

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Languages



Bachelor Thesis

Business Development in a Digital World

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BACHELOR THESIS ASSIGNMENT

Andrei Grinin

Business Administration

Thesis title

Business Development in a Digital World

Objectives of thesis

The objective of this bachelor thesis is to analyse different kinds of digital tools and their influence on business development. To identify the market trends in digital business development and determine which is the most efficient and practical in modern businesses.

Methodology

The work consists of theoretical and practical parts. The theoretical part will be based on the study of secondary information sources. The empirical part will be compiled based on the results of quantitative/qualitative research.

In this work the main focus will be on trends of digital tools and their impact on business in the modern world. The research will use literature written by experts in the field of digital business development. The practical part will be a research of the strategy of using digital tools on an existing company.

The proposed extent of the thesis

30-40 pages

Keywords

Digital business tools, digital business, business development, digital world, e-commerce, business innovations

Recommended information sources

- GHORBANI, M. – KARAMPELA, M. – & TONNER, A. Consumers' brand personality perceptions in a digital world: A systematic literature review and research agenda. *International Journal of Consumer Studies*, 2022, 00, pp. 1– 32. <https://doi.org/10.1111/ijcs.12791>
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Declaration

I declare that I have worked on my bachelor thesis titled "Business Development in a Digital World" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break any copyrights.

In Prague on 15.03.2023

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Business Development in a Digital World

Abstract

This thesis explores the impact of digital development on business and the key elements of digital strategy that can help companies succeed in the digital world. The research is divided into two parts: a literature review, a practical study that includes an interview with the Director of Ipsos, and a case study of a restaurant in Prague. The study examines how digital strategy has impacted these businesses and their success. The thesis concludes with key findings and recommendations for other companies looking to improve their digital strategy and thrive in the digital environment. This research provides valuable insights into the impact of digital development on business and the importance of digital strategy for companies to succeed in the digital world.

Keywords: Digitalization, digitization, digital transformation, business strategy, digital platform, restaurant, digital marketing

Rozvoj podnikání v digitálním světě

Abstrakt

Tato práce zkoumá dopad digitálního rozvoje na podnikání a klíčové prvky digitální strategie, které mohou společnostem pomoci uspět v digitálním světě. Výzkum je rozdělen na dvě části: přehled literatury a praktickou studii, která zahrnuje rozhovor s ředitelem společnosti Ipsos a případovou studii restaurace nacházející se v Praze. Studie zkoumá, jak digitální strategie ovlivnila tyto podniky a jejich úspěch. V závěru práce jsou uvedena klíčová zjištění a doporučení pro další podniky, které chtějí zlepšit svou digitální strategii a prosperovat v digitálním prostředí. Tento výzkum poskytuje cenné poznatky o dopadu digitálního rozvoje na podnikání a o důležitosti digitální strategie pro firmy, které chtějí v digitálním světě uspět.

Klíčová slova: Digitalizace, digitalizace, digitální transformace, obchodní strategie, digitální platforma, restaurace, digitální marketing

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List of Abbreviations

CRM – Customer Relationship Management
CEO – Chief Executive Officer
MS – Microsoft
SWOT – Strengths, Weaknesses, Opportunities, and Threats
CRM – Customer Relationship Management
ICTs – Information and Communication Technologies
B2B – Business to Business
B2C – Business to Customer
C2C – Customer to Customer
IT – Information Technologies
IIoT – Industrial Internet of Things
ERP – Enterprise Resource Planning
R&D – Research and Development
CIO – Chief Information Officer
KPIs – Key Performance Indicators
NPS – Net Promoter Score
MTTF – Mean Time to Failure
MTBF – Mean Time Before Failure
MTTR – Mean Time to Resolve
BI – Business Intelligence
SEO – Search Engine Optimization
QR – Quick Response
SMM – Social Media Marketing
CDOs – Chief Digital Officer

1 Introduction

The world is changing rapidly, and businesses must keep up with the digital revolution if they want to remain competitive. Digital development has transformed the way companies operate and interact with customers, making it crucial for businesses to adapt to this new reality. The purpose of this thesis is to explore the impact of digital development on business and identify key elements of digital strategy that can help companies succeed in this new environment.

The thesis is divided into two main parts: a comprehensive review of existing literature on the topic of digital development and business, and a practical component that includes an interview and case study. The literature review examines various theories and research findings on digital development and its impact on businesses.

The practical part of the thesis includes an interview and a case study. The interview was conducted with the Panel & Marketing Management Associate Director of Mystery Shopping department of Ipsos, a global company that has been successful in implementing a high level of digitalization. The interview will focus on Ipsos' digital strategy and how it has helped the company succeed in the digital age.

The second case study will involve a research project with a restaurant located in Prague. The study will examine the restaurant's digital strategy and how it has impacted the business. By analyzing the results of these case studies, the thesis will provide valuable insights into the impact of digital development on business and offer recommendations for companies seeking to improve their digital strategies and succeed in the digital world.

This thesis provides an in-depth analysis of the impact of digital development on business and offer practical recommendations for companies looking to improve their digital strategies and succeed in this new environment.

2 Objectives and Methodology

2.1 Objectives

There are three objectives purposed in the Diploma Thesis. The first being a primary goal, and the following two serve as supplementary objectives:

1. To analyze the impact of digital transformation on existing company;
2. To identify the key elements, tools of a digital transformation strategy;
3. To provide insights and recommendations for companies that are considering or undergoing digital transformation.

2.2 Methodology

In order to achieve the objectives of this Diploma Thesis, a mixed-method approach was utilized, employing both qualitative and quantitative methods to gather insights from academic literature and practical case studies. The theoretical part of the thesis is based on secondary data research, including scientific publications and articles.

The practical part of the thesis includes an interview with the Director of a global company, a case study on a restaurant that underwent digital development, and an initiative to develop the digital presence of a restaurant to measure the impact of digital transformation. The methods of data collection and analysis used include surveys, interviews, competitor's analysis, digital presence analysis, SWOT analysis, Pearson correlation analysis, and customer satisfaction analysis.

3 Literature Review

3.1 Defining the Concept of Digitalization

The terms digitization and digitalization are often used as synonyms, but they have distinct meanings and implications for businesses. In today's digital age, understanding these concepts is essential for organizations looking to modernize and stay competitive. This chapter will provide a comprehensive definition of digitization and digitalization, exploring the key differences between these two terms.

For example, Oliver Gassmann (2014) defines digitization as “ability to turn existing products or services into digital versions of themselves, which thus offer advantages over tangible products.” The primary benefit of digital data is its versatility, as it can be easily transformed, manipulated, and combined with other data to extract additional insights. Consequently, data becomes a valuable asset for companies, which requires proper management to preserve or increase its value and mitigate associated risks. Effective data management is crucial to maintain the value of this asset and control risks associated with it (FRENZEL et al., 2021).

The definition of digitalization is the “use of digital technologies to change a business model and provide new revenue and value-producing opportunities; it is the process of moving to a digital business” (IT Gartner Glossary no date). Scott Brennen and Daniel Kreiss define digitalization "as the way in which many domains of social life are restructured around digital communication and media infrastructures" (Bloomberg 2018). This includes employing digital solutions for functional areas, such as digital marketing, customer relationship management systems (CRM), accounting and warehouse management systems, and digital logistics, among others. The primary goal of digitalization is to preserve the traditional business model while introducing digital tools to streamline operations, reduce costs, improve product and service quality, and enhance customer experience (LEGNER et al., 2017). However, many companies focus only on short-term gains, failing to integrate individual digital solutions into a cohesive system or include digital components in their products and services on a permanent basis. Thus, while digitalization is about implementing digital tools to achieve specific objectives, it's

equally important to maintain a long-term perspective that integrates these tools into a comprehensive strategy (KANE et al. 2015).

Emerging digital technologies are greatly altering the way customers perceive, interact with, and use products and services (CASCIO et al., 2016). In addition to shifts in customer preferences and demands, there are other factors in the marketplace that compel businesses to update and modernize, including the rise of tech-focused start-ups and the development of digital alternatives to traditional services. Proper implementation of emerging technologies can allow firms to completely transform the way they operate and provide value to customers. However, companies that do not innovate and keep pace with their competitors risk losing their share of the market (WALL, 2014). Identifying the most suitable technology for a specific organizational culture and business model can be a challenging task. Executives are often faced with the daunting responsibility of aligning their company's resources and capabilities with the appropriate technologies. Achieving this alignment is essential not only in improving customer relationships but also in reducing operational expenses (HABRYN, 2012). The successful integration of digital tools and strategies into business practices is linked to the concept of digital transformation.

3.2 Defining Digital Transformation in Business

In the modern business landscape, digital technologies have radically changed the way in which organizations conduct their operations and interact with customers. The concept of Digital Transformation has emerged as a response to this shift, and it has garnered significant attention from both academic and business communities. In this chapter, we will provide a clear and concise definition of digital transformation and explore its importance for modern businesses.

The term "digital transformation" has multiple definitions in the literature. It is derived from the fusion of personal and corporate IT environments and encompasses the influence of cutting-edge digital technologies like social media, mobility, data analytics, cloud computing, and the Internet of Things (SMACIT). These

technologies are utilized to achieve significant business advancements like improving customer experience, simplifying operations, and inventing novel business models (HAUSBERG et al., 2019).

In a wider perspective, digital transformation refers to the integration of digital technologies and business operations in a digital economy (BORREMANS et al., 2018).

The term "digital economy" refers to an economic system where the use of information and communication technologies (ICTs) is widespread.

This encompasses two key areas:

- The basic infrastructure required to support the digital economy, such as high-speed internet access, computing power, and security services;
- E-business, which involves using ICTs for both front-end and back-end functions of business models; and eCommerce, which involves using ICTs for transactions between businesses (B2B), businesses and consumers (B2C), and consumers themselves (C2C) (KOTARBA, 2017).

According to a study by IBM, digital transformation refers to the influence of digital technologies on economic growth and worldwide connectivity. The study's authors examined the economic impact of these technologies from the 1990s to the 2010s. They found that digital technologies and e-commerce played a major role in transforming business models through the use of big data, mobile apps, and social media. The study concludes that businesses should expect further changes to their models to support digital transformation and should consider how digital technologies impact the value they offer to customers and the way they operate (BERMAN et al., 2011).

The topic of digital technologies and their impact on businesses and corporations is widely debated among a variety of stakeholders, including consultants, experts, politicians, and academic professionals. The main focus of these discussions' centers around how these digital tools can enhance market potential, streamline management

processes, and ultimately enhance the overall competitiveness of the company (GONG et al., 2021).

