

Digital strategy in the DACH retail industry

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1. Introduction and literature review

Introduction

Other factors, the last three years have seen large growth due to the pandemic and a general shift in retail habits. A conference paper by Schmid et al. (2016) revealed a prevalence of online shopping due to the less unpleasant perception of shopping costs relative to travel and delivery costs. As opposed to single-channel strategies, omnichannel allows for cross-channel synergies, enhancing customer-centricity (Hajdas et al., 2022) and a more uniform commerce experience, no matter the touchpoint (Piotrowicz & Cuthbertson, 2014). Such a strategy has already begun implementation at Zubi, requiring an increase in internal digital competencies and the cost connected to such an investment, as this can be a significant obstacle with omnichannel integrations (Hajdas et al., 2022). Other operational obstacles facing omnichannel implementations include data management and synchronisation over multiple channels as a foundation for coherent and seamless experience, a requirement for omnichannel strategies (Lazaris & Vrechopoulos, 2014) and a challenge Zubi has been confronted with multiple times since its digital inception thanks to decoupled and isolated data warehousing in different systems (product information, pricing data, customer data, etc.).

Research question

"Can a concrete digital strategy function as a standalone and how does it require the refining of overlying business strategy?"

Literature review

The role of digital strategies in today's business landscape has become increasingly vital, as organizations strive to leverage the power of technology to drive growth, innovation, and competitive advantage. Ebert & Duarte (2018) describe DT as the adoption of disruptive technologies with the objective of enhancing productivity, creation of new value, and improvement of social welfare, with software as an important cornerstone of DT. Downes & Nunes (2013) explain that such "big-bang" disruptive technologies occur spontaneously and without premeditation, while also deviating from typical strategic trajectories and market adoption patterns. The lean start-up methodology involves testing hypotheses by gathering early and frequent feedback through minimum viable products (MVPs), rather than relying on fully functional prototypes (Blank, 2013).

2. Methodology

What is the framework?

To conduct a thorough current state analysis for Zubi, it is essential to approach the strategy from an internal perspective. Given Zubi's unique history and success, a different methodology is required compared to traditional manufacturing firms. In this analysis, the emphasis is on understanding Zubi's internal dynamics and context. Convergent interviewing utilizing qualitative semi-structured interviews with open-ended questions is employed to gather valuable insights and lessons learned. These insights are then clustered into themes, enabling flexibility in the subsequent strategy formulation process. During this formulation stage, potential blind spots are uncovered, prompting a re-clustering of the interviewee data. A concrete action plan and the allocation of necessary resources can be defined to bridge the gap between the current strategic state and the formulated strategy.



Methodology in visual form

3. Results and discussion

Cluster one: Digitalisation as a change management process

Four interviewees mentioned the necessity of managing digital strategy as a change management strategy to be successful. Furthermore, four interviewees said the biggest requirement for this process lies with the employees and the people in the organisation, validated by two interviewees as also being the main reason digital strategies fail.

Three interviews revealed that digital business is C-level business, and two interviews that digital strategy must be viewed along with the structural changes that come consequently.

Cluster two: Participants of strategy definition processes

Five interviewees stress the importance of including all layers of employees in the strategy definition process, whereas two stress the importance of participation of the board of directors and upper management. Two interviewees mentioned how the customer should also be an integrated part of this process. One interviewee explains the inclusion of all layers of organisation through holocracy. One interviewee criticised the role of CDOs in the digital strategy definition process. Only one interviewee suggested including experts.

Cluster three: Customer-centricity in digital strategy

Five interviewees acknowledge the consumer's role as the centre of every strategy, where one interviewee deems strategy useless if the customer is not the centre. Two interviews talk about the enhanced understanding of the customer through digital strategies. One interviewee suggests using consumer benefits as a guide for digital strategies, and that organisations must change with the consumer.

Definition: Omnichannel

Four interviewees define omnichannel as the seamless transitioning between channels. Two interviewees talk about omnichannel as a sales strategy for the digital age. Only one interviewee remained critical of omnichannel, mentioning its inflationary nature.

4. Conclusions and recommendations

Conclusions

The IT strategy of Zubi primarily focuses on ICT subjects such as cyber risk, internal communication, and Microsoft 365. While these areas are crucial for maintaining a secure and efficient digital infrastructure, they do not contribute to the development of a comprehensive digital strategy. Concluding, digital strategy cannot be viewed separately from a business strategy – it should even be viewed as a catalyst for change processes within an organisation, resulting in a modern and enhanced business strategy. This should be implemented with a form of ambidextrous organisation to aid in the balance between deliberate and emerging strategies.

Recommendations

Deliberate or emerging strategies for SME use.

References

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