

Chapter 7

Driving Digital Transformation for Competitive Distinctiveness: The Case of Saregama Carvaan 2.0



Shaunak Roy  and Shivaji Banerjee

7.1 Introductory Reflections

There's a popular meme going around that neatly captures the tipping point of digital. It's a short questionnaire asking who is driving your digital transformation. The first two options are "CEO" and "chief digital officer." Below that, highlighted with a bright red circle, is "COVID-19."

—Fitzpatrick et al. (2020, April), McKinsey Digital

Recent deliberations on economic development have been mainly biased towards digital technology, primarily on account of its proliferated utilization in the wake of the COVID-19 outbreak. The role of the pandemic in boosting the adoption of novel digital technologies cannot be repudiated. However, it must also be noted that the standards of living of people in general, their approaches to making purchase decisions and their occupational trajectories have been incrementally influenced by such technological developments over the past decade or so (Saliola & Islam, 2020). Concurrently, business enterprises have also embraced the digital revolution by reassessing aspects that drive customer value and germinating functional systems that provide them with a distinct competitive advantage. The pandemic merely acted as a catalyst for forthcoming digital transformations in the Indian context, by fast-tracking the pace of digital adoption for several businesses across a multitude

S. Roy (✉)

Faculty of Management, Department of Commerce and Management Studies, St. Xavier's College (Autonomous), Kolkata, West Bengal, India
e-mail: shaunak@sxccal.edu

S. Banerjee

Department of Management, St. Xavier's College (Autonomous), Kolkata, West Bengal, India
Guest Faculty, Department of Commerce and Business Management, University of Kolkata, West Bengal, India
e-mail: drshivaji@sxccal.edu

of sectors. Business leaders and managers, today, are thus contemplating on ameliorating their skills and developing competencies that would enable their endurance in the post-COVID paradigm (Chari, 2020). The question, however, remains: To what extent should business enterprises embark on the digital transformation journey, and how swiftly should it be traversed?

The current undertaking is designed as a research case study and endeavours to scrutinize the process by which Saregama Carvaan 2.0 has reassessed their customer value propositions and operational processes. The study also investigates the possibility of all product offerings and operations of Saregama being entirely digitized, especially since they need for physical infrastructure shall always be a requirement. The case further inspects a series of subsequent questions pertaining to digital transformation, such as how are the physical and digital developments of Saregama required to be administered in unison without estranging potential customers and conceiving superfluous degrees of intricacy? How does Saregama integrate novel and archetypal business operations, and how does this influence customers? How does the company reshape its customer value propositions? Finally, how does Saregama remodel its business processes to present new customer value propositions efficaciously, resourcefully and innovatively? Responses to these questions shall help unwrap how Saregama has been employing a proactive stance in the digital transformation and is leveraging the total capacity of its disruptive technologies.

7.2 Embracing the Digital Revolution

The last couple of decades have borne testimony to a radical shift in customer expectancies, as they have been observed to progressively use social networks to scout for jobs, friends, eateries, shopping and travel destinations and a plethora of other aspects (Accenture, 2014; Nasir & Kurtuluş, 2017; Yasav, 2015). Furthermore, they expect to receive pertinent information in connection to their pursuits, ubiquitously at any point of time in a device of their preference (Solis, 2017). ‘Digital’ has thus become ingrained in the fabric of customer lifestyles, such that they dictate the strategy for business enterprises. Consequently, corporate spearheads have leveraged the pros of information and communications technology (ICT) over the years, in their quest to enhance efficiency levels, diversify into new markets (Bharadwaj et al., 2013), develop new products and services (Narkiniemi, 2013) and augment logistics and supply chain efficiencies (Arenkov et al., 2019). Intending to keep pace with the ‘mobile’ consumer, approximately 67% of the corporate heads of Global 2000 companies have increased digital spending by reorienting their approach from archetypal offline-dominant business strategies to more contemporary digital design. According to a recent International Data Corporation (IDC) report, the net global outlays on digital transformation in 2019 was approximately USD 1.18 trillion, and it is pegged to rise beyond USD 2 trillion by 2022 (Reinsel et al., 2018). Nearly 80% of such businesses affirmed that the novel coronavirus crisis was immensely accountable for escalating the budget for digital

transformation and hastening the change to ‘digital’ and profoundly rejigging the corporate milieu (Press Trust of India, 2020). Thus, two parallel activities are balanced by such companies that have embraced digital technology: restructuring customer value propositions and transmuting their business operations by adopting digital technologies such as using smart devices and social networking platforms for building better liaisons with customers (Berman & Bell, 2018).