Initially, researchers focused primarily on assessing the use of digital technologies. However, over time, they realized that digital transformation encompasses much more than just technology adoption. It also involves strategy, human resource management, cultural shifts, and leadership. Other researchers emphasize the creation of customer value, such as optimizing customer needs and experiences (ROGERS, 2016).

Digital transformation can cause disruption. The introduction of a new technology in the market follows a pattern of gradual growth and eventual industry domination. This means companies must adopt the technology or face being left behind. However, the risk is not the same for all companies. It has been suggested that well-established firms and those that have been in the industry for a long time are more likely to be affected by disruption because they may not respond quickly to external threats (BRADLEY et al., n.d.).

The concept of digital transformation demonstrates its complexity and surpasses past IT transformations. It is recognized as a challenge faced by all industries, and even though organizations understand its importance, they still face obstacles that prevent them from starting or benefiting from digital transformation (SCHUCHMANN et al., 2015).

To be competitive in a dynamic market, it is necessary for companies to stay current with the latest trends, continuously improve their products and services, and optimize their current operations. Maintaining a competitive edge requires a constant state of adaptation and innovation (KUTNJAK et al., 2019). This can be achieved through the implementation of a well-conceived digital strategy (DAWSON et al., 2016).

3.3 The Digital Transformation Imperative: Understanding the Drivers of Change

The economy in the modern world is constantly in a state of improvement: every year we face modernization and improvement of management models, new products and services. As a result of these changes, we can notice a transformation not only of individual companies, but of the systems of interaction between manufacturers and entire sectors of the economy. At first, development captured developed countries, but now the trend is being tracked everywhere. Such widespread development is associated with the concept of digitalization (MATT et al., 2015).

The COVID-19 pandemic of 2020 was a major turning point in the 21st century, fundamentally altering the way we live and work. Despite the numerous challenges it brought, the pandemic also led to a significant acceleration of digitalization in many industries. The sudden and drastic changes brought on by the pandemic required companies to quickly adopt digital technology in order to keep up with the shifting business environment. The speed of adoption was crucial, as a delay would only increase the gap between the need for change and the ability to implement it (TING et al., 2020). Moreover, the rise of remote work has heightened the urgency of companies to undertake digital transformations. Without this, they would not be able to operate effectively (LI, 2020).

Before the pandemic, the digital economy was based on the concepts of the Fourth Industrial Revolution (Industry 4.0), which significantly impacted the way businesses operate by promoting greater transparency, control, and collaboration, and leading to the development of new, innovative, and sustainable business models.

Industry 4.0 is a key aspect of digital transformation for companies. It relies on the Industrial Internet of Things (IIoT) and cyberphysical systems, which allow for the control and monitoring of physical equipment, robots, and vehicles. This leads to the creation of smart supply chains, with smart manufacturing, smart warehouses, and integrated backend systems, such as enterprise resource planning (ERP) systems.

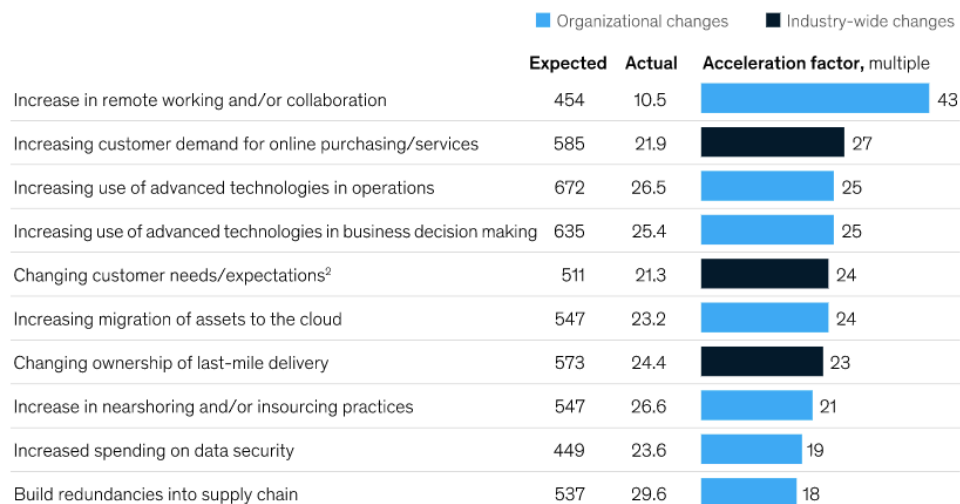
The adoption of Industry 4.0 encourages a networked approach to manufacturing and logistics, leading to the development of new business models that are more dynamic, open, and inclusive of all stakeholders in the value chain. These models must prioritize innovation, product development, financing, and protection of intellectual property in a network environment (GERLITZ, 2015).

The COVID-19 pandemic has forced companies and industries that were previously resistant to digitization to quickly adopt new technologies, see Figure 1. The sudden shift of employees to remote work, facilitated by the use of information technology, made a significant change in consumer behavior. The pandemic has also impacted the development of new goods and services in the long term (PRIYONO et al., 2020).

Figure 1: Time required to respond to or implement changes, expected vs actual

Executives say their companies responded to a range of COVID-19-related changes much more quickly than they thought possible before the crisis.

Time required to respond to or implement changes,¹ expected vs actual, number of days



¹ Respondents who answered "entry of new competitors in company's market/value chain" or "exit of major competitors from company's market/value chain" are not shown; compared with the other 10 changes, respondents are much more likely to say their companies have not been able to respond.
² For instance, increased focus on health/hygiene.

Source: (LaBerge et al. 2020)

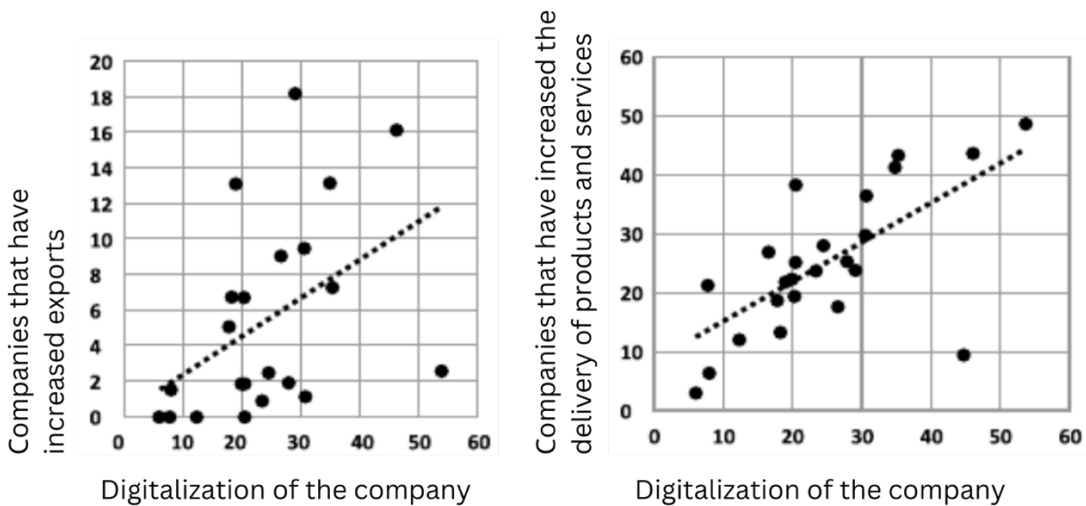
According to a report by LaBerge (2020), most of the survey respondents stated that their digital transformation programmes, such as customer interactions, have been expedited by three to four years, and the proportion of digital products in their portfolios has increased by seven years. Respondents reported implementing

temporary solutions to meet customer needs and expect these changes to have a lasting impact. Lockdowns implemented in many countries have resulted in a surge in funding for digital transformation programmes within companies. As consumers have moved to online channels to interact with businesses, companies have had to rapidly adapt to this new reality.

By the end of 2020, the global economy experienced a decline of 4.3%. Consumers reduced their usual every day expenses, but at the same time began to spend a lot on digital services (KITUYI, 2021).

Beneficiaries of the pandemic period were large digital platforms, such as Facebook and WhatsApp. Their use was increased by 50%. The Netflix and Zoom platforms have attracted millions of new paid subscribers (SINIBALDI, 2020). As a result, many companies were able not only to survive during such a global problem as Covid but also to come out with new opportunities for their business, increasing their capital, see Figure 2.

Figure 2: Correlation between the introduction of digital technologies by companies during the pandemic and the growth in the volume of exports and delivery



Source: (KARISHMA et al., 2020)

According to (GEYER, 2020), the primary advantages of digital transformation in B2B segments are as follows:

- Improved customer engagement - with a significant increase in the use of alternative channels for customer engagement, customers prefer online services for communication.
- Improved supply chain efficiency - the use of e-commerce has been shown to be more reliable than traditional face-to-face or call center communications.
- Reduced costs - the use of data analysis to identify expenses and uncover new insights helps to lower costs.

In summary, the literature highlights the following key point: the COVID-19 pandemic has been a catalyst for rapid and profound changes in the digital economy. It has accelerated the pace of digital transformation in sectors that were previously resistant to change, leading to a more digital-first approach to business and commerce. The pandemic has highlighted the need for businesses to adapt and embrace digital technologies to meet changing customer demands, optimize operations, and stay competitive in the global marketplace. The shift towards a more digital economy is likely to continue even after the pandemic subsides, marking a significant turning point in the way we do business in the years to come.

3.4 Elements of the Digital Transformation Strategy

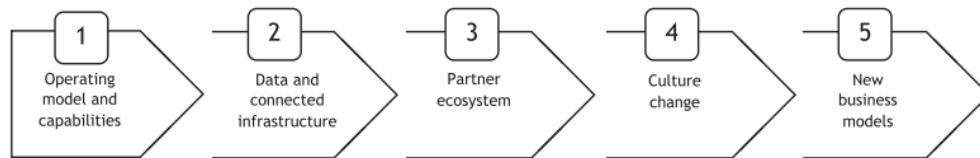
Organizations must embrace new strategies based on digital technologies to digitize and transform business models and provide new revenue and value creation possibilities (ROSS et al., 2016).

There is no universal agreement on the approach to framing the digital transformation strategy. Daniel Schallmo (2018) defined digital strategy as an interface for the coordination of numerous digitization activities, summarizing the processes, goals, guidelines, and controlling structures involved in digital transformation. Jeanne Ross offers an explanation of digital strategy as a business strategy that is informed by the capabilities of powerful and easily accessible technologies. The primary aim of this strategy is to deliver unique and integrated business capabilities that are responsive to the constantly changing market conditions (ROSS et al., 2016).

