

Chapter 2

The Rise of Digital Transformation Within Businesses in the Pandemic

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ABSTRACT

Because of the threat it poses to human health around the world, the COVID-19 pandemic has had devastating effects on the economies of all countries. Businesses had to change their business models, working conditions, marketing communication, technology usage, strategy development, and supply chain relationships in order to continue operations that had come to a halt. In order to realize this change in the best way, businesses have attempted to integrate digital tools into their business processes. As a result, the business world experienced a rapid digital transformation. Based on those, the purpose of this chapter is to investigate the impact of the rise of digital transformation on businesses during COVID-19. The existing literature and reports were reviewed for this purpose. It is thus discussed how businesses experienced digital transformation during COVID-19.

INTRODUCTION

In addition to technological developments, globalization, changing customer expectations, and unusual events such as COVID-19 are now accelerating the transformation of the information society and making the integration of digital tools into business processes more commonly (Gabryelczyk, 2020). Thus, digital transformation becomes mandatory for companies by expanding its scope (Fletcher & Griffiths, 2020). In its most basic form, the process that starts and continues with digitization takes its final form in the third stage with digital transformation (Verhoef et al., 2021). Digital transformation builds on

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the previous two stages and uses data and information technologies in the business world to make data-based decisions, including the creation of systems and maintaining their working (Verhoef et al., 2021).

Digital transformation is worth researching as it integrates technology in all processes of the businesses by bringing innovation to product/service (Shankar et al., 2021; Jiang & Wen, 2020), business models (Kraft et al., 2021), customer experiences (Jiang & Wen, 2020), skills (e.g., data management, analytics, digital literacy; Young & Rogers, 2019). Those innovations are essential tools for increasing revenue (Singh et al., 2021), making a great contribution to the performance (Singh et al., 2021), as well sustaining competitive advantage (Singh et al., 2021). In other words, to maintain their existence, firms have to keep up with digital transformation (Moşteanu & Fathi, 2020).

In addition to these several different benefits of this phenomenon, the importance of digital transformation has ascended during COVID-19 (Gabryelczyk, 2020). In the COVID-19 pandemic, businesses had to perform digital transformation quickly with the support of all their stakeholders, even if they had no previous preparation and experience in digitalization (Gabryelczyk, 2020). Although in the first stages of digitalization, there are preliminary steps of digital transformation such as technology-oriented structuring of business processes, transforming businesses into more agile and organic structures, adopting standardization and automation, and reshaping their strategies and culture digitization has been faster during the pandemic and this process is getting accelerated to prevent the economic effects of the pandemic (Soto-Acosta, 2020). The results of the research conducted by McKinsey & Company (2020) and IDC (2020) show that the digital transformation activities carried out during the COVID-19 period peaked. Besides, according to Twilio's (2020) report, 79% of respondents thought that the budget for digital transformation increased during COVID-19. Besides, it is estimated that direct investments in digital transformation can reach a total of USD 6.8 trillion between 2020 and 2023 (IDC, 2020). Therefore, digital transformation is also becoming more important than ever before (Elgazzar et al., 2022). Integrating technology in all processes of the business is not an elective alternative especially during these unusual times (Elgazzar et al., 2022). COVID-19 has shown that organizations should give more importance to digital transformation when compared to pre-COVID-19 times to meet at least the basic needs of people such as health, education, and communication to continue their life span, digital transformation is obligatory for companies (Fletcher & Griffiths, 2020). To overcome the economic effect of COVID-19, it is necessary to understand how it leads to change in the business world (Klein & Todesco, 2021). Furthermore, it should also clarify how COVID-19 triggers digital transformation (Priyono et al., 2020). However, as far as we know, there is no study that fully addresses the issues related to the effects of it on the business world. Sectoral and/or international reports examined the relationship between digital transformation and the pandemic and investigated that issue in detail. However, academic research should also examine the related issue in this regard by combining all these efforts to find highlighted topics to explain the effect of the pandemic on digital transformation. By following this need, this study aims to clarify the rising importance of digital transformation through the pandemic by considering both sectoral investigations and academic research conducted to highlight the related issue from several different perspectives.

During COVID-19, businesses have experienced the transformation of business models (e.g., Nesheva-Kiosseva, 2021), the transformation of working conditions (e.g., Dwivedi et al., 2020), the transformation of marketing communication (e.g., Shankar et al., 2021), the transformation of technology usage in businesses (e.g., Sharifi et al., 2021), the transformation of strategy development (e.g., Perri et al., 2021), the transformation of the supply chain (e.g., Sarkis, 2020), in a more digitized way. At the same time,

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