7.3 Music Business: Taking the ‘Digital’ Leap?

The music industry happens to be among the most rampantly expanding export spheres in the international service-dominant market (United Nations Conference on Trade and Development, 2002). The prominent export potential of earnings from the music business is gradually being acknowledged by business leaders across the world, mostly since it plays a crucial role in employment generation and the advancement of an ethnocentric national culture (Álvarez, 2017). Emergent nations such as India have also garnered increased interest in topical times, chiefly because Indian singers, composers, musicians and other mavens in the music industry have accomplished plenty of overseas feats. The music industry in the country has also observed a gradual decline in physical sales resulting from analogue music alternatives and a prominent surge in digital music (Muthusamy, 2012). For instance, it recorded revenues amounting to INR 1068 crore in 2019 and generated employment for around 1460 full-time employees in the same year (The Indian Music Industry & Deloitte, 2019). This digital transformation is steered by metamorphosing worldwide connectivity and increasing empowerment of customers (refer to Exhibit 7.1).

Exhibit 7.1 captures the pervasiveness of the digital transformation of the music business not only in India but also across several nations and operational domains. For instance, in the late 1990s, the music and entertainment industries were among the first to explore the prospect of digital products and services. Additionally, the telecom, software and IT sectors reserved the responsibility for developing the data and informational mainstay to ameliorate efficiency levels across various functional domains of business such as marketing, finance, logistics and human resources (Reinsel et al., 2018). This period witnessed the supremacy of compact discs (CDs), resulting in a revenue surge in the music industry. The CD marked the inception of a novel digital culture in India, epitomizing the transference from analogue to digital technology (Daniel, 2019). While young consumers demonstrated a definite enthusiasm in their tryst with music by adopting the compact disc, the relatively older generations were grappling with the anxiety associated with the decline of phonograph and vinyl records as well as audio cassettes (DeArcangelis, 2017; Pereira, 2017).

Despite the dot-com bubble crash in the late 1990s and early 2000s, consumer demand for digital music continued to witness an upward trend (El Gamal, 2012). The 2000s saw a rise in music industries emphasizing on web-based strategies such as an increased emphasis on hosts and domains, along with the optimization and

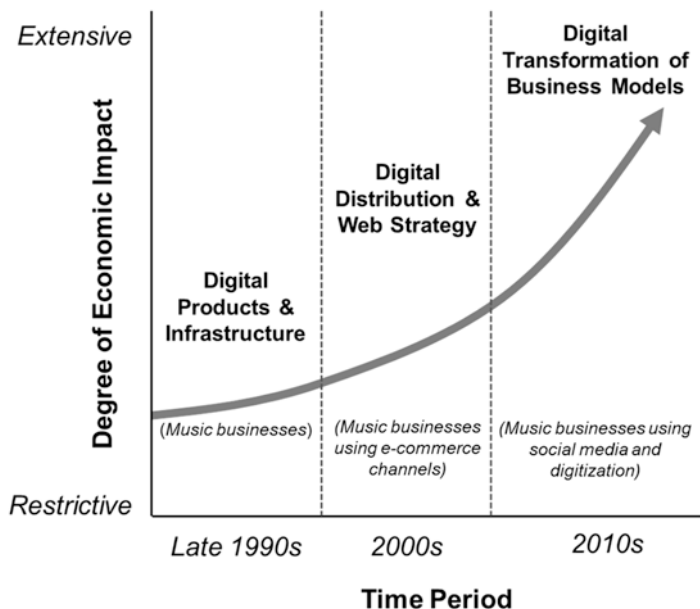


Exhibit 7.1 Universality of digital transformation in the music business. (Source: IBM Institute for Business Value)

supervision of their websites to amplify site visits and digital footfalls (Hutchison, 2008). Music businesses have increasingly tapped e-commerce channels in reaching out to the ‘mobile’ consumer of music. Accordingly, music businesses in India have grown to encompass fast-paced, production, promotion, licensing and supply operations, with the aid of the e-commerce vehicles that serve as a vital, expansive tool for high-speed digital distribution (Fox, 2004; Wiafe, 2012). Amateur and new musicians have adequate potential to conceive, promote and disseminate their compositions, without the active participation of major record companies in India or abroad (Janson et al., 1998).

The late 2000s witnessed a significant surge in the digitization of music in India. For instance, in an interview with Jay Mehta in 2019, the director of digital business at Sony Music India observed that digitization in the music business is the primary driver of the Indian music industry, making it more ‘democratic’ (News18 Report, 2019). Today, with hyper-digitization and with the availability of virtual streaming channels such as YouTube and Spotify, the dissociation between musicians and their prospective viewers has condensed. The mobile revolution among consumers has made the accessibility of music easier and remains a classic example of monetizing technology. The proliferation of music applications such as Spotify, Amazon Prime Music or YouTube Music, among several others, have served as momentous drivers for transforming potential listeners into active subscribers (Jani, 2020).