These definitions of digital transformation strategy share several common ideas, including IT/business alignment, value creation, the use of information technology, streamlining business procedures, and providing competitive goods and services.

Digital transformation is not just about digitizing data. Companies that are not as advanced in technology tend to concentrate on separate technologies and have strategies that are mainly concerned with day-to-day operations. However, the most technologically advanced organizations create their digital strategies with the intention of revolutionizing the entire business (KANE et al. 2015). It is a complex and highly individual process for different industries and companies, requiring consideration of the specific characteristics of each organization and the inside situation. Therefore, there is no a general step-by-step guide for carrying out digital transformation. Michael Nilles considers to better understand the essence of digital transformation of business, there are the five pillars (Figure 3) of the digital transformation, which represents the main challenges (HINTERHUBER, 2022).

Figure 3: Five pillars of the digital transformation



Source: (HINTERHUBER, 2022)

These stages worth a more detailed study:

Table 1 Five pillars of the digital transformation

<p>Operating model and capabilities</p>	<p>To achieve success in digital transformation, companies must focus on improving capabilities that differentiate them from their competitors and provide a competitive advantage. The initial step in this process involves reevaluating the organizational capabilities required to initiate, grow, and maintain transformation. This entails creating a comprehensive overview of the necessary competencies, tools, processes, and governance across all business</p>
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	<p>functions, such as sales, services, R&D, operations, and finance, and any accompanying component capabilities to become a world-class digital industrial. The end-to-end view serves not only as a way to identify any capability gaps but also to formulate a plan to address them.</p>
Data and connected infrastructure	<p>The second step involves setting up a digital IT infrastructure, which comprises interconnected systems including software, information security policies, network services, backup and storage systems, etc. This is where the technological aspect of digital transformation is implemented, leading to improved communication, guaranteed business development, and ensured information security.</p>
Partner ecosystem	<p>It is crucial to consider that the approach towards collaborating with existing partners may shift when implementing new operational technology systems. At the same time, there is a chance to establish new partnerships and form an inventive partner network. Digital collaboration enables the rapid creation and release of new offerings, enabling quicker adaptation to shifting market demands.</p>
Culture change	<p>The cultural aspect of a company is crucial in the digital transformation process. Companies must be willing to change their traditional ways of doing things and adopt a new mindset. By reshaping the corporate culture and embracing new values that align with a more innovative environment, the company can streamline personnel management and avoid resistance to change. Additionally, having a clear and innovative vision can help the company attract top talent in the tech industry.</p>
New business models	<p>At this point in the digital transformation process, internal operations have typically already shown improvements in</p>

	<p>productivity and efficiency. At this stage, companies reevaluate their approach to customer interaction and determine new growth opportunities through changes in the value proposition. This leads to the adoption of a more innovative business model, resulting in increased profitability and a stronger competitive advantage.</p>
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Source: (HINTERHUBER, 2022)

A closer look at the stages of digital transformation revealed the complexity of this process, which involves significant changes to the company's operations. Each pillar is crucial to the successful implementation of the transformation. However, it's worth mentioning that the listed stages provide a general guideline and each company may have its own unique approach.

The implementation stage is the most tangible part of the entire digital transformation strategy and project. This phase encompasses a wide range of activities that a company can undertake during its digital transformation journey (ZAOUI et al., 2020). Some of these include:

- Transforming the customer experience to be more digital
- Applying digital technology to operations
- Designing digital technology solutions
- Transforming products and/or services through digital technology
- Transforming business processes
- Undertaking organizational digital transformation
- Cultivating a digital culture within the company
- Revamping the company's value proposition through digital transformation.

Rogers (2016) in his work focuses on several key domains that are crucial for a successful digital transformation strategy. These domains include customers, competition, data, innovation, and value, see Table 2. Through the application of technology, these domains can transform the underlying principles of a company's strategy and alter the global operating rules of the organization.

Table 2: Changes in Assumptions for Strategic Planning from the Analog to Digital Era

	From	To
Customers	<p>Customers as mass-market</p> <p>Communications are broadcast to customers</p> <p>Firm is the key influencer</p> <p>Marketing to persuade purchase</p> <p>One-way value flows</p> <p>Economies of (firm) scale</p>	<p>Customers as dynamic network</p> <p>Communications are two-way</p> <p>Customers are the key influencer</p> <p>Marketing to inspire purchase, loyalty, advocacy</p> <p>Reciprocal value flows</p> <p>Economies of (customer) value</p>
Competition	<p>Competition within defined industries</p> <p>Clear distinctions between partners and rivals</p> <p>Competition is a zero-sum game</p> <p>Key asset are held inside the firm</p> <p>Products with unique features and benefits</p> <p>A few dominant competitors per category</p>	<p>Competition across fluid industries</p> <p>Blurred distinctions between partners and rivals</p> <p>Competitors cooperate in key areas</p> <p>Key assets reside in outside networks</p> <p>Platforms with partners who exchange value</p> <p>Winner-takes-all due to network effects</p>
Data	<p>Data is expensive to generate in firm</p> <p>Challenge of data is storing and managing it</p> <p>Firms make use only of structured data</p>	<p>Data is continuously generated everywhere</p> <p>Challenge of data is turning it into valuable information</p>

	<p>Data is managed in operational silos</p> <p>Data is a tool for optimizing processes</p>	<p>Unstructured data is increasingly usable and valuable</p> <p>Value of data is in connecting it across silos</p> <p>Data is a key intangible asset for value creation</p>
Innovation	<p>Decisions made based on intuition and seniority</p> <p>Testing ideas is expensive, slow, and difficult</p> <p>Experiments conducted infrequently, by experts</p> <p>Challenge of innovation is to find the right solution</p> <p>Failure is avoided at all cost</p> <p>Focus is on the “finished” product</p>	<p>Decisions made based on testing and validating</p> <p>Testing ideas is cheap, fast, and easy</p> <p>Experiments conducted constantly, by everyone</p> <p>Challenge of innovation is to solve the right problem</p> <p>Failures are learned from, early and cheaply</p> <p>Focus is on minimum viable prototypes and iteration after launch</p>
Value	<p>Value proposition defined by industry</p> <p>Execute your current value proposition</p> <p>Optimize your business model as long as possible</p> <p>Judge change by how it impacts your current business</p>	<p>Value proposition defined by changing customer needs</p> <p>Uncover the next opportunity for customer value</p> <p>Evolve before you must, to stay ahead of the curve</p>

	Market success allows for complacency	Judge change by how it could create your next business 'Only the paranoid survives'
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Source: (ROGERS, 2016)

Digital transformation is a continuous and complex process that can significantly impact a company and its operations. The assignment of clear and adequate responsibilities to define and implement a digital transformation strategy is crucial (SCHALLMO et al., 2018). Approaching a digital transformation strategy half-heartedly can result in losing scope and encountering operational difficulties. The person responsible for the digital transformation strategy should have experience in transformational projects and aligned incentives with the strategy's targets. Potential candidates for the person responsible for a business's digital transformation include CIOs, CEOs, business transformation managers, or CDOs. Support from top management is essential throughout the transformation process, as digital transformation strategies affect the entire company and may encounter resistance from different areas. Transformation leadership skills are crucial in dealing with such resistance, and the involvement of different stakeholders affected by the transformation is necessary (MATT et al., 2015).

To conclude this part of the thesis, developing a digital transformation strategy is a complex undertaking that can significantly shape a company's future. Such strategies intersect with many other strategies at the same time, requiring complex coordination efforts to achieve shared goal setting, alignment of various strategies, and cooperation between various people and entities throughout a firm. As a result, research should offer guidelines for firms to help structure these processes, which will ultimately improve the likelihood of successful digital transformation. With clear responsibilities assigned, top management support, and effective transformation leadership, firms can navigate the complexities of digital transformation and emerge as competitive players in the ever-changing digital landscape.

3.5 Measuring the Impact of Digital Transformation

Numerous businesses use financial and operational efficiency metrics to evaluate the effectiveness of their digital transformation efforts. However, these metrics may not always provide accurate measurements of the programme's success. To ensure a business's digital transformation initiative runs smoothly and efficiently, it is essential to monitor its progress, goals, and metrics. Therefore, key performance indicators (KPIs) are a prevalent tool used by businesses of all sizes to monitor their performance and quickly respond to any issues that arise during the transformation process (DÖRNER, 2015).

There are three key performance indicators (KPIs) that are crucial in the digital reality. These include digital revenues, digital growth (which takes into account cannibalization rate) (VAN HEERDE, SRINIVASAN, DEKIMPE, 2010) .

Digital efficiency or productivity. The first two KPIs are associated with changing and disrupting the business model, whereas the third KPI is about making the existing business model work better. It is important to note that there is a direct connection between the strategy of either shaking up or improving the business model and these KPIs.

Figure 4: The three horizons of growth and key performance indicators of digital transformation

	Horizon 1	Horizon 2	Horizon 3
	Extend and defend core businesses	Build emerging businesses	Create genuinely new businesses
Role of digital technologies	Enabling technologies	Creation of new, disruptive business models	Creation of new, disruptive business models
Key metrics	Digital efficiency/productivity	Digital revenues Digital growth (net of cannibalization)	Digital revenues Digital growth (Net of cannibalization)

Source: (HINTERHUBER, 2022)

Muhammad Raza (2020), a technology consultant who works with leading startups, has outlined several measures that can help to provide a quality and quantitative view of a company's success in digital transformation. These measures include:

Scope of transformation

To measure the impact of digital transformation efforts, it is important to determine the scale of the goals. Is the company targeting a broad global audience? How much of manufacturing process is automated? In the Table 3 below are some metrics that can be used to assess the progress:

Table 3: Metrics to assess the progress

Unique visitor count	This metric measures how many individual visitors to the website or digital platform are attracting over a given time period.
Month-on-month growth in registrations	Tracking how many new users are registering on the platform each month can help assess the effectiveness of digital marketing and outreach efforts.
Organic user acquisition	This metric measures how many users are finding the platform through organic search results or other free channels, as opposed to paid advertising.
Manual labor hours per manufactured item:	This metric measures how much time is required for each unit of production, and can help identify opportunities for automation and process optimization.

Source: (RAZA, 2020)

Active Usage

To achieve a successful digital transformation, it is crucial to ensure the technology is adopted sustainably. This involves users registering for the technology and

integrating it into their daily lives or work routines, seeing it as a necessary replacement for manual alternatives.

