



# Innovation in Retail Business Models Driven by Digitalization for the Future

Mishima Ryu\*

*Department of Business Administration, University of Tsukuba, Tsukuba, Japan*

## DESCRIPTION

The innovation that increased digitalization makes feasible as well as instances from the real-world retail industry has caught the attention of marketing experts. Digitalization and the advancement of related technologies in the retail industry are major drivers of innovation the creation of creative strategies for retail businesses to deal with issues such rising customer expectations, technological adoption, supply chain integration, logistical difficulties, and digital marketing. Retailers who were prepared and had previously embraced cutting-edge digital business methods before the epidemic have dramatically widened the gap between leaders and laggards by increasing their market worth. There are hence three ways that the retail business model may experience the advantages and drawbacks of digitization. The ability of first retailers to compete depends on having an effective supply chain management flow and system because the products they offer are typically manufactured by outside suppliers. Furthermore, as merchants are the final link in the supply chain and have close links to customers enhancing customer interaction through digitalization may lead to higher performance and sales. Third, because of its vast size, value creation, and other characteristics, the retail sector is one of the largest in many economies. Due to its function as an intermediate in the supply chain, digitalization-driven innovation in the retail business model is crucial. Therefore, it is important both theoretically and practically to increase our understanding of how digitalization encourages business model innovation.

The interpretation of digitalization is the use of digital technology to innovate a business model, produce new revenue streams, and create chances for value creation in industrial ecosystems. Therefore, understanding the use and exploitation of digitalization is more important than the introduction of new technology. In the actual context of the retail industry, digitalization clearly has an impact on all facets of business models, including value creation, value delivery, and value capture. The expanding use of digitalization by the retail sector to support business model innovation has piqued the interest of

academics studying marketing and innovation management, speeding up academic development.

However, these assessments are fragmented and restricted to certain advancements in retail business models that are driven by digitization. The current is insufficient to explain these changes and offer a thorough viewpoint on how digitization is fostering innovation in retail business models. At this point, the future of retailing is not entirely clear to both researchers and management. The challenges and opportunities given by emerging technologies like AI, big data, and IoT are challenging for businesses to address since they necessitate both substantial adjustments to business model dimensions and minor process enhancements. There is no clear path for how altered business models can effectively benefit from recent and future technological advancements.

The advantages of connected specialists in open area associations are extensive. Kahn recommends that drew in specialists put their whole selves into their work. Albeit the greater part of the examination has been directed in confidential area associations, a few researchers have proposed that hierarchical qualities all the more normally connected with the public area like procedural and monetary requirements, outer oversight, and contrasts in objectives and values might prompt various impacts of representative commitment. In any case, all things considered, work commitment has been found to connect with representative in-job and extra-job execution in open area associations decidedly. The retail industry's adoption of IoT (Internet of Things), VR (Virtual Reality), robotics, and augmented reality are widely used as examples of various technologies in the current stance on digitalization. According to research, retailers should take into account Human Enhancement Technology (HET), which at the moment is more of a human robot line than a pure robot line. It takes a lot of research to understand the numerous applications of digital technologies and to sort out the requirements for organisational change in order to use them effectively. Although digitization has significantly reduced costs and increased efficiency, not all businesses have been able to benefit from these technological advancements.

**Correspondence to:** Mishima Ryu, Department of Business Administration, University of Tsukuba, Tsukuba, Japan Email-mishimar@gmail.com

**Received:** 05-Aug-2022, Manuscript No. RPAM-22-17941; **Editor assigned:** 08-Aug-2022, PreQC No. RPAM-22-17941 (PQ); **Reviewed:** 22-Aug-2022, QC No. RPAM-22-17941; **Revised:** 29-Aug-2022, Manuscript No. RPAM-22-17941 (R); **Published:** 05-Sep-2022, DOI: 10.35248/2315-7844.22.10.359

**Citation:** Ryu M (2022) Innovation in Retail Business Models Driven by Digitalization for the Future. Review Pub Administration Manag.10:359

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### Retail value driven by digitalization

Power is controlled includes the cost structure and revenue model. This element of business models has a significant impact on how development and delivery efforts and resources translate into profitable firm outcomes. Practicality and efficacy of operational decision-making Digitization has made it feasible to perform parallel data computation, make data transparent, keep data authentic, and protect data. Because it makes it easier to obtain information and because it uses better processes, it encourages the efficient and effective use of decision-making. A clear corporate data strategy is necessary in order to gain from the adoption and development of decision support systems.

### Digital-focused business models

Due to various their collaboration with other ecosystem operators, retailers now have better access to market segments and increased output, which also strengthens their business model and generates economies of scale. Adopting digital strategies can help retail businesses generate new revenue streams. For instance, Apple allowed all external app developers to create apps for the App Store rather than restricting it to app developers within Apple. When the price of well-known apps like Angry Birds drops, the number of requests increases. There is a little uptick in demand despite a price increase for the iPhone. Therefore, digitization can aid retailers in establishing new, possibly altered, revenue streams.