluded that big data analytics, IoT connectivity, and the areas of digital platforms will increase US annual GDP in 2025 by more than $2.2 trillion. From analyzing revenues and asset holders, the report stated that the economic value has been transferred from asset holders and physical intermediaries to online digital intermediaries and to customers. And this trend of transfer and shift are at an accelerating rate because data and information about customers and suppliers constitute the source and the foundation of these new digital market places. Finally, the report showed how digital and online businesses have affected traditional players. In the hospitality industry, from 2000 to 2014, the revenue generated from online hotel booking has increased more than ten times. On the other hand, the number of US travel agents has decreased by 48% as illustrated in figure 4.

In financial services, the growth of the IoT has created an e-commerce ecosystem with its own online payment systems, such as PayPal or Alipay. It has provided a platform for a new generation of credit intermediaries, the rise of FinTech companies. The technological innovation that includes the smartphone has created new means of accessing financial services. The appearance of “iPhone” in 2007 triggered a new wave of devices for accessing various financial services and influenced business models of the financial industry. Nowadays, almost all smartphones devices are equipped to be used and to get access to different financial services and via the open Application Programming Interfaces (APIs), users can have access to wide range of debit, credit, and other alternative payments. The Mobile payment services and mobile wallets, installed and used on smartphones, have given consumers a convenient new way to purchase products and services.

In focusing on the technological innovations behind the emergence of FinTechs, IMF has published a report, in 2017, through its SDN (staff discussion note) and categorized the technological innovations into four types: AI, Block-chain & DLT, Big Data, and Robotic Process Automation. By relying on these innovations, FinTech companies reshaped financial activities and disrupted the banking sector. They are providing financial and banking services that range from the categories of institutional investments, personal finance, equity financing, lending, consumer banking, retail, and others. Through their innovative applications, they are offering services and products that were specific only to regulated financial institutions such as making payments, managing risks, saving, borrowing, and providing financial advice. Figure 5 below shows how FinTechs companies have benefitted from technological innovations and what are the types of financial services are offered by these new companies.
As for accelerating technological change, AI is being used by marketers to develop and implement effective marketing strategies by analyzing the data generated by consumers. Through cognitive data analytics, they develop that data into efficient business models and strategies to respond better to their demanding customers. By implementing AI to the IoT, marketing managers are capable to streamline and orchestrate their business models and marketing policies.

Through this, companies understand better their consumers and that is beneficial in terms of applying the right communication approach. In fact, AI with IoT permits and allows marketers to identify which products are purchased by customer, the way he is using them, the time he is...
using them, whether he is actually using them, in what context and how frequently he is using these products, and finally with which other products he is using them. The IoT, particularly in the business to consumer (B2C) e-commerce sector, release new potential for digital direct marketing. Customer’s products like smart homes or fitness trackers generate data from which a better customer understanding can be reached. The innovative new communication channels like networked household appliances, wearable’s, smart-watches, smart homes, connected cars can be very useful for companies to collect data and communicate with their existing and new clients. Companies must be capable to use and analyze the generated data by customers. They must benefit from these captured data to optimize their products and services, implement new marketing strategies, and develop a new way of communication with customers. By doing this, companies can gain a competitive advantage over its competitors and especially these days where barriers of entry are diminished and new startups are benefiting from technological advances to penetrate the markets.

In their report dated 2017, IBM experts’ advice companies to invest in “Cognitive Technology”. They reported that marketing strategies that rely on cognitive technology are very efficient and useful. It permits the companies to embrace data, allows them to connect with their customers in a deep way, enhance their strategic growth, and improve their competitive advantages. The report added that companies must span the information, collect structured and unstructured data, data outside the firewall, and the data that’s coming. The “Cognitive Technology” allows to correlate and analyze the data of all types (structured and unstructured), creating unique insights into attitude, emotion, and tone. These entire components permit the companies to get closer to their clients.

McKinsey (2015a) published a report about digitization trends and stated that companies are heavily continuing to invest in technology and moved to the era of analytics. They added that companies are heavily relying on technological advances to analyze big data generated and use the insights to make better decisions and better marketing strategies. The report indicated that digitization has allowed companies to connect with a larger base of clients. For example, Netflix Company became a worldwide business leader in online streaming, and it starts its business by selling and mailing DVD to selling online subscriptions. The creation of digital and online marketplace has offered new solutions and platforms for traditional companies and new startup with minimal expenses to sell their products and services online and to reach a wide range of clients. It includes the “plug-and-play” solutions that allow consumers to access and use a secure online payment gateway, global visibility, and logistics support; these solutions were once only reserved for big companies. According to McKinsey (2015a), more than 90% of online sellers use eBay platform to sell their commercial products and services to consumers located abroad in different countries. And this is a high percentage compared to less than 25% of sales that are made from traditional “Brick and Mortar” sellers in most surveyed countries as illustrated in the figure 6.