Table 4: Active usage metrics

Daily Active Users	The number of unique users who engage with a product or service on a daily basis.
Ratio of new users to repeat users	The proportion of new users compared to existing users of a product or service. This metric can indicate growth potential or market saturation.
Conversion rates	The percentage of users who take a desired action (e.g., make a purchase, sign up for a subscription) out of the total number of users who interacted with the product or service.
Abandon rates	The percentage of users who leave a product or service before completing a desired action (e.g., adding items to a shopping cart but not completing the purchase). This metric can indicate issues with user experience or user interface.

Source: (RAZA, 2020)

User Engagement

Looking from the user's point of view, the technology should be impactful enough in their jobs to justify regular engagement. If users are not engaging as expected, it is likely because the technology is not useful enough for them to replace their current work pattern, which may involve manual processes or other technological solutions.

By analyzing the features and functions of the technology that are popular among users, organizations can gain insight into usage patterns and make appropriate improvements in future product releases. Metrics that describe usage patterns and trends can include:

Table 5: User engagement metrics

Net Promoter Score (NPS)	A metric used to gauge customer loyalty and satisfaction. It involves asking customers to rate the likelihood that they would recommend a product or service to others on a scale of 0 to 10.
Traffic sources	The channels or methods through which users access a website or digital product. This can include organic search, social networks, paid advertising, direct traffic, and referral traffic.
Customer Satisfaction Index	A measure of how satisfied customers are with a product or service. It is typically based on a survey that asks customers to rate their satisfaction with various aspects of the product or service.
Bounce rate and exit rate	Bounce rate refers to the percentage of users who leave a website after viewing only one page, while exit rate refers to the percentage of users who leave a website after viewing multiple pages. These metrics can indicate issues with user experience or content relevance.

Source: (RAZA, 2020)

Customer Experience

In the end, it is crucial to assess how users perceive the technology as their satisfaction determines the success of technology investments and the desired organizational and financial benefits. Some common metrics to evaluate user satisfaction include:

Table 6: Customer experience metrics

Customer Satisfaction	A metric that measures how satisfied customers are with a product, service, or experience.
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Customer Effort Score	A metric that measures the level of effort a customer has to exert to accomplish a specific task or goal.
Customer Loyalty Index	A metric that measures how loyal customers are to a brand or organization based on factors such as repeat purchases, referrals, and positive reviews.
Sentiment Analytics	A process of using natural language processing and machine learning to analyze text data and determine the sentiment, opinions, and emotions expressed by customers.

Source: (RAZA, 2020)

4 Practical Part

4.1 Interview with Associate Director from Ipsos

To gather insights into the technologies that are crucial to business development in the digital world, an unstructured interview was conducted with Natalia Trubanova, Panel & Marketing Management Associate Director of Mystery Shopping department from Ipsos. Date of the interview: 05.05.2022.

The reason for conducting the interview with a director from Ipsos was the company's global presence and advanced use of digital technologies. Ipsos, a renowned market research and consulting firm, has been providing data-driven insights to guide decision-making for over four decades. The company has a strong reputation for delivering reliable and valuable research solutions to its clients worldwide. In line with its commitment to innovation, Ipsos has placed a high priority on the adoption of digital technologies to expand its offerings and improve operational efficiency.

One of the key strengths of Ipsos is its ability to seamlessly incorporate digital tools into its research methodology, enabling the collection of data from various sources, such as social networks, mobile devices, and online surveys, leading to a comprehensive understanding of consumer behaviour. The firm's investment in data analytics and machine learning capabilities has enabled it to offer predictive modeling and segmentation solutions that assist clients in identifying opportunities and optimizing marketing strategies.

The interview questions were designed to explore the company's digital strategy, the challenges faced in implementing digital transformation, and the impact of digital technologies on business performance.

The interview was conducted via MS Teams, a video conferencing platform that enabled real-time communication and allowed the interviewer to record the conversation for later analysis. To ensure the validity and reliability of the data, several measures were taken during the interview. Firstly, the interviewer asked

follow-up questions to clarify any unclear or incomplete responses. Secondly, the interview was recorded to ensure that all responses were accurately captured and the interviewer later transcribed the interview to ensure that the responses were accurately represented in the research. Lastly, the Digital Associate Director was asked to review and approve the transcript to ensure that the data accurately reflected their responses.

4.1.1 Interview Analysis

Based on the interview, it appears that Ipsos was already focused on digital technologies and going digital before the COVID-19 pandemic, and the pandemic did not change much in this regard. The Panel & Digital Marketing team in Mystery Shopping department, in particular, did not experience any significant changes.

“Regarding my work, I wouldn't say that COVID has really changed much, especially because we were already focusing on digital media and transitioning to a digital approach even before the pandemic. So, it wasn't something new that we started after COVID” (N. Trubanova, personal communication, May 5, 2022).

However, since the mystery shopping - especially in-person visits - was the main tool that the company used for its research, it was heavily affected by restrictions. The company had to come up with new ways to deliver results online. Ipsos was actively trying to find ways to change project design to accommodate being stuck at home and still deliver results.

“For example, we created panels that conduct quantitative research, with all their questionnaires available online. These panels were thriving during the COVID pandemic, because they had a huge number of projects. At the same time other aspects of our work were struggling” (N. Trubanova, personal communication, May 5, 2022).

One of the platforms performed well especially during pandemic was Population. It was focused on online surveys and questionnaires, which were not affected by COVID restrictions. While mystery visits are still preferred because customer service

is better assessed in-person, the company could invest more in digital technologies and platforms that are not affected by physical restrictions.

Regarding home office, Ipsos had to shift to working from home during the pandemic, and it turned out to work very well. However, some teams cannot have too many days of home office because they need to communicate with colleagues a lot during the day. For more independent work, home office can be beneficial as it allows for better focus and time management.

“It's true that before the pandemic, working from home wasn't very popular, especially with management who were not happy about employees staying on home office for extended periods of time. It was considered a rare thing. When the pandemic started, there was a sense of fear and uncertainty about how working from home would work and whether we would be able to manage it. However, it turned out that working remotely still works very well” (N. Trubanova, personal communication, May 5, 2022).

The interviewee mentioned using various digital tools at work in Digital Marketing Department, including Facebook, Google Analytics, Google Ads, Google Tag Manager, Canva, Vyond, Adobe programs like Photoshop and Illustrator, Adobe Premiere Pro, and Mailchimp for email marketing.

“As a manager, we have some internal programs that we use, whether it's for financial analysis, working with job numbers, and managing projects. We have a job book and Business Intelligence (BI) software. Additionally, we have a financial gateway, which is also an internal application used for managing external individuals' timesheets, payment invoices, and other related tasks. Jira for project management, and Italant for creating yearly goals and evaluating employee performance” (N. Trubanova, personal communication, May 5, 2022).

They express a desire to add more platforms to their current use of Google and Facebook for advertising and to boost their SEO by finding other big platforms that can be used across multiple countries and having more links on other websites. The

interviewee seems to have a good understanding of the tools and systems they use and recognizes the value of being fully digital.

The third part of the interview focuses on the company's SEO efforts and how they are affected by the lack of content creation from some country teams. The interviewee confirms that the company has some SEO methods in place, but creating more content is necessary to improve their search engine rankings. They note that some of the countries they work with do not prioritize creating content for the Ipsos website, despite the company encouraging them to do so. This lack of content creation negatively affects the company's SEO efforts because search engines prioritize websites with fresh and relevant content. The interviewee mentions the importance of backlinks and notes that they would like more backlinks to help improve the company's search engine rankings.

Overall, the interview provided valuable insights into the company's marketing efforts and highlighted some interesting ideas and tools for improving its digital presence. The interview also emphasized the importance of having a strong digital strategy in today's business environment. These insights will be useful for developing a practical part of the thesis that will focus on enhancing the company's digital efforts through effective use of tools and strategies.

4.2 Case Study: Restaurant

In order to contrast the digital development strategies of a global company like Ipsos, it was decided to include a small business in the practical part of this thesis. The restaurant Kafka Hummus Cafe, located in the heart of Prague, was chosen as an example of digital transformation in the service industry. This company started its journey of digital transformation during the COVID-19 pandemic, which presented unique challenges and opportunities for businesses in the food and beverage sector.

The purpose of this case study is to analyze the current situation of Kafka Hummus Cafe in terms of its digital transformation journey, and to identify key insights and recommendations for the future. By understanding the challenges and opportunities

faced by small businesses in the food and beverage sector, this case study aims to provide valuable insights for other small businesses looking to embark on digital transformation journey.

4.2.1 Interview with Restaurant Manager

The unstructured interview with Daniel Degen, manager of Kafka Hummus Cafe provided valuable insights into the restaurant's digital transformation journey. The objective of the interview was to understand the current state of the business, identify gaps and inefficiencies, and gather ideas for digital transformation. The interview was conducted on 22.05.2022.

Kafka Hummus Cafe started its digital transformation journey during the COVID-19 pandemic. The sudden closure of the restaurant during lockdowns made it difficult to connect with customers, but the restaurant quickly pivoted to focus on takeout and collaborated with food delivery platforms to reach more customers.

„Before the pandemic, we didn't have any digital presence, and the sudden closure of our restaurant during the lockdowns made it even more difficult to connect with our customers. However, we saw this as an opportunity to adapt and innovate. We quickly pivoted to focus on takeout and collaborated with food delivery platforms to reach more customers “(D. Degen, personal communication, May 22, 2022)

The restaurant has many ideas to increase interaction with customers, including collecting customer data, using newsletters, invitations to events, collecting data on visits, and notifications about promotions. They also recognize the importance of social media, but they do not have a dedicated social media manager to effectively run their Instagram page.

„We recognize the importance of social media, and we understand that having a strong online presence is crucial to attracting new customers and keeping our existing ones engaged. We are trying our best, but we don't have a special person to run our page “ (D. Degen, personal communication, May 22, 2022)

The restaurant has implemented new technologies to attract more customers, such as accepting cryptocurrency payments. They plan to create a website where customers can find out about the menu, news, and reserve a table, and they also want to provide quick access to the menu via QR code.

„We were surprised by the positive response we received after introducing cryptocurrency payments. We wanted to offer our customers a unique and innovative way to pay for their meals, and we saw an opportunity to attract new visitors who are interested in new technologies “ (D. Degen, personal communication, May 22, 2022)

Regarding food delivery, the restaurant has not yet started offering it, but they recognize the importance of being adaptable and open to changes when necessary. They need to carefully consider the impact of food delivery on their kitchen's capabilities, especially during the busiest periods such as lunchtime.

