

DEVELOPMENT OF NEW ECONOMY - DIGITAL ECONOMY

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Abstract. The digital economy has a large impact on social development and therefore on the development of the economy. The process of globalization has also caused the development of digitization in all spheres of society, as well as the need for continuous improvement. The digital economy has led to progress in the technical-technological sense, which has the effect of improving all the factors of production, starting from the basic assets, the means of labor and the subject of labor to the intangible assets. Digital devices have become part of everyday life both in private life and in business ventures that make economic activity. Numbers of users of modern technology are increasing the demand for high-quality and technologically advanced products are increasing rapidly. The digital economy is based on the intangible things, information, innovations and creativity of the expansion of economic potential. Digital networks and communication and technology infrastructures provide a global platform for people and companies to communicate and collaborate with each other. The digital economy is based on intangible assets, information, innovation and creativity, in order to optimally develop the economic potential. The characteristics of the digital economy are globalization, mobility, and integration, and direct electronic commerce, digital products. Digital economy has resulted in positive effects in terms of informing users about products, prices, supply, demand and other parameters that are important to the decision making process. Digital economy refers to an economy based on digital technologies including digital communications networks, (Internet, Intranet, private networks), computer software and other related information technologies. It is the result of transformational effects of new technologies in the sphere of information and communication. In other words, the term digital economy refers to the convergence of old economics, information and communication technologies, computers (computer technology) and digital electronics. Convergence, the old economies and the aforementioned technologies has created a hybrid techno-economic innovation system that encourages tremendous organizational change, causing major changes in all spheres of economic and social life such as retailing, transport, financial services, production, educations, health's, media, etc.

Keywords: digital economy, information, communication, creativity

1. INTRODUCTION

The rapid growth of the application of digital economy in society has an important role in the transformation of today's economy. Digital devices, such as computers- and mobile phones, have become an indispensable part of society. The number of people using digital technologies has rapidly increased to the last three decades by finding the Internet. Wide access to the Internet increased the use of digital content and services. Internet e-banking, audiovisual media services, e-commerce and social networks have become an integral and unimaginable part of our everyday lives. On the other hand, companies and other organizations redefine, or have already redefined their business models and strategies by introducing new or innovating existing advertising approaches and increasingly using on-line and new opportunities.

Business in the digital economy implies, transformation, enterprises of the old economy into a new economy enterprise, which performs most of their functions electronically in order to improve their business and improve competition.

Fierce global competition is working on a big corporation that continually explores opportunities to reduce costs, increase productivity and improve quality of service delivery. These efforts can best be achieved by using a Web-based system which is major factors of the transformation of electronic commerce (e-commerce) and electronic commerce (e-commerce) in the digital economy.

2. INFORMATION-COMMUNICATION TECHNOLOGIES (ICT) AND DIGITAL ECONOMY

The fundamental driving force of digital economy is based on the development and use of ICT.

Unlike traditional business enterprises, digital economy based on ICT has a different effect on the operations and growth of the company. First, ICT affects the efficient use of traditional enterprise resources that encourage further development of new convergence products of ICT. Productivity improves and production costs are reduced, leading to increased accumulation and new technological innovations that enhance enterprise performance. Second, ICTs play a key role in supply. The development of ICT contributed to the creation of new ICT companies and ICT services, offering new products that did not exist on traditional manufacturing. The effect of these changes is reflected of the expansion of the ICT manufacturing industry that creates new demands.⁸⁵ This further implies the creation of new ICT products and the improvement to ICT productivity. In the end, the impact on development, ICT does not only refer to the part of production or enterprises, but also positively contributes to the development of the whole economy.

3. WHAT IS DIGITAL ECONOMY

The term "Digital Economy" appeared for the first time in 1994 of Don Tapscott's book of the same name. The book caused great interest and in a short time became a bestseller with ideas that were revolutionary and which are still current. Sometimes, a digital economy is called an Internet economy, a new economy, or a web economy.