As digitization is shaping marketing strategies and tools, and as portable devices adoption and internet penetration expand, the global mobile usage among consumers is intensifying. In 2017, Deloitte investigated in an annual report the mobile consumer usage and reported that users check their mobiles and smartphone more than 80 billion times in 24 hours. So, they concluded that the most important channel to interact with customers is the screens of their mobiles. In fact, from the date of invention of the first mobile phone, for four decades, Deloitte concluded that every country, in their survey, has a minimum of 90% mobile and smartphone phone penetration. As for the smartphone, it was introduced just about a decade ago and has already reached penetration rates into the mid-80s (%). Figure 7 shows that the average difference across most countries survey is to 10% or less.
McKinsey report about consumers (2015b) estimates that in 2030, more than 75% of the world’s population will own a mobile phone. To benefit from this trend, several MNCs adopted the Omnichannel as a marketing tool to satisfy customer’s needs. Omnichannel enables companies to interact consistently with their consumers through all channels. When consumers move from channel to channel, the Omnichannel ensure that consumer’s history and context moves with them (My-Disney-Experience), it greatly improves the consumer experience. These days, with the advances of technology, consumers are expecting from
companies they interact with every day, this kind of Omnichannel experience. It is a multi-channel tool of selling, marketing, and helping consumers in a manner that generates a consistent and integrated consumer experience regardless of where or how a consumer reaches out. In fact, the shopping experience between the consumer and the company should be seamless, no matter if the consumer is purchasing using his phone app, his desktop, his telephone, from a “brick-and-mortar” shop.

In realizing the importance of Omnichannel, PWC (2017) have released an annual Global Omnichannel Retail Index report. In this report, they analyzed 9 customer retail categories in 28 countries, and then they created an index that uses industry data to classify these 28 countries on a scale of 1/100 across 4 dimensions: technology infrastructure; consumer behavior; Omnichannel potential; the digitization of retail sales. The report concluded that China still ranked among the top countries with large extremely demanding consumers, high mobile adoption rates, and the largest e-commerce market in the world. It was ranked 4th and the digitization of Chinese retail sales increase 27% since the last analysis in 2015.

Figure 8 illustrates the progress and development of Omnichannel by country (Scale 1-100).

In addition, companies are adopting other digital marketing strategies through converging three essential elements of digital marketing which are Social, Location and mobile and that forms what is called SoLoMo. For example, the new mobile Apps and smartphones are having location awareness as a feature that permits to determine the location of users. These devices have also social media applications installed that are empowering customers and changing the way of doing purchasing online. When customer interacts with SoLoMo experience—“checking in”, tweeting about their experience, and searching for nearby businesses – they are producing Digital Signals that are used by companies to evaluate their business and enhance customers experience. In addition, companies are more and more using the mobile channels (internet and special Apps) to interact with their customers, using the location-aware feature in their applications, and “tuning into” social media.

By analyzing and tapping the "Digital Signals”, generated by SoLoMo, companies are developing a 360° view that permits them to monitor their performance, better understand consumers, and amend their marketing policies.

The SoLoMo usefulness brings the best of the web (entertainment, data, and conversation) to regular circumstances, including a layer of increased utility to the consumer in his day by day activities (for instance Nike+ GPS). The Nike group has moved toward this new concept from consumers perspective, by determining the applications and functions that gives value to for runners — letting runners send cheers to each other while running, interacting between runners, tracking route. The first MNCs who adopted SoLoMo experience was Starbucks Coffee Shop who is keeping on delivering value from its approach. Their idea was to remunerate the Foursquare Mayor of each Starbucks store with a special reduction. This idea is still standing as the most acceptable and a popular application of SoLoMo Apps and it shows the high loyalty level of its consumers.

Wal-Mart, the giant store in the USA, has adopted a SoLoMo app developed by Kosmix. This internet social networking company was acquired later by Wal-Mart. In fact, when customers install this app, Wal-Mart will customize the list of products and services specific to each customer, and that is based on “intimations” about the customer from their Twitter, Instagram and Facebook streams.

The technological advances combined with high usage of the online smartphone with more and more developed apps permit to the companies to develop new marketing strategies based on new channels of communication and new tools.
CONCLUSION, RECOMMENDATIONS, AND LIMITATION

Nowadays, the most relevant trends that are shaping the marketing strategies are the technological changes, digitization, and ecological problems. We figured out that consumers became more concerned about ecological problems and more interested in eco-friendly products. Further, consumers are spending more and more time online over their smartphones. Marketers are targeting this part of consumers by relying on cognitive data marketing that offers a great potential; in gaining access to cognitive data, marketers are benefitting from new awareness in terms of behaviors, motivations, and feelings of consumers. Information’s collected from cognitive data allow marketing managers to adjust their strategies. An efficient marketing strategy, in the 21st century, should be based on four essential pillars which are: 1) the Insights generated from big data; 2) the Content to retain, engage, and attract actual and potential consumers; 3) the channels used to consumers through an efficient management of landscapes; 4) the technology adopted to reach, manage and analyze content and big data generated from different sales and marketing channels. In fact, the emergence of new technologies like wearable, and the explosion of channels that permit the continuous connectedness of IoT will have allowed the marketers to combine all data and content in order to deliver seamless customer experience.

The technological advances coupled with the rise of sharing economy were the reasons for lowering financial costs for companies, cutting down costs, achieving environmental and social benefits, reducing environmental problems and conserving natural resources. In fact, many consumers consider their choice of adopting the sharing practices as being “better for the environment”. Companies are promoting the “green consumerism” as a marketing strategy for raising awareness, protecting the environment, generating profits from the ethical consumption market. As for the strategy in emerging markets, MNCs must build marketing strategies based on different cultures among countries, different population size, different investment, and different target group. Any company that wants to succeed in the 21st century must rely on technologies, innovation, project management, and the supply chain, to transform and adapt the current business model into a new one that fully incorporate its offline and online businesses to enhance customer experience.
REFERENCES


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