

Four Digital Strategy Options

Digital is a surprisingly hard-to-pin-down concept. While most people have a view about what digital is, their views differ widely. This lack of a common meaning makes developing a 'digital strategy' challenging in most organisations.

Some people see digital as about websites and apps; others see it as about technology; and others still think its about marketing or social media.

Although none of these views are wrong, they each represent too narrow a frame on which to develop a digital strategy that is more than tactical.

To go beyond tactical, its necessary to see digital in the same way that startup founders and venture capitalist do. That is, as all of the above things plus new products and services and different business models.

When digital is consider through this much broader framework, its possible to see four options for a digital strategy:

1. **Online Sales & Service** – this strategy involves designing websites and apps and using social media to create new sales and service channels for existing businesses. The goals are typically around increasing customer satisfaction, reducing cost, and generating new revenue by enabling customers to interact online, anytime, anywhere. The products and services sold to customers don't change, but the ways in which customers can interact with the business move online and social.

2. **Process & Experience Improvement** – this strategy seeks to simplify processes and improve the customer experience. It is often the next step on from an Online Sales & Service strategy, in that the catalyst is reaching a stage where the digital front-end of the organisation is constrained by process and operational complexity behind the scenes. Its goals are therefore similar – greater customer satisfaction, higher sales and lower cost – with increased efficiency.

3. **New Products & Services** – this strategy goes beyond how customers interact to what the business is actually selling (and customers buying). It involves more than tweaking the existing products and services. It involves innovating to address unmet customer needs in either your existing target market or new target markets. The ultimate goals are revenue and profit growth beyond what is achievable with the above two strategies.

4. **New Business Models** – this is the most radical strategy and will either change the organisation or require a new organisation to be incubated, whether that is done internally or externally. This strategy includes rethinking target customers, products and services, service delivery models, and supporting functions and organisational structure. The degree of change required for existing businesses to execute this strategy typically means is only meaningfully employed where there is a real existential crises, like industry disruption.

Technology, data and analytics are important inputs to all of the above strategies, but are not digital strategies on their own.

The first two strategies are really about taking what an existing organisation does and making it better – simpler, easier, and more convenient. The third and fourth strategies are more ambitious. They are also the space in which startups naturally operate, although existing organisations can be and are successful here also.

One final point: there is no right or wrong strategy. All of the above strategies can be the right choice depending on the circumstances. Those being what you are trying to achieve, what mandate for change you have, and what level of competitive or disruptive pressure your company and industry are facing.