Digital economy refers to an economy based on digital technologies including digital communications networks, (Internet, Intranet, private networks), computer software and other related information technologies. It is the result of transformational effects of new technologies in the sphere of information and communication. In other words, the term digital economy refers to the convergence of old economics, information and communication technologies, computers (computer technology) and digital electronics.

Convergence, old economics and the aforementioned technologies has created a hybrid techno-economic innovation system that encourages tremendous organizational change, causing major changes into all spheres of economic and social life such as retail, transport, financial services, manufacturing, education, health, media, etc.. By combining networked computer technologies and new business models, completely new markets, industries, business and work practices have been created today in the form of digital economy.⁸⁶ The digital economy is based on the exploitation of ideas, the transition to material transformation of the factors of production of a new product based on knowledge, creation, trade, etc... The combination of network computing technology and new business models has led to the creation of completely new markets, businesses and the creation of a completely different workplace practice.

The digital economy is based more on the form of immaterial things, information, innovation and creativity, the expansion of economic potential and is based on the exploitation of ideas rather than material things.⁸⁷ In the new economy, digital networks and communication infrastructures provide a global platform in which businesses and people can communicate, collaborate and search for information.⁸⁸ These unique platforms include the following components:

- A wide range of products made from digital bits-databases, news, information, book journals, TV and radio programs, movies, electronic games, music CDs and software- delivered through digital infrastructure anytime, anywhere in the world,
- Consumers and companies - perform digital transactions in digital currency or financial symbols (token) downloaded and carried through smart cards via networked computers and mobile devices,
- Physical goods - home appliances and cars are built with micro-processors and networking capabilities.⁸⁹ The basic instruments of the digital economy are the Internet with e-mail services, presentation site and portable and mobile systems wirelessly. The digital economy has helped create an economic revolution, unprecedented economic performance, and sustained economic expansion of the history of mankind.

⁸⁵ S. Harbhajan Kehal, Varinder P. Singh, Digital Economy: Impacts, Influences, and Challenges, Idea group Inc. 2005

⁸⁶ [V. P. Singh, H. Kehal Digital Economy:: Impacts, Influences and Challenges Hardcover – March 22, 2005](#)

⁸⁷ A. Persaud, The knowledge gap. Foreign Affairs, 80(2), 107-117, 2001

⁸⁸ Unold, Basic Aspects of the Digital Economy, Acta, Universities Lodzianis Folia Oeconomica 167, 2003

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4. DIGITAL ECONOMY ELEMENTS

Understanding the digital economy implies service and service measurement. Modern companies are largely manufacturers of integrated or embedded services in the product. A large part of these production services involves the use of information. The basic elements of the digital economy are:

- Networked computers and intensive use of information and communication technologies,
- Knowledge codification (software and the like),
- Converting information to the general good and market value,
- A new way of organizing work and production,

The basis of the digital economy consists of numerous information and services distributed among a wide range of opportunities for access to networks and skills in the information society. So, digital economy is a combination of services and ICT. It combines enhanced, transformed or new economic relationships based on computers and human knowledge.

5. DIGITAL PRODUCT

A digital product is a product based on knowledge and knowledge improvement.⁹⁰ The definition includes information, knowledge, news, databases, software, literature, art and other forms of human creativity, as well as products that can be enhanced with networked and customized knowledge.

Changes in the use of digital products may be affected by changes in the basic technologies used to transport, deliver or provide the end-user experience associated with the product. In some cases, basic technology can create a digital product of traditional physical products or services.

A large number of digital products have common characteristics that place them in this product group. These common attributes distinguish them from physical or non-material non-digital products. These properties are:

- High fixed costs of the production of a first unit but with low marginal costs for the production of the next unit ,
- Product quality is difficult to estimate at a real product experience ,
- Capacity limitation does not restrict production in any way ,
- Storage, retrieval and product transfer is simple and inexpensive.⁹¹

From these properties, it follows that digital products can be unauthorized used by other persons that have not purchased these products and which is difficult or impossible to control. For example, distributing a digital product of other people that have not paid for that product, copying, illegal access, etc... Then, sellers of such products must apply strategies that differ from those using physical product vendors to ensure constant revenue from continuing use of digital products.