Further, increasing penetration of smartphones, as well as low-cost data accessibility, has been pronounced in the ‘hyper-digitization’ of the music business in

India (Business Standard, 2018). With a progressive movement towards ‘everything-on-the-cloud’ and ‘everything-as-a-service model’ (Venkatraman, 2020), music streaming apps such as Gaana, Saavn among other notable players are today able to generate sufficient revenues through advertising- and subscription-centric revenues. Again, ‘music-analytics’ that use data- and web-analytics, enable leading players in the music industry to investigate existing patterns and inclinations of music listenership and forecast the plausible forthcoming big hit. For instance, apps such as YouTube and even Spotify circulate trends, pillared on the genre of music listened to by the target audiences (Spotify Trends, 2020). Leveraging the power of such analytics are the marketing and PR divisions of such music businesses, which ensure that the record not only sells, but also generates a ‘hype’ among prospective customer, especially on social media platforms.

7.4 The Origin Saga of Saregama India Ltd.

Incorporated on August 13, 1946, Saregama India Ltd. has initially been a subsidiary of England-based ‘The Gramophone Co. (India) Limited’, whose operations were established in the city of Kolkata (formerly, Calcutta) in India. The parent company was itself another subsidiary of Electric & Musical Industries Ltd., England (EMI). Saregama’s fundamental objective was to produce and trade in gramophone records, radio receivers, radiograms, record players, pick-up cartridges, other associated products (The Economic Times, 2018). On October 28, 1968, the enterprise was converted into a public entity under the name ‘The Gramophone Company of India Limited’. In 1977, the company discontinued existing as a subsidiary of The Gramophone Company Ltd., England, in the aftermath of issuing its shares to Indian nationals under a prospectus. In 1984, the company was incurring significant losses on account of a precipitous fall in the sales of vinyl records, and the company attempted to offer dealer discounts as well as diminish the selling price to block subsequent sales decay. The deterioration in the financial performance of the company was manifest clearly, as the year 1987 witnessed the company arriving under the prerequisites of the Sick Industrial Companies (SP) Act, 1985. In the early 1990s, the company inaugurated a couple of upscale retail music establishments, which catalysed a holistic amelioration in the retail ecosystem in India, in the LPG era. At the same time, the company also launched a novel brand called ‘Sheer Magic’, to tap the nascent digital market. The new brand encompassed digitally remastered music that was recorded on premier-quality imported magnetic tape. The mid-1990s saw the entity making its foray into FM broadcasting in the radio stations of Kolkata and Goa.

The company also recorded a collaboration with Gramco Music Publishing Private Limited (GMPPL) by acquiring 30% of its equity and commanding complete managerial control. In the first half of 2000, the Rama Prasad Goenka (RPG) Group-led firm, suggested share exchange ratios of 4:7 and 1:700 for the purported merger of RPG Music International Limited (RMIL) and Gramco Music Publishing

Limited (GMPL), with The Gramophone Company of India Limited (GCIL). It was as recent as November 3, 2000, that the name of the company was altered to the present name of Saregama India Limited. The company owned a website called ‘hamaracd.com’ that offered made-to-order music CDs and raised kiosks in the city of Chennai during the December music season in an attempt to proffer music enthusiasts to develop their own ‘Katcheris’¹ (Business Standard News, 2018). In 2004, Saregama partnered with Color Chips Limited for the creation and dissemination of the album ‘Hanuman Chalisa’. The very next year noted the company’s strategic alliance with MGM Studios (The Economic Times, 2005).

Today, Saregama has established itself as a crucial player in the Indian music industry, owning music inventories in various regional languages and domains such as movie music, Carnatic music, Hindustani classical and even spiritual music. Saregama has also magnified its index to evolve as the largest in-perpetuity global owner of both sound recording and publishing copyrights of Indian music across 14 versatile languages (Sen, 2019). Coupled with owning music projects, Saregama also happens to produce films under the title ‘Yoodlee Films’ as well as multi-language television content (Bhattacharya, 2019).

7.5 Saregama Carvaan to Carvaan 2.0: A ‘Digital’ Triumph?

We are keeping the company relevant for 20 to 30 years down the line.
—Vikram Mehra, Managing Director of Saregama India

Saregama Carvaan is a ground-breaking portable digital music player from Saregama India Limited, that is preloaded with an excess of 5000 songs, lucid user interface and high-grade speakers. Interestingly, the company owns Intellectual Property Rights (IPRs) for an excess of 1.2 lakh songs, 5400 h of television serials and 20 movies (Malpani, 2018; Saregama India Ltd., 2018). To the ordinary customer, it would indeed be a pertinent question as to why an eminent music firm would unveil a product that appears so retrograde in terms of its technological façade. In today’s era of digital supremacy, ideally, the product would have fallen flat among consumers. Yet, the company seems to have checked all the right boxes in terms of its sales and acceptance among target consumers in India. The product has successfully managed to disrupt a multitude of archetypal industrial customs and conventions while reinvigorating the incidence of the retro genre among several generations, be it the millennials or otherwise.

