Chapter V

Measuring the Potential for IT Convergence at Macrolevel: A Definition Based on Platform Penetration and CRM Potential

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ABSTRACT

In this chapter, the author sets out to define what convergence is and to measure it in Europe. It begins by proposing that the concept of digital convergence, as it is commonly expressed, is taken to refer to three possible axes of alignment: convergence of devices, convergence of networks, and convergence of content. Although there is evidence in digital environments of limited alignment in some of these areas, there are considerable physical, technical, and consumer barriers in each case. In fact, rather than convergence,
the transition from analog to digital is often accompanied by a process of fragmentation. A better way of looking at convergence may lie in the degree to which two-way digital networks facilitate cross-platform management of customer relationships, regardless of the type of networks those customers use. In the chapter, a definition of convergence based on penetration of digital platforms and the potential for cross-platform Customer Relationship Management (CRM) strategies is argued for before going on to develop a convergence index according to different European territories that can be compared.

INTRODUCTION

The technological innovation process has a pervasive influence on the whole digital metamarket, featured by the gradual convergence of three traditionally distinct sectors: IT, telecommunications, and media (Valdani, 1997, 2000; Ancarani, 1999; Pagani, 2000).

The numerous innovations that could lead to “convergence” between TV and online services occur in various dimensions.

The technology dimension refers to the diffusion of technological innovations into various industries. The growing integration of functions into formerly separate products or services or the emergence of hybrid products with new functions is enabled primarily through digitalization and data compression. Customers and media companies are confronted with technology-driven innovations in the area of transport media as well as new devices.

Typical characteristics of these technologies are digital storage and transmission of content from a technical perspective and a higher degree of interactivity from the user’s perspective (Schreiber, 1997).

The needs dimension refers to the functional basis of convergence: functions fulfill needs of customers, which can also merge and develop from different areas. This depends on the customers’ willingness to accept new forms of need fulfilment or new products to fulfil old needs. When effective buying power creates a significant market
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