6. MARKET AND MARKET STRUCTURE OF DIGITAL PRODUCTS

Participants in the digital economy market are the state (government, administration, and administration), economy (enterprises) and consumers (buyers, citizens).

In the new economy, the market has three main functions:

- Adjustment of buyers and sellers,
- Facilitating the exchange of information, goods and services and payments related to market transactions,
- Providing institutional infrastructure that enables efficient functioning of the market.⁹²

Instead of producing finished products and services and distributing them, digital business involves the collection, selection, synthesis and distribution of information. So, the digital economy, starting from supply, demand and ending with prices and competition, is completely different from the old or traditional economy model. Similar to the traditional (classical) market on the Internet (digital) marketplace, participants exchange products and services for money (or replace them), but they do it electronically.

⁹¹ G. Schneider, „Digital Products on the Web: Pricing Issues and Revenue Models University of San Diego, USA 2005

⁹² D. Momirovic, D. Cogoljević, Mikroekonomija, PEP, Beograd, 2018

7. PRICE OF DIGITAL PRODUCTS

The formation of prices for digital products differs from the way in which prices of physical products are formed. Some digital products are available free of charge, (free), which implies an alternative option of securing revenue that is necessarily associated with those products. Other, digital products are linked to other products, digital or physical, in order to somehow avoid problems related to their prices.

Also, one way to determine the price is to create an artificial difference in the sub-set of digital products and to use differentiated prices to get the highest possible revenue from each set of customers for the product.⁹³ However, the most common way to determine the price of digital products is to use a licensed approach from both sales methods. Regardless of the way prices are determined, it is important that prices of digital products are not formed into the basis of production costs, but on the basis of the values that customers assign to that product.

On the Web, different combinations of the listed methods of pricing can often be seen. Sites allow free access and content and charge with other related content.

8. CONCLUSION

Digital economy, based IT does not only affect businesses and the economy as a whole, it also brings about comprehensive social change. It creates a new demand, new flexible economic structures, manages price changes, restructures businesses and types of employment, and eases the emergence of the digital generation.

The digital economy creates a new demand that generates new products and services produced by digital technology. For example, the Internet is used, almost, in all parts of the world, which allows on-line trade, information, etc. With new products, the digital economy contributes, creating a new demand, which did not exist on traditional societies and the expansion of existing demand.

Digital economy allows flexible economic structures, through IT entry and business exit becomes much easier, with consumers playing a greater role. For example, consumers can, via the Internet, increase their impact on manufacturers by their demands and proposals. On the other hand, manufacturers get useful information about the need of consumers that they can use to improve their efficiency.

Digital economy mitigates price fluctuations. In many countries, IT products and services have contributed to the reduction and stabilization of inflation.

The digital economy is affecting the transformation of the structure of the company and the type of employment, but also creates new jobs and new jobs. Large enterprises are reorganized into small businesses or affiliates and autoscoring. Businesses have enabled employees, flexible working hours, out of office, such as e-commerce, which caused changes in employee structure. In addition, the development of IT industry has led to an increasing demand for professionals in this branch.

In addition to all of the above, the digital economy is constantly encouraging digital generations. Some have insisted that the digital generation is clearly distinguished from other generations by value and lifestyle, stating as an argument about its attitude that it was the first generation to grow with the development of digital media. In addition, they state that digital generations actively participated in the use of digital media for communication, learning, entertainment, and work, thinking and creating new values. These generations has influenced the production process and at the same time were the first consumers, but also actively participated in the production and consumption of new products and services and contributed to the development of digital economy through the development of ICT.

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