There are several strategies that Carvaan implemented perfectly. For instance, the preliminary stage in determining whether or not a product may be deemed as innovative is to assess the existence of any demand for the same in the market. The ideation for Carvaan began in 2015, in the wake of substantial market research

¹A *katcheri* happens to be a congress of musicians and audience members in the light of Carnatic music, which is usually presented in the concert format.

conducted across 23 cities to probe into the behaviour of Indians towards their consumption of music (Mehra, 2019). The research results suggested that ardent music enthusiasts, especially above the age of 35 years, preferred to patronize evergreen Indian legends of contemporary Hindi music such as Mohammad Rafi, Kishore Kumar, Lata Mangeshkar, Asha Bhosle and Jagjit Singh. Such individuals also found it arduous to access such music even when they were ubiquitously available across several digital platforms, often for free. Subsequent research revealed that as such individuals grew with age, their propensity to accept and adopt technology started dwindling as they struggled to operate novel mobile applications, thereby shunning them altogether. Further, they preferred products which were relatively uncomplicated, such as listening to their favourite music by merely switching on the radio. This is where Carvaan played a masterstroke by facilitating ease of access and ease of use to the end-user, keeping their personalities and usage attitudes in mind. Nostalgia played a major role in the success of the Saregama Carvaan. Another significant reason for the success of Carvaan was its prospect as a gifting opportunity, especially by Generation X consumers, for their parents or the elderly populace in their families or extended families. The product was positioned as a highly 'personal' gift alternative, triggering a plethora of memories. The growth saga of Carvaan has been fundamentally steered by this notion. E-commerce platforms, especially Amazon, have become crucial channels for the distribution of Saregama Carvaan, as it became one of the highest-selling products on the platform. The 2018–2019 period bore testimony to a total sale of nearly 2.29 lakh units of Saregama Carvaan and are anticipating a total sale of around 6 lakh units until the end of 2019 (MoneyControl News, 2018). The growth of Saregama Carvaan is clearly evidenced through its financial statements, such as its income statement (refer to Table 7.1) and balance sheet (refer to Table 7.2). Table 7.1 signifies a clear-cut measure of profitability as evidenced by a 67.2% surge in the diluted EPS (in INR Mn) from 2017 to 2018. The company also enjoys a robust net worth situation, as observed from the balance sheet information in Table 7.2.

Saregama Carvaan took technology as well as a content jump by introducing Carvaan 2.0, which offered consumers access to over 200 podcast stations in addition to 5000 pre-installed songs. From an old world directory of music products, Saregama has indeed soared aggressively into creating unique content across not only music but also films and television. Since the inception of 2019, the company has made strategic investments in new-fangled music for Hindi mainstream movies such as 'Ek Ladki Ko Dekha To Aisa Laga', 'Total Dhamaal' and 'Panga'. Saregama has also initiated plans to mark its ingress into the music business specific to Bhojpuri-language movies. The company further owns a production division entitled, Yoodlee Films, which concentrates largely on digital releases, such as on OTT platforms like Netflix and Hotstar. The digital transformation of the company has been premised around the assurance made by the company to amplify the content offering. Accordingly, Saregama is presently unfurling its Carvaan platform to a multitude of talented content creators who can efficaciously utilize it as a viable platform to dispense their audio content across households in the country as well as globally (Chowdhary, 2019). Saregama affords prospective content cohorts with an

Table 7.1 Standalone income statement of Saregama Carvaan

Particulars (in INR million)	FY16	FY17	FY18	H1-FY19
Revenue from operations	2148	2081	3456	2497
Other income	99	159	142	454
Total revenue	2247	2240	3598	2,51
Total expenses	1997	2003	3115	2580
EBITDA	250	237	483	420
EBITDA margin (in %)	11.13%	10.58%	13.42%	16.86%
Depreciation	53	41	38	17
Finance cost	3	23	34	32
PBT	194	173	411	371
Exceptional items	96	–	–	–
Tax	22	73	106	136
PAT	76	100	305	235
PAT margins	3.38%	4.46%	8.48%	9.41%
Other comprehensive income	–	1301	136	–159
Total comprehensive income (after tax)	76	1401	441	77
Diluted EPS (in INR)	4.33	5.74	17.51	13.51

