

Power of the Individual

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Abstract

Our individual-centric society is leading to the transformation of current systems. Individuals are encouraging the restructuring of businesses, an increase in options, and a transformation to a more flexible society.

Keywords: individualization, on-demand economy, gig economy

1. Narrowing the information gap

The spread of the Internet has narrowed the formerly unbridgeable gap in the ability to distribute information between enterprises and consumers, employers and employees, and large businesses and small-to-medium-sized businesses. The diffusion of social media has also increased the individual's ability to spread information, which is placing considerable pressure on providers. In the manufacturing arena, lower prices made possible by mass production and uniform service can no longer meet diversifying consumer needs. This is causing a shift from mass production to high-mix, low-volume production and even to the personalization of products in accordance with consumer requests. In addition, significantly lower costs to switch providers and to switch brands of products and services have strengthened the relative power of consumers. A recent trend is consumerization, where innovation occurs in consumer markets ahead of business markets, after which the innovation is imported to front-line businesses.

Narrowing the gap between citizens' ability to access information and the government's ability to do so has resulted in significant changes in politics, the economy, and social life as a whole. Vox populi—the voice of the people—which used to be oppressed, now enjoys much greater exposure, and it is common to hear sharp individual opinions, with demands regularly made to incorporate consumer views into policies. Since a reduction in the national sense of belonging and a rise of populism are also being seen, in some cases, unexpected results are occurring in elections and referendums. Finding an equilibrium

point is expected to take a little more time.

2. Development of individualization

Personalization is shifting toward individualization. Stronger advocacy of individual demands and the recent ability to acquire accurate information on individuals and their behaviors have made it clear that services that segment customers simply by their attributes, for example, age and gender, and their purchase histories, do not attain maximum results. For example, analysis of information distribution via social media, information on families and assets, and real-time analysis of location and individual situations and behaviors, are now being combined to increase closing rates and likability rates. One case reported that individualized rewards programs based on personal tastes and interests would result in more than ten thousand times as many variations in rewards programs, doubling the rate of utilization.

To achieve customer satisfaction, it is imperative that providers of products and services restructure their business models. In the medical field, treatment methods that incorporate genetic information, patient personality, and living environment in addition to the state of illness and comorbidities, will likely become more commonplace. Although concerns about privacy may make the application of these methods optional, evidence of the significant impact on users will likely promote continued adoption of these techniques.

Three-dimensional (3D) printing is a system that supports individual needs more accurately and rapidly than conventional molding methods and is

therefore expected to expand rapidly in the future for prototypes, finished products, and parts. The spread of 3D printing will lead to the shift of manufacturing locations closer to the final consumption points, enabling individualization even of manufacturing processes. This may result in the restructuring of supply chains as a whole. A recent IDC study forecasts that the 3D printing market will grow at the compound annual growth rate of 22.3%, with a market size of approximately 29 billion dollars in 2020, almost 2.2 times the size of the market in 2016 [1]. Expansion of 3D printing is expected particularly in the dental and medical implant treatment fields.

3. Rise of new businesses

Digitization has caused rapid changes in the business models of existing companies. For example, the way to purchase music has evolved from record albums and compact discs to individual pieces of music bought online. In the publishing industry, consumers can now subscribe to newspapers on an article basis, radically shifting distribution systems. The service industry has seen the appearance of FinTech (financial technology) companies, which specialize in their areas of strength to provide functions to existing financial institutions. This indicates a change from the provision of uniform service to the provision of service restricted to certain functions. Some financial institutions offer only digital services without providing any branch offices, while other banks have expanded their functions to meet customer demands. In place of large companies offering uniform service,



es, the distribution arena is experiencing unbundling, where a selective combination of multiple startups can provide similar services. An increasing number of construction and healthcare companies are also providing highly specialized services by narrowing down their offerings to certain functions. Startups have the advantage of greater proximity to customers.

Digitization has led to standardization and lower transaction costs, reducing the advantage of one company providing all functions. Large organizations are also hindered by bureaucratic structures and slow decision making, resulting in the need for a system to create and adopt innovations. For this reason, collaboration between large companies and startups has become more common. In addition, acceleration of the information technology (IT) revolution is blurring the boundaries between industries. For example, some IT-related startups are entering the automobile and space industries.

4. Expansion of on-demand economy

The on-demand economy, in which products and services are provided based on demand, continues to grow. In the United States, over 40% of adults have used this type of service. The spread of smartphones and social media has enabled more effective matching of supply and demand, leading to more efficient use of idle assets.

Because consumers can now become providers, an increasing number of markets are in flux. While services based on sharing of personal cars and lodging facilities are generating resentment from the taxi and hotel industries, users who are unsatisfied with the inflexible service of the existing industries support new entrants not subject to regulations, causing disruption to the existing business model. This trend has even had an impact on the automobile industry, which has entered the business of sharing vehicles, despite the potential negative effect on sales volumes. In tandem with the expansion in the types of services offered, for example, housekeeping services and home delivery of food, the number of users is also increasing. The majority of users are currently young adults who are trend-conscious and knowledgeable in IT, but the market for this type of business is expected to expand in the future.

5. Penetration of the gig economy

An increasing number of workers, especially in advanced countries, are freelancing instead of working

for a specific company or organization, thus propelling the diversification of individual work styles. This style of work with freelancers and short-term contracts is referred to as the gig economy. In addition to digitization and mobilization, which has separated work from the workplace, expansion of the on-demand economy and crowdsourcing has paved the way for utilization of the abilities and resources of individuals. This is one of the key factors causing the increase in the number of full-time and part-time freelancers. In particular, more individuals with highly specialized skills have access to global markets and select a job that takes advantage of their abilities regardless of the location.

The United States has approximately 53 million freelancers, approximately one-third of the workforce. This number is expected to increase to more than 50% of the workforce by 2020 [2]. Similar trends in the number of freelancers can be seen in Europe and Japan, with large companies increasingly hiring freelancers. Employers that leverage freelancers to strategically use their specialized expertise instead of to simply reduce costs or adjust the number of employees experience enhanced competitiveness. If companies and organizations continue to utilize external skilled workers for important tasks, organizations will become more open and flexible.

6. Experiencing the power of the individual

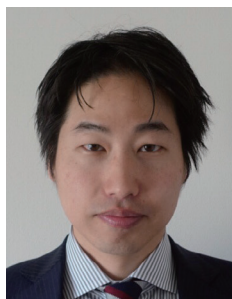
The power of the individual is already fundamental in the world, bringing changes to the relationships among entities in society. Although a negative aspect exists where fake online news is affecting even politics, the impact of the individual will likely continue to expand, encouraging modifications in industries, reexamination of regulations, and construction of new systems. The power relationship (power balance) in society will also likely continue to change. As a result, companies need to look beyond these changes and adequately prepare for their next steps in the future.

References

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