Overall, the interview highlights the importance of digital transformation for businesses in the current environment, and Kafka Hummus Cafe has taken steps to adapt and innovate during the pandemic. However, there are still areas for improvement, such as developing a stronger social media presence and carefully considering the impact of new technologies on their kitchen's capacity.

4.2.2 Competitors Analysis

This chapter will provide an in-depth analysis of the restaurant's competitors in Prague in terms of their digital transformation efforts. The chapter will identify the selected competitors based on location, price segment, and potential target customers. The analysis will focus on the competitors' digital presence, digital tools, and technologies they use to attract and retain customers. The findings of this analysis will provide insights into how the restaurant can improve its digital strategy to remain competitive and relevant in the ever-changing digital landscape.

Competitor 1: Jaffa Restaurant

Jaffa Restaurant is located in Prague, Czech Republic, and it is a well-known Middle Eastern restaurant that serves a variety of dishes inspired by Lebanese, Israeli, and

Palestinian cuisines. Jaffa offers a unique dining experience that combines Middle Eastern flavors, spices, and aromas with modern cooking techniques and presentation.

In terms of digital transformation, Jaffa has a well-designed website that provides customers with essential information about the restaurant, including menus, reservation options, and contact information. The website is visually appealing and user-friendly, making it easy for customers to find what they need quickly.

Additionally, Jaffa has a strong presence on social media platforms such as Facebook and Instagram, where it regularly posts updates about the restaurant, including photos and videos of dishes, special events, and promotions. Jaffa restaurant has been ranked among the top-performing restaurants in Prague on the prominent travel platform, TripAdvisor, which is popular among tourists.

Jaffa also offers online ordering and delivery services through Wolt delivery and Dáme jídlo.

To conclude, Jaffa Restaurant has successfully embraced digital transformation in various aspects of its operations. Its well-designed website, strong social media presence, and online ordering and delivery services have helped to enhance its visibility and reach out to potential customers in the digital sphere.

Competitor 2: La Bottega di Finestra

La Bottega di Finestra is a popular Italian restaurant located in the heart of Prague. The restaurant has gained a reputation for offering traditional Italian cuisine that is made from high-quality, seasonal ingredients.

In terms of digital transformation, La Bottega di Finestra has made significant efforts to enhance the customer experience through digital channels. The restaurant has a well-designed website that is visually appealing and user-friendly. The website provides detailed information about the restaurant, including menus, reservation

options, and contact information. Customers can also use the website to book private events or order catering services.

La Bottega di Finestra also has an active presence on social media platforms such as Facebook and Instagram. The restaurant regularly posts updates about the restaurant, including photos and videos of dishes, special events, and promotions. The social media presence helps the restaurant to engage with customers, build a loyal following, and attract new customers.

La Bottega di Finestra's customers receiving regular email updates suggests that the restaurant is likely using a CRM system to manage its customer interactions and marketing efforts.

Customers can order food from the restaurant through online delivery service Wolt. Overall, La Bottega di Finestra's digital transformation initiatives demonstrate a strong commitment to enhancing the customer experience through digital channels. By leveraging digital technology, the restaurant has been able to engage with customers, increase brand awareness, and drive revenue growth.

Competitor 3: Pasta Café

According to its website, the restaurant offers a wide range of traditional Italian dishes, including pasta, pizza, salads, and seafood. The restaurant also offers a selection of Italian wines, beers, and cocktails.

In terms of its digital presence, Pasta Caffè has a website where customers can find information about the restaurant, such as its menu, opening hours, and contact details. The website also allows customers to make reservations online.

Pasta Caffè has a presence on social media platforms such as Facebook and Instagram, where it posts updates about the restaurant, including photos and videos of dishes, special events, and promotions. The restaurant also uses these platforms to engage with customers by responding to their comments and messages.

Customers can order food from the restaurant through online delivery services such as Dáme jídlo and Wolt.

Based on the available information, it seems that Pasta Caffè has a basic level of digital presence, with a website and a presence on social media platforms. However,

it is unclear if the restaurant has implemented any significant digital transformation initiatives to enhance its customer experience or improve its operational efficiency.

Competitive Landscape

The digital transformation initiatives of the competitors show that they are focused on improving the customer experience through digital channels. Based on the analysis, the following list of services, tools, and technologies is recommended for digital transformation of a restaurant:

- A well-designed and user-friendly website that provides essential information about the restaurant, including menus, reservation options, and contact information.
- Active presence on social media platforms such as Facebook and Instagram, to engage with customers, post updates about the restaurant, and promote special events and promotions.
- Online ordering and delivery services through popular delivery platforms such as Wolt delivery and Dáme jídlo, to reach out to potential customers and provide added convenience for existing customers.
- Use of digital marketing tools and technologies such as email marketing, search engine optimization, and social media advertising, to increase brand awareness, drive traffic to the website, and attract new customers.
- Implementation of customer relationship management (CRM) tools and technologies to manage customer data, track customer interactions, and provide personalized experiences for customers.

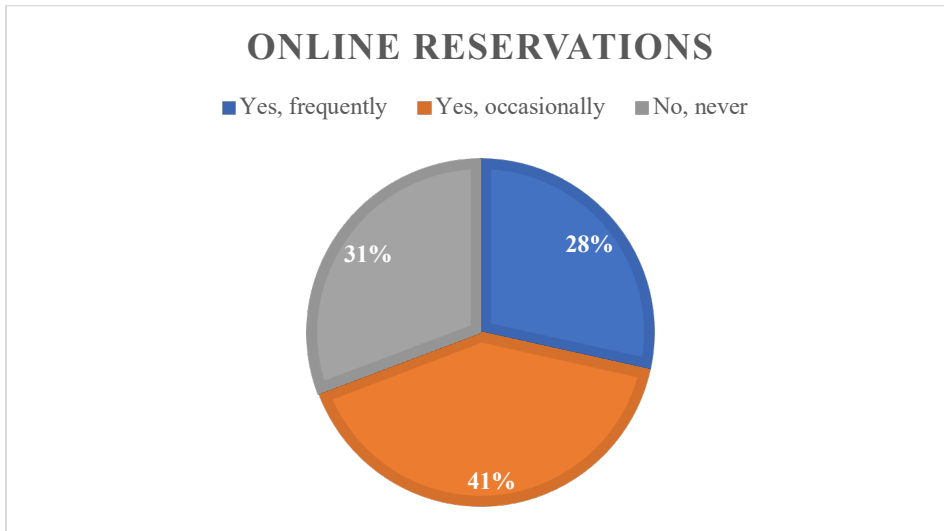
4.2.3 Customer Survey Analysis: Identifying Opportunities for Digital Transformation and Growth

To understand how the restaurant can improve its digital offerings and drive growth, a customer survey was conducted from 16.05.2022 to 29.05.2022. The primary objective of this survey was to gain insight into customers' expectations for digital transformation and the ways in which the restaurant could leverage technology to enhance its services. By analyzing the results of the survey, the Kafka Hummus Cafe can identify opportunities for growth and develop a strategy that aligns with the

evolving needs of its customers. This chapter presents the findings of the survey and discusses their implications for the restaurant's digital transformation efforts.

The Figure 5 represents the part of a survey, where customers were asked if they had ever used the restaurant's website or mobile app to place an order or make reservation.

Figure 5: Answers to the question about using online reservation tools

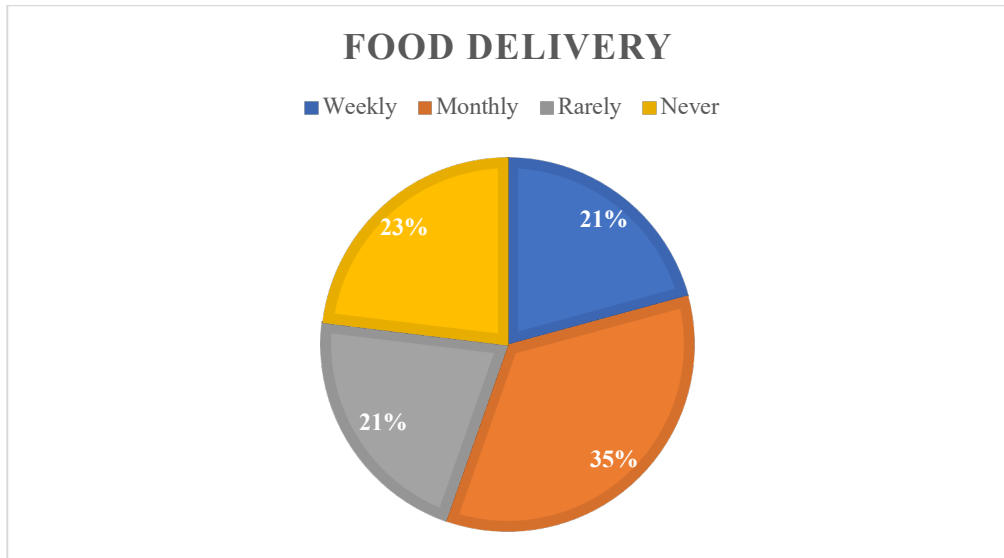


Source: Customer survey

The results showed that 28% of customers had used these digital platforms frequently, while 41% had used them occasionally. However, it was also found that 31% of customers had never used the restaurant's website or mobile app for these purposes.

Continuing the survey, customers were also asked how frequently they use delivery services. The results are represented in Figure 6.

Figure 6: Answers to the question about usage of food delivery services

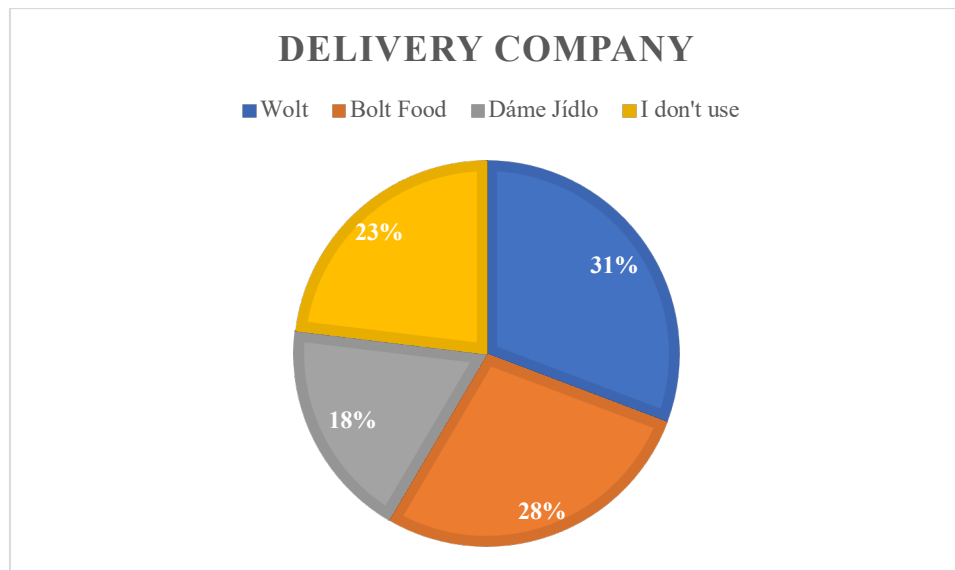


Source: Customer survey

The results, depicted in Graph 3, revealed that 35% of customers used delivery services on a monthly basis, while 21% used them weekly. Additionally, 21% of customers indicated that they used delivery services rarely, and 23% stated that they never used them.