Source: Company records

opportunity to license their ongoing content or germinate novel content for Carvaan 2.0, within the ambit of their Content Partnership Program (Chawla, 2017). Such content can encompass an array of groupings ranging from religious, folklore, television, lifestyle, current happenings, technological advancements, kids-content, fitness and wellness, inspirational, psychological well-being, among others. Using various social media platforms such as Facebook, Instagram or YouTube, the content developed shall be hosted and promoted on Carvaan 2.0, in its own exclusive stations. The content developers to this end would be entitled to 40% of the net revenues earned by Saregama, from their advertising programs and subscription plans on the channel of the artist (MediaNews4U, 2019). Mehra (2019) noted that offering a plethora of content to users was fundamentally important in Carvaan's journey from a product offering to a platform interface in the case of Carvaan 2.0. Furthermore, fresh content creation is also being developed by the company by virtue of its collaborations with the British Broadcasting Corporation (BBC), film critics as well as food and travel bloggers and enthusiasts to develop 282 channels of podcasts. The evolution of Saregama Carvaan from a myopic audio-dominant product offering to a sui generis audio platform, and finally into a full-fledged professional content creating company is immensely warranted, especially since the company reported a waning in profits by 23% in Q3 of 2020. Although it was largely spurred by the pandemic and the ensuing lockdown, the timely transition to a digital-dominant strategy was appropriate and highly effective under the given circumstances (Jalan, 2020). Coupled with this, Saregama also registered a licensing contract with Facebook, wherein its music content could be used by Facebook users when generating their own personalized content. Mehra (2019) opined that retro

Table 7.2 Standalone balance sheet of Saregama Carvaan

Equity & liabilities (in INR Mn)	FY17	FY18	H1-FY19	Assets (in INR Mn)	FY17	FY18	H1-FY19
Shareholders fund				Non-current fixed assets			
(a) Equity share capital	174	174	174	(a) Property, plant and equipment	1893	1881	2058
(b) Other equity	3236	3647	3662	(b) Investment properties	25	24	24
Net worth	3410	3821	3836	(c) Intangible assets	62	61	60
(c) Non-controlling interest	–	–	–	(d) Investments in subsidiaries and JVs	155	155	155
Non-current liabilities				(e) Financial assets			
(a) Employee benefit obligations	19	21	21	(i) Investments	1076	1234	1051
(b) Deferred tax liabilities (net)	424	456	459	(ii) Loans	42	34	39
				(iii) Other financial assets	–	–	–
				(f) Other non-current assets	19	112	21
Current liabilities				Current assets			
(a) Financial liabilities				(a) Inventories	99	473	667
(i) Borrowings	–	129	459	(b) Financial assets			
(ii) Trade payables	371	386	449	(i) Trade receivables	556	781	1156
(iii) Other financial liabilities	115	347	487	(ii) Cash and cash equivalents	156	64	20
(b) Other current liabilities	68	116	183	(iii) Bank balances other than the above	1	16	17
(c) Provisions	262	359	387	(iv) Loans	28	5	6
(d) Employee benefit obligation	16	7	5	(v) Other financial assets	1	1	1
				(c) Current tax assets (net)	413	414	299
				(d) Other current assets	159	387	713
Total	4685	5642	6286	Total	4685	5642	6286

Source: Company records

music had struck a favourable chord with young audiences, as it was noted that users on platforms such as TikTok were also using retro songs in the development of their content. The successful digital transformation of Saregama Carvaan is also suggestive of the fact that collaborative strategies are crucial.

7.6 Saregama Carvaan's Digital Transformation Drives Competitive Distinction

As noted earlier, the music and entertainment sector were one of the earliest to experience the impact of digital reform. In the 1990s, the here and now of digital disruption was manifest with the advent of the homogenized mp3 format for digitized music coupled with the accessibility of broadband networks for Internet supply. While conventional music businesses lost their place in the evolving music market, other configurations of the music network that appeared to be more customer-centric continued to experience significant growth. For instance, Sony suffered defeat in terms of their status as once market-leader in the music business, to digitized music players, which radically altered the manner in which consumers accessed and stored their music (McGinty, 2015). Consumer electronics companies that manufactured portable digital music players, concert promoters and producers of other live events continued to enjoy success in the wake of the digital drive. The introduction of the Saregama Carvaan Go, a portable and personal audio player that comes pre-installed with over 3000 evergreen Hindi songs, is also crucial as it successfully rekindled the 'nostalgic' element among a host of consumer and customer groups.

A pertinent question in this context is: What did/does Saregama Carvaan 2.0 as a business enterprise undertake in order to surpass the rampant transformational drivers in today's digital era?

One of the fundamental realms that have been adequately addressed by Saregama 2.0 is the redesign of the customer value proposition and reorienting the functional business model. While traditional music businesses have largely addressed these issues by developing certain specific products and services, Carvaan has adopted the digital route, wherein they have focussed on restructuring informational content and customer engagement by diversifying into regional content, encouraging content creators to use the novel Carvaan 2.0 platform and also monetizing such new customer value propositions efficaciously, thereby resulting in a win-win situation for both parties. Next, the operational model of the firm has also been readjusted to ensure that the predilections and needs of customers are in congruence with the distribution dynamics of the product offering. This has necessitated an exhaustive integration of versatile business operations and using data optimization tools to ensure effective administration and tracing of such data. The 'what' (customer value proposition) and the 'how' (operational business model) are addressed in the advancing phases of digital transformation (**refer to Exhibit 7.2**).

The strategic trajectories leading to digital transformation in the case of Saregama Carvaan can nonetheless be encapsulated into three fundamental methods. Two of these methods have been deliberated upon in Exhibit 7.2, wherein the focus is on customer value propositions, and the other is on radically transforming the operational business model. Notwithstanding, a more holistic method involves the amalgam of the above two methods. The rationale is that in today's hypercompetitive digital business milieu, Saregama has actually never begun their process of digital

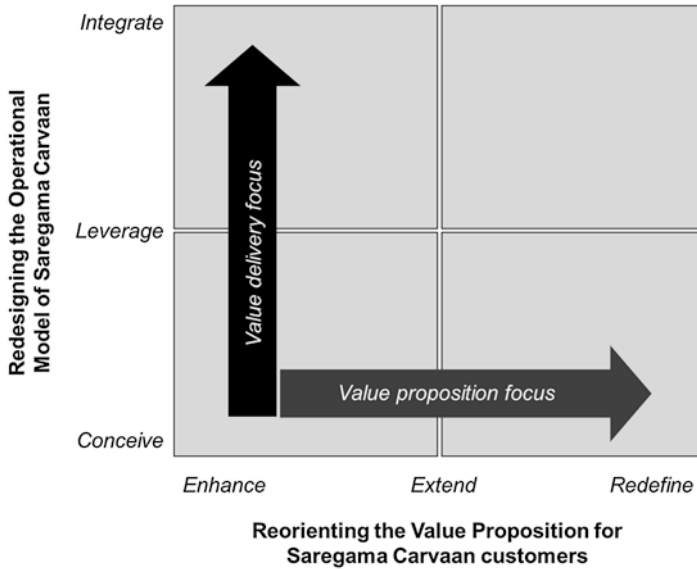


Exhibit 7.2 The customer value proposition-operational business model trade-off for Saregama Carvaan. (Source: Derived from IBM Institute for Business Value Analysis)

transformation from scratch, but instead, they host interactive web-based platforms, augmented customer services and experiences. Concurrently, they are generating rudimentary functional competencies in the forms of digital channels or e-logistics. From this foundational point, Saregama’s strategic methods to tackle digital transformation follows one or more of the trajectories (**refer to Exhibit 7.3**).

The first trajectory (T1) represents an approach wherein Saregama can conceive and integrate their digital business functions initially, subsequent to which they can address the customer value propositions in order to accomplish the holistic transformation. The second trajectory (T2) explores the opportunity for Saregama to augment, broaden or reorient their customer value propositions with their digital content, visions and customer engagement. This approach would be followed by incorporating its digital operations. Finally, with the third trajectory (T3), the company can develop a novel suite of proficiencies around the radically altered customer value propositions and operating business model in close conjunction with each other.

The optimal trajectory for Saregama is pillared on its strategic goals, coupled with skyrocketing customer expectations, the intensifying music industry in India, as well as the competitive pressures arising in an era where apps such as Gaana, Saavn, YouTube Music or even Spotify play a dominant role. The third trajectory happens to be the most promising one as Saregama must redesign customer value propositions as well as operational models to ensure success in digital transformation. In fact, the company, given its rapid expansion spree, is incredibly eager to adopt the said route to drive transformation and gain an exclusive status to gain

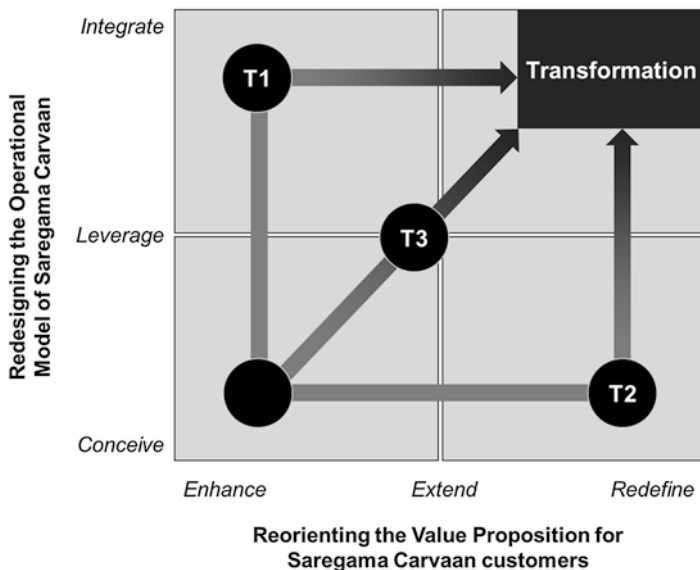


Exhibit 7.3 Trajectories to Saregama’s digital transformation. (Source: Derived from IBM Institute for Business Value Analysis)

leadership in the industrial context. In this light, it is important to delve into the process by which Saregama Carvaan 2.0 has successfully reached a position of reshaping the customer value propositions as well as redefining operational business models (refer to Table 7.3).