The next question was focused on the food delivery companies that customers use the most. The options given were Wolt, Bolt Food, and Dáme Jídlo. The results of this question were presented in Figure 7.

Figure 7: Answers to the question about delivery company

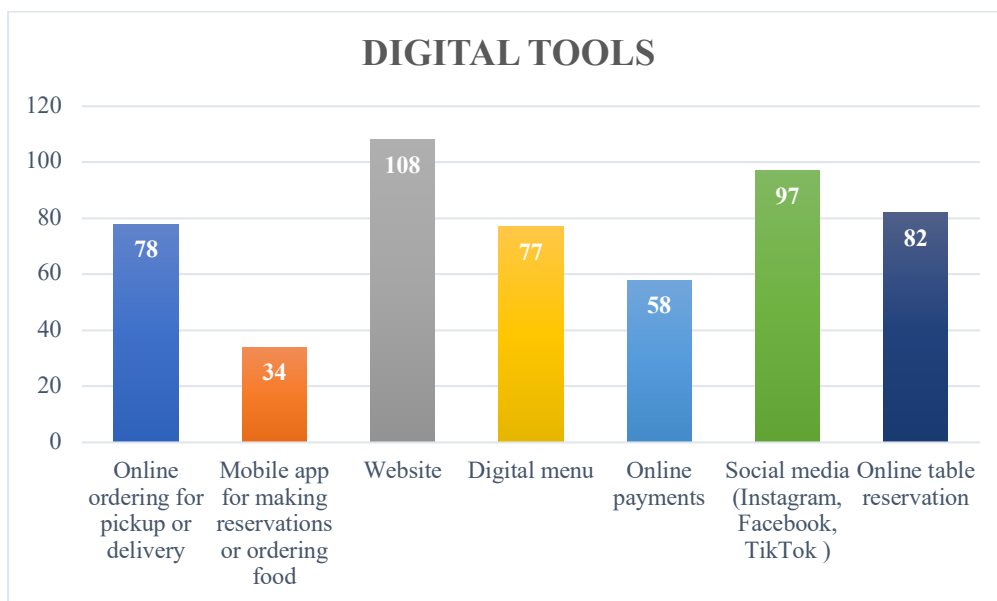


Source: Customer survey

The results showed that 31% of customers used Wolt the most, while 28% used Bolt Food as their preferred food delivery provider. Dáme Jídlo garnered 18% of the votes, while 23% of respondents indicated they did not use food delivery at all.

Customers were also asked to provide their opinions on which digital tools they would prefer to use and which ones they believe the company should develop.

Figure 8: Answers to the question about which digital tools the company should develop

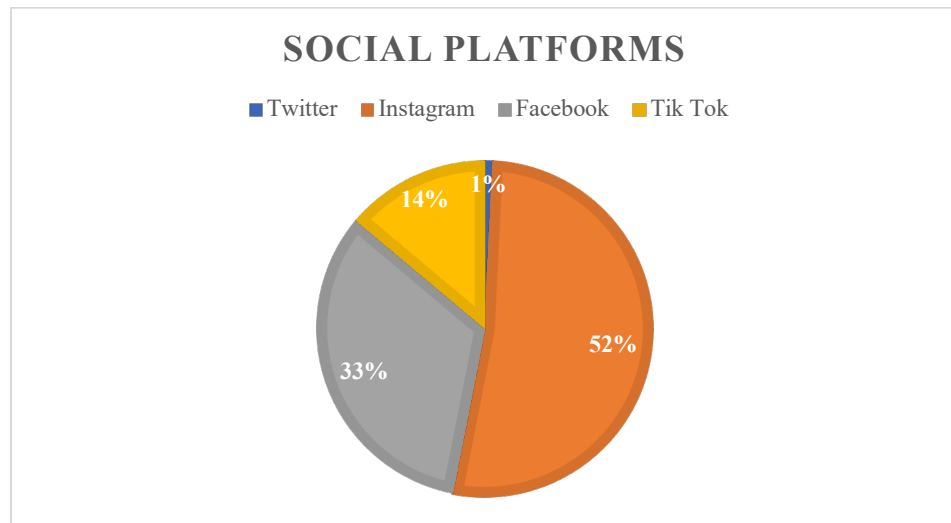


Source: Customer survey

The results are presented in Figure 8, and they reveal that 108 customers prefer to use the website, 78 customers would like to have opportunity of online ordering for pick-up or delivery. Moreover, 82 customers would prefer online table reservation, 77 customers preferred digital menus, and 97 customers preferred social media platforms (Instagram, Facebook, TikTok) to engage with the restaurant. Lastly, 58 customers would like to use online payments for their orders.

Then participants were asked to identify which social media platform they believe is necessary for businesses to increase customer engagement. The results of the survey are presented in Figure 9.

Figure 9: Answers to the question about necessary social media platforms for the company

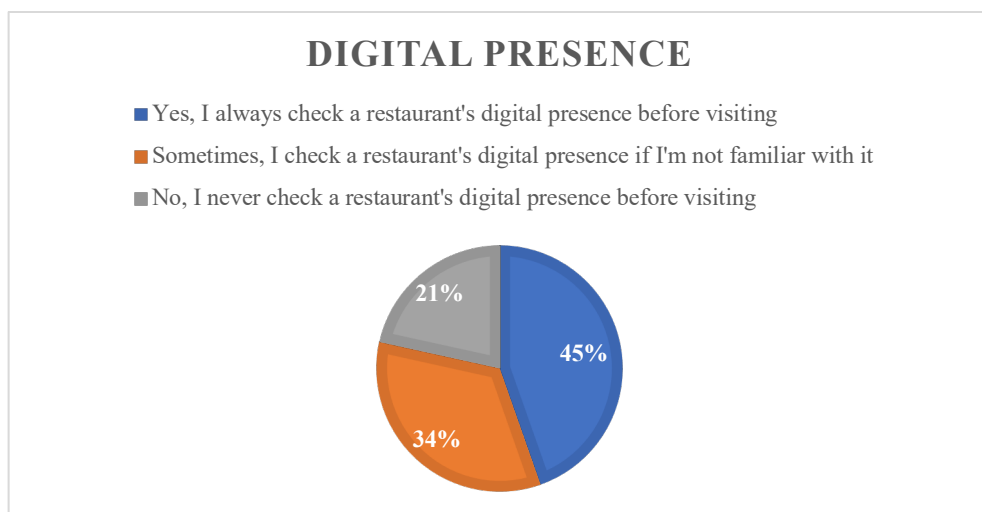


Source: Customer survey

The majority of customers (52%) believe that businesses should use Instagram to increase engagement. Facebook was the second most popular choice, with 33% of customers indicating that it is necessary for businesses to use. Only a small percentage of customers (14%) believe that Tik Tok is necessary for businesses to use, while just 1% of customers chose Twitter as the necessary social media platform for businesses to increase customer engagement.

The next question was: "Does the digital presence (e.g., website, social media, online reviews) of a restaurant affect your decision to visit the restaurant?"

Figure 10: Answers to the question about digital presence

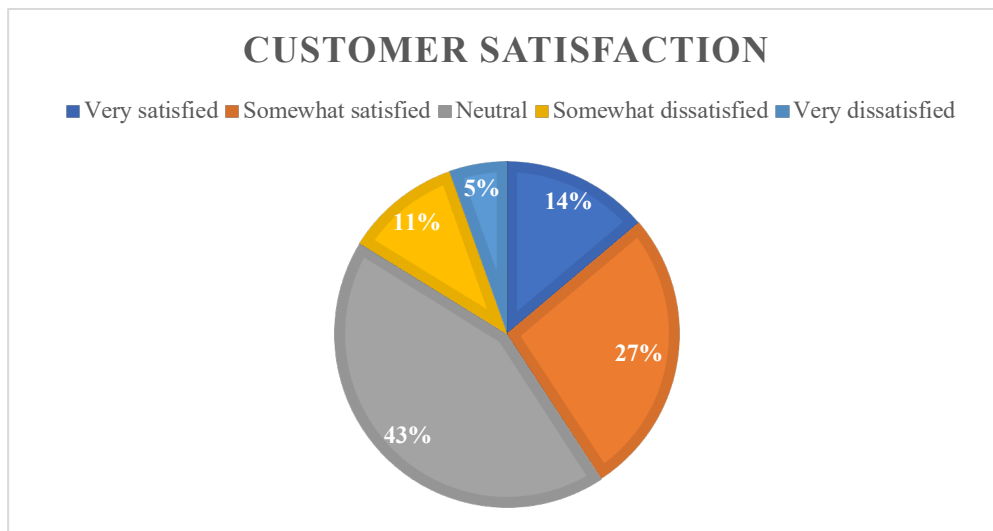


Source: Customer survey

The results, represented in the Figure 10, show that 45% of the customers always check the restaurant's digital presence before visiting. 34% of the customers reported that they check the digital presence of a restaurant sometimes, but only if they are not familiar with it. Finally, 21% of the customers reported that they never check a restaurant's digital presence before visiting.

During a survey taken from 02.05.2022 to 16.05.2022, guests of the Kafka Hummus Cafe were asked how satisfied they were with the restaurant's current digital presence.

Figure 11: Answers to the question about customer satisfacton



Source: Customer survey

The results show that 19% of the respondents were very satisfied with the digital presence, while 22% were somewhat satisfied. A majority of the respondents, 43%, were neutral in their satisfaction with the digital presence. On the other hand, 11% of the respondents were somewhat dissatisfied and 5% were very dissatisfied with the current digital presence of the restaurant.

These results provide valuable insight into how guests perceive the digital presence of the Kafka Hummus Cafe, and suggest that there may be opportunities to improve the restaurant's online offerings in order to better meet customer expectations and preferences.