The other question that warrants attention is: How does Saregama Carvaan 2.0 shape the most optimal strategy for digital transformation?

To this end, a coordinated and well-thought-out methodology enables organizations to engage various stakeholders such as customers, channel partners and employees at every phase along the digital transformation roadmap. The first phase was their identification of adequate transformation prospects pillared on a comprehensive appreciation of the process of digital transformation in the music business, although it is heavily dependent on the degree to which Saregama’s product offerings can be digitized. It is more dependent on the briskly altering customer expectations. In 2015, Saregama entered into an agreement with Believe Digital, which fostered the digital distribution of Saregama’s music directory across divergent languages and genres, in overseas markets especially with the Indian diaspora. The partnership would cater more to global markets for Saregama’s music in addition to other prospects for monetization (Johari, 2015). Essentially, Carvaan 2.0 was Saregama’s rejoinder to the consumer feedback about broadening the content offering on Carvaan. The index of novel audio stations intersects the age segments and presents a pure family-centric product offering. The enhancement of the content

Table 7.3 How is Saregama Carvaan bracing for digital transformation

<p>How is Saregama Carvaan 2.0 restructuring their customer value proposition?</p>	<p>How is Saregama Carvaan 2.0 optimizing their business operational model?</p>
<p><i>Proffer augmented products and services for a better customer experience</i> Carvaan is typically positioned for individuals aged above 40 years. Customers are provided with a lean-back music-listening experience, and they can proactively develop playlists according to their choice while deciding on their favourite songs. With Carvaan 2.0, the company has expanded its product mix breadth to rope in content creators and podcasts, as well as movie divisions, thereby appealing to more age cohorts</p>	<p><i>Generate new digital competencies</i> The market for Carvaan 2.0 had opened up to plenty of favourable responses, despite the fact that the company has still been developing their distribution systems and retail penetration. Carvaan’s preliminary success has also contributed to building their logistics and distribution infrastructure. With lockdowns imposed due to the pandemic, the company has focussed on a digital-dominant strategy</p>
<p><i>Extend offerings for new revenue streams</i> Carvaan 2.0 acts as a compere to podcast content under a multitude of genres ranging from entertainment, news, health and lifestyle, education, among others. Such content can be retrieved on-demand by customers ubiquitously at any point of time. Typically, a Carvaan 2.0 podcast offers an array of episodes, each ranging from 5 min to an hour of original and fresh content on a daily basis. Monetization aspects to generate revenue streams from such podcasts can be classified under two broad categories, each further subdivided into two models. Category A (Model 1) provides in-content advertising rights with the partner, who can monetize their podcasts, while Carvaan 2.0 would serve as a platform for them to distribute their content as it is. Category A (Model 2) provides in-content advertising rights with Carvaan 2.0, where the share of advertising revenues would be based on usage patterns. In case of Category B (Model 3), the content is developed by the collaborator at his/her cost and licensed to Saregama free of cost. Like in Model 2, the share of advertising revenues would be based on usage patterns. In Category B (Model 4), the content is conceived by the partner for Saregama against a predetermined fee (Saregama Resources, 2019)</p>	<p><i>Leverage data to manage across the business</i> At the subsequent echelons of operating transformation, Saregama leverages accessible information and liaisons across distribution networks and channels, business elements and supply chain associates. This renders its feasibility to amalgamate digital and physical modules that furnish the highest value, in terms of ameliorating swiftness to the market, or even to equip employees with information enabling them to outdo customer potentials</p>

(continued)

Table 7.3 (continued)

<p>How is Saregama Carvaan 2.0 restructuring their customer value proposition?</p>	<p>How is Saregama Carvaan 2.0 optimizing their business operational model?</p>
<p><i>Redefine principal components for a radically redesigned customer value proposition</i> Capturing the complete prospects proffered by the digital revolution, Carvaan 2.0 has transform the entire customer value proposition radically. Besides its ease of use and gigantic assemblage of preloaded music, the Saregama Carvaan 2.0 can be distinguished especially due to its unique appearance, much like an archetypal radio. This is a robust component of its appeal to older audiences. Yet, Wi-fi happens to be the novel feature in Carvaan 2.0, as internet connectivity provides users a new-fangled approach to play and listen to music</p>	<p><i>Integrate and optimize the ‘digital’ and ‘physical’</i> Saregama focuses on copiously redesigning the functional and operational business model by optimizing all components of the value chain around the loci of customer engagement</p>

Source: Company records

offering in 2019 by the company is another attempt to offer a selection of content creators who peruse Carvaan as an effectual web-based platform for broadcasting their audio content (Mehra, 2019). The second phase witnessed the redefining of the value proposition centred around what prevailing and potential customers are expected to shell out when adopting Saregama Carvaan 2.0. This would also entail novel techniques of utilizing technology to distinguish their services and reach standing customers with novel digital offerings or liaisons and, ultimately, redefining all-inclusive products for digital value. The third phase involved the designing of an optimized operating business model that blends the competencies of Carvaan 2.0 along with their technological requisites. Further, contemplating on the “how” of value delivery calls for a holistic fathoming of the existing competencies and prospects available. The operational design of Carvaan 2.0 backs customer interaction as a core component of cross-channel integration and supply chain alliance. Next, in order to implement the strategy, the operational model has been redefined to complement the new value proposition. This would require optimization of the processes across digital and physical encounters as well, while developing a new-fangled set of digital competencies for customer engagement as well as supply chain incorporation.

Finally, there is a clear sense of perennially evolving using real-time customer insights and cutting-edge analytics for Carvaan 2.0. Customer necessities and pre-dilections vary over the inception of new markets, as they adopt new technologies, such as location-centric apps. With the propensity to examine customer exchanges even at the micro-level, Carvaan offers a fresh source of insights for continual innovation.

7.7 Conclusive Deliberations

The disruptions posed by the coronavirus pandemic have accentuated the critical role of technology, in terms of unfurling the most optimal trajectory to digital transformation. This may be a wide-ranging restructuring of the customer value proposition, an alteration of the operating model of Carvaan as a whole, or a blend of both, that warrants a meticulous grasp and appraisal of key factors such as the location of Carvaan 2.0 on the tangibility-intangibility spectrum in the context of the music business. It also depends on the agility and adoption rates towards social networking sites, coupled with the strategic manoeuvres of the rival players in the music business in India. This is further coupled with the dependence on the degree of integration at every stage of transformation, while establishing a sync between the digital and physical.

First, transforming processes, for instance, influence client placement and performance. Nonetheless, if rivals interconnect with consumers in new-found manners, business-centric companies may be unable to search for sales prospects, customer satisfaction and market share. Conversely, working too fast to transform a value proposition can also pose cost problems if the new offering calls for too much sophistication or manual interaction. Businesses in every sector are under tremendous stress to reassess their plans and activities on the value of their clients. However, all products and functions cannot be completely digitized, for instance buildings, computer systems, as well as clients and staff, will still have physical specifications. Physical and automated systems are required to be handled seamlessly without alienating consumers and adding needless confusion. Integrating new and archetypal corporate operations encompasses assessing the effect of all business decisions and experiences on consumers.

Saregama Carvaan has been adopting a proactive stance in the digital transformation process by leveraging the maximum potential of disruptive technologies. To this end, they have not only reoriented and redesigned the value proposition of their customers, but also remodelled their business operations to furnish new customer value propositions efficaciously and innovatively. Such a transformational trajectory for Carvaan 2.0 not only demands a transparent and clear-cut vision, but also the pertinent skill sets at the right time and right place. Additionally, the trajectory varies according to the nature of the industry. Moreover, there is also a need to thwart any form of cultural confrontation and discrepancy to analytical-centric decisions across the extended enterprise. The path to digital transformation will vary by industry, as will customer adoption and an organization's legacy environment. Nevertheless, every industry is exposed to multiple challenges in an attempt to beget change, and every organization must possess and subsequently seek to implement a strategy in place. Many that are able to resolve the difficulty of optimizing both physical and digital aspects by introducing innovative business models focused on consumer preference will earn the first choice of talent, partners and capital. Saregama Carvaan is expected to sustain its growth in the near future, especially by focussing on Tier-II and other smaller cities and towns. As a matter of emphasis for

all new-age companies in India, regionalization and customization are the mantra to success for Carvaan and subsequently Carvaan 2.0. These are the markets wherein the regional adaptations can further reinforce its substance in the variety of choices and musical preferences of Indian markets. It is clearly evident that there remains a robust inclination among Carvaan 2.0 as it leans in favour of technology implementation with the intention of boosting efficacy levels. The company's surge is pegged to be powered by extensive and across-the-board marketing undertakings, coupled with other promotional activities, focussing on word-of-mouth, enlargement of towns, distribution channels and overseas markets. For their film division, the key would be to concentrate on developing a unique inventory, which would propel demand by various OTT platforms.

Appendix 1: List of Exhibits

Appendix 2: List of Tables

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