4.2.4 Digital Presence Analysis

Digital presence analysis is a crucial aspect for any business in the current digital age, and this chapter will analyze the digital presence of Kafka Hummus Cafe.

Google Business

Having a Google Business page is crucial for restaurants as it allows them to establish an online presence, making it easier for customers to find and learn more about them. This platform provides various features such as search engine results, Google Maps, and Google Reviews, which are significant for a restaurant's online visibility and reputation. Google Reviews, in particular, can significantly impact a restaurant's business, as positive reviews can attract new customers and improve the restaurant's reputation.

Kafka Hummus Cafe understands the importance of maintaining an active Google Business page, as they respond to customer reviews and provide essential information about their location, opening hours, and menu photos.

Instagram

Restaurants need Instagram because it is a highly visual social media platform that can showcase their food, ambiance, and customer experiences. By posting visually appealing content, restaurants can increase their brand awareness and attract new customers.

As of 05.06.2022, Kafka Hummus Cafe's page had 1307 followers, but it lacked some key elements that could have made it more effective. For example, the absence of a menu or bar card could have made it difficult for customers to make informed decisions before visiting the restaurant. Additionally, the lack of active Instagram stories could have reduced engagement with followers and limited the restaurant's reach.

Furthermore, the visual aesthetics of the Instagram page may not have aligned with current business trends, which could have potentially reduced its appeal to customers. To fully leverage the potential of Instagram, restaurants should have

focused on creating visually appealing content that aligns with current trends and provides important information to potential customers. By doing so, they could have improved their online presence, attracted new customers, and ultimately increased revenue.

Facebook Page

Facebook is a powerful tool for building brand awareness and creating a sense of community among customers. By creating and maintaining a Facebook page, restaurants can share information about their menu, hours of operation, and upcoming events. They can also interact with customers by responding to comments, reviews, and messages.

Facebook also offers several advertising tools that can be used to target specific demographics and geographic locations. Restaurants can use these tools to promote special offers, events, or menu items, and reach a larger audience than they would through organic posts alone.

Touristic Platforms

Touristic platforms such as TripAdvisor, HappyCow, Restaurant Guru, and Foursquare are essential for restaurants in Prague as they provide an excellent opportunity to increase their online visibility and reach a wider audience. These platforms enable customers to leave reviews and ratings, which can have a significant impact on the restaurant's online reputation and help to attract new customers. Furthermore, the analysis of these platforms showed that information, photos and menu were updated.

In conclusion, Kafka Hummus Cafe has strong points in maintaining an active Google Business page, responding to customer reviews, and providing essential information about their location, opening hours, and menu photos. However, there are areas for improvement in their Instagram page, such as providing a menu or bar card and creating visually appealing content that aligns with current trends. Moreover, updating information, photos, and menu on touristic platforms like TripAdvisor, HappyCow, Restaurant Guru, and Foursquare is crucial for maintaining

their online reputation and attracting new customers. Therefore, it is essential for restaurants to keep up with the latest trends and maintain an up-to-date online presence to remain competitive in the restaurant industry.

4.2.5 SWOT Analysis

A SWOT analysis in Table 7 was brought together from the collection of data from the interview, insights from competitors' analysis, customer survey, and digital presence analysis.

Table 7: SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Developed presence on Google business; • Use of cryptocurrency payment method to attract new customers and showcase innovation. 	<ul style="list-style-type: none"> • Weak digital presence on platforms such as Instagram, TripAdvisor, Happy Cow, Restaurant Guru, and Foursquare, which could limit their reach and visibility to potential customers; • No website; • No food delivery; • No special employee designated to take care of the digital suite.
Opportunities	Threats
<ul style="list-style-type: none"> • Implementing Customer Relationship Management (CRM) system to gather data about customers for the purpose of providing personalized service and marketing offers; • Develop digital presence; 	<ul style="list-style-type: none"> • Changes in customer preferences or behaviors that could affect demand for the cafe's products or services; • Technological advancements that the cafe may not be able to keep up with or implement, limiting their ability to adapt and innovate;

<ul style="list-style-type: none"> • Increasing marketing and sales platforms to expand customer reach and visibility; • Offering food delivery; • Website creation. 	<ul style="list-style-type: none"> • The big budget of implementation the new technologies.
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Source: Own

4.3 Digital Presence Development Initiative

After a thorough analysis of the digital presence of Kafka Hummus Cafe, which included a competitor analysis and a customer survey, the Author identified the need to develop a comprehensive digital presence for the restaurant. The focus was mainly on Instagram social platform, because during the interview and survey it was pointed as a necessary for businesses to increase customer engagement.

The goal of this initiative was not only to increase the restaurant's online visibility and reach but also to measure the effect of these changes on sales and customer satisfaction. The Author closely monitored the restaurant's performance on the platform, tracked customer engagement using statistical tools of Instagram, and analyzed the impact of these changes on the business using sales analysis and Pearson correlation.

4.3.1 Initiative Plan for Digital Presence Development and Results

This plan includes a visual redesign of the Instagram page, creating a digital menu and online reservation system, developing a social media marketing strategy, launching a customer engagement and loyalty program, and developing a new website.

Plan:

Visual redesign of the Instagram page (June 2022):

- Redesign the visual elements of the Instagram page to align with current design and business trends.

- Update the Instagram bio to include all necessary information about the restaurant.

Digital menu and online reservation system (June 2022):

- Create a digital menu and bar card and publish them in Highlights on the Instagram page to make them easily accessible to customers.
- Announce on the Instagram page that the restaurant now accepts reservations through direct messages.

SMM strategy (June 2022):

- Develop a SMM strategy focused on Instagram.
- Publish posts promoting the food, unique experience, and atmosphere of the restaurant.
- Increase the frequency of Instagram stories to showcase behind-the-scenes content and engage customers.
- Develop a content calendar for the next three months.

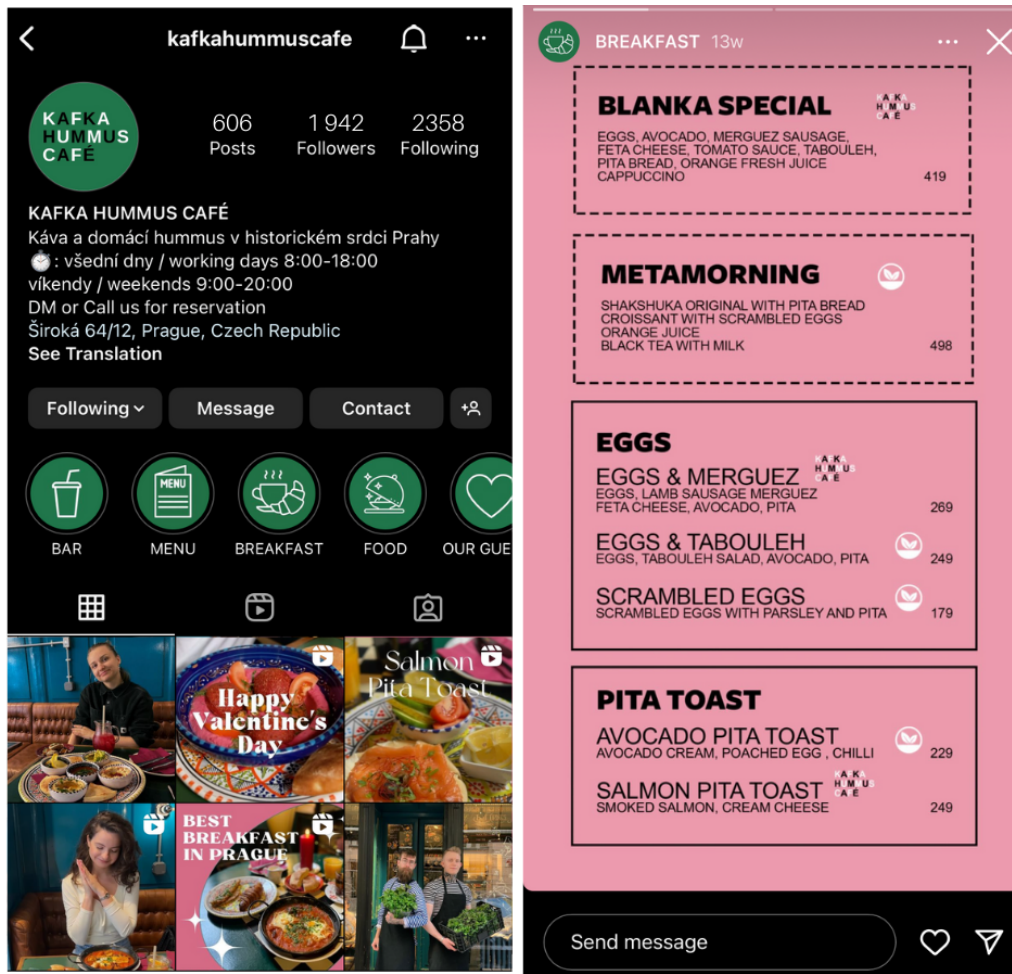
Customer engagement and loyalty program (July 2022):

- Develop a customer engagement and loyalty program that rewards customers for their loyalty and encourages them to share their experiences on social media.
- Launch the program and promote it on social media.
- The restaurant should monitor the effectiveness of each strategy through analytics tools and make adjustments as necessary to achieve the desired outcomes.

Website development (April 2023):

- Develop a new website that will be connected with the restaurant's social media pages and include a news blog, all necessary information about the restaurant, menu, special offers, and a reservation system.
- Ensure that the website is optimized for mobile devices and search engine friendly.

Figure 12: Instagram screenshots of the page and digital menu



Source: Own

Instagram results (June 2022 – February 2023):

- Digital menu and the bar card
- Attractive visual
- Contact button
- QR code on the paper menu in the restaurant to access Instagram page
- Taking reservations via direct messages
- SMM strategy
- Active communication with customers on daily basis
- Everyday Instagram stories
- Followers increased by 38%
- Engagement rate increased by 63%
- Number of accounts reached: 40 227

Furthermore, the restaurant began working on a website that will be connected with social media, feature a news blog, and provide all necessary information about the restaurant, menu, and special offers, as well as include a reservation system. The website is currently in development and is expected to be completed by April.

4.3.2 Sales and Customer Satisfaction Analysis

Sales Analysis

In order to assess the impact of the SMM strategy on Instagram on sales, the Author conducted a sales analysis of Kafka Hummus Cafe. The analysis focused on two specific products that were promoted on Instagram at different times: Roasted Cauliflower and Tomato Soup.

After the promotion of roasted cauliflower on Instagram for two weeks, the sales of this item increased by 24%. Two weeks later, the promotion of tomato soup on Instagram for two weeks resulted in a 36% increase in sales.

These results suggest that the implementation of the SMM strategy on Instagram had a positive impact on sales. By promoting specific menu items on Instagram, the restaurant was able to increase sales of those items. This indicates that the restaurant's Instagram presence played a role in driving customer interest and increasing sales.

Pearson Correlation Analysis

To assess the relationship between SMM strategy development and sales, was decided to utilize the Pearson correlation method. This method is a statistical technique that measures the strength of the linear relationship between two variables. In this case, the two variables are monthly revenue and the number of accounts reached through the restaurant's Instagram page.

The data for this analysis was collected over a nine-month period, from June 2022 to February 2023. The restaurant provided the monthly revenue data, while the data on

Instagram accounts reached was obtained from the platform's statistical data, see Table 8.

To conduct the analysis, we calculated the Pearson correlation coefficient between the two variables.

Table 8: Data for correlation analysis

Month	Accounts Reached	Revenue
June	2200	708000
July	5236	783000
August	4116	749000
September	3781	817000
October	3679	797000
November	4215	723000
December	6724	893000
January	6163	832000
February	4113	716000

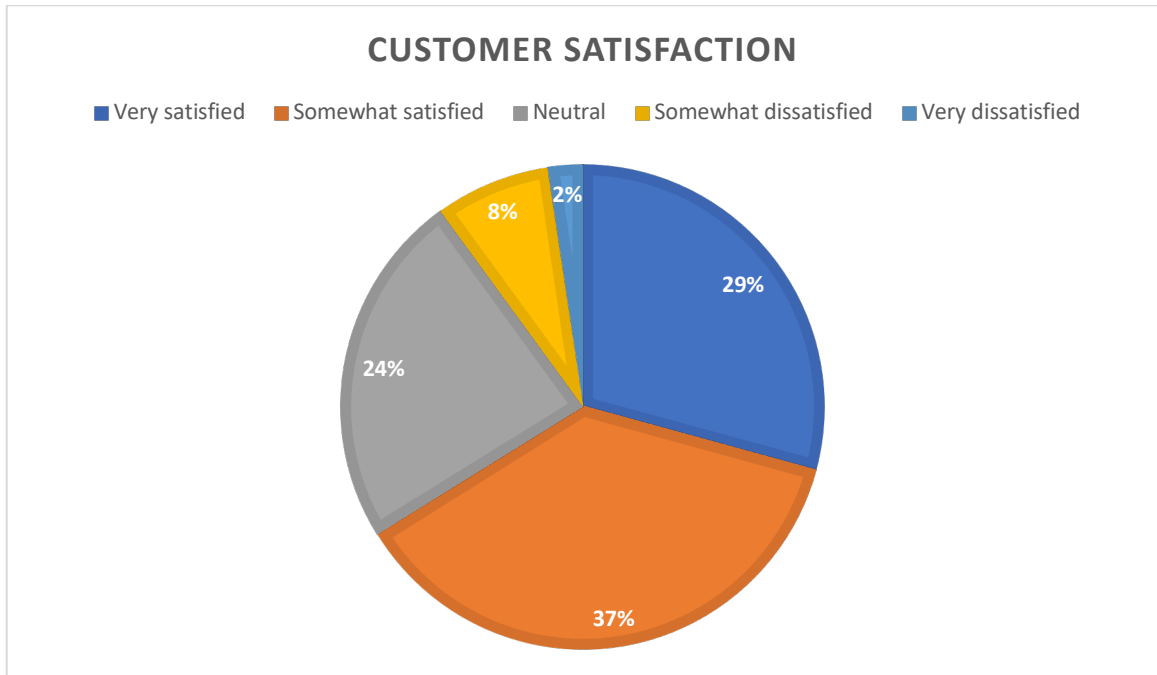
Source: Own

Correlation coefficient was calculated as 0.76, indicating a strong positive correlation between SMM strategy development and sales. This suggests that as the restaurant's SMM strategy improves and more Instagram accounts are reached, the restaurant's revenue also increases.

Customer Satisfaction Survey

Another survey was conducted from 25.02.2023 to 10.03.2023 among the restaurant's guests, in which they were asked about their satisfaction with the restaurant's digital presence after the initial development of the digital presence. The results of the survey were represented in Figure 13.

Figure 13: Results of customer satisfaction survey



Source: Customer survey

According to the results, 29% of the respondents were very satisfied with the digital presence of the restaurant, while 37% were somewhat satisfied. A total of 24% of the respondents reported a neutral level of satisfaction with the digital presence. On the other hand, 8% of the respondents were somewhat dissatisfied, and only 2% of the respondents were very dissatisfied with the digital presence of the restaurant.

These findings suggest that the social presence initiative may have had a positive impact on customer satisfaction with the digital presence of Kafka Hummus Cafe.

5 Results and Discussion

5.1 Key elements and tools of a digital transformation strategy

The first key element for a digital transformation strategy is a clear understanding of the organization's business goals and objectives. It is important to define how digital transformation will help the organization achieve its goals and add value to its customers. This will help organizations prioritize the areas where digital transformation initiatives should be focused and ensure alignment between digital transformation and business strategy.

The second key element is a focus on customer experience. Digital transformation should aim to improve the customer experience by providing new and innovative ways for customers to engage with the organization. This can include mobile apps, websites, chatbots, personalized messaging, and social media interactions. By focusing on the customer experience, organizations can increase customer satisfaction and loyalty, ultimately leading to increased revenue and growth.

Another important element is organizational culture. Organizations that embrace digital transformation are those that have a culture of innovation and are open to change. Digital transformation requires a shift in mindset, and organizations must be willing to embrace new ideas and ways of working. This includes a willingness to experiment, learn, and adapt.

In terms of tools, there are several key technologies that can support digital transformation initiatives. Cloud computing, big data analytics, artificial intelligence, and the Internet of Things (IoT) are all important technologies that can help organizations to innovate and create new business models. These technologies can enable organizations to collect and analyze data, automate processes, and create personalized experiences for customers.

Finally, it is important to have a robust digital transformation roadmap. This roadmap should outline the key initiatives, timelines, and milestones for digital transformation. It should also define the roles and responsibilities of different

stakeholders and ensure that there is clear communication and alignment between different teams and departments.

In conclusion, digital transformation is a complex and multifaceted process that requires a clear understanding of business goals, a focus on customer experience, a culture of innovation, and the right tools and technologies. By leveraging these key elements and tools, organizations can develop a successful digital transformation strategy and stay ahead of the competition in today's digital world.

5.2 Impact of Digital Transformation on Business

The primary aim of this study was to analyze the impact of digital transformation on existing company, with the restaurant Kafka Hummus Café serving as a case study. The insights gained from the case study and the interview with the Director from Ipsos suggest that small businesses often face difficulties when implementing digital transformation initiatives. Specifically, the case study of Kafka Hummus Café revealed that the restaurant was at the initial stages of its digital transformation journey.

However, the analysis of the competitors and customer surveys indicate that digitalization is necessary to stay competitive in the market. The surveys show that a significant percentage of customers check the digital presence of a restaurant before deciding to visit, with 45% of customers always checking and 34% sometimes checking. This highlights the importance of having a strong digital presence to attract and retain customers.

The initiative taken by Author to redesign the Instagram page of the restaurant, create a digital menu and online reservation system, develop a social media marketing (SMM) strategy, launch a customer engagement and loyalty program, has had a significant impact on the business. The analysis of sales data reveals a positive correlation between monthly revenue and the number of accounts reached through the restaurant's Instagram page. This suggests that a strong digital presence can positively impact the business's financial performance.

Furthermore, the customer surveys indicate that the digital transformation initiative has been well received by customers. Before the initiative, only 14% of respondents were very satisfied with the digital presence, while 27% were somewhat satisfied. After the initiative, these numbers increased to 29% and 37%, respectively. This indicates a positive impact of digital transformation on customer satisfaction and loyalty.

In conclusion, the analysis of the level of digitalization of Kafka Hummus Café and the impact of its digital transformation initiative shows that digitalization has a significant impact on businesses in today's market. Despite the challenges faced by small businesses, it is necessary to follow market trends and implement digital transformation initiatives to stay competitive. The positive impact of the initiative on customer satisfaction and financial performance provides motivation for further development in this area.

5.3 Recommendations

In order to stay competitive in the constantly evolving market, businesses need to prioritize digitalization and adapt to changing market trends and customer behaviors. Investing in digital technologies and platforms that are not affected by physical restrictions is crucial for business operations growth. Adopting various digital tools and technologies can improve business operations and customer engagement.

However, before embarking on digital transformation, businesses should clearly define their goals and objectives and understand how digitalization can help achieve these goals and add value to their customers. It is crucial to focus on improving customer experience through the use of innovative digital channels like mobile apps, chatbots, and social media interactions. This can help increase customer satisfaction and loyalty, ultimately leading to increased revenue and growth.

To enable digital transformation, businesses should foster a culture of innovation and openness to change. This involves experimenting with new ideas, learning, and adapting to new technologies and ways of working. Investing in key technologies

such as cloud computing, big data analytics, artificial intelligence, and the Internet of Things (IoT) can support digital transformation initiatives.

Finally, a well-defined digital transformation roadmap that outlines key initiatives, timelines, milestones, and roles and responsibilities of different stakeholders is crucial for success. This will ensure clear communication and alignment between teams and departments.

In conclusion, digital transformation is an essential element of business strategy in today's digital world. By leveraging technology to improve customer experience, increase operational efficiency, and drive innovation, businesses can stay competitive and thrive in the market.

6 Conclusion

The main objective of this thesis was to analyze the impact of digital transformation. The literature review was conducted to understand the drivers of change and the reasons why businesses need to go digital in today's world. The research also clarified the key elements and technologies of digital transformation. It is becoming more evident that companies worldwide need to improve their processes to take advantage of the opportunities presented by digital technology. However, many face challenges in implementing and managing the new digital workflow.

The results of the case study about restaurant showed that it is necessary to find goals and build a strong strategy before implementing technologies. It was also found that implementing technologies can immediately affect sales and business growth. For the company in the case study, the research was a significant step in continuing its digital transformation.

Furthermore, recommendations have been formulated to improve the current digital workflow, solving most of the issues they might stumble upon and becoming more profitable. In conclusion, this thesis's research topic is broad, and there are still many questions to be answered and topics to be covered.

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Appendix

Customer survey

1. Have you ever used the restaurant's website or mobile app to place an order or make a reservation?
 - a. Yes, frequently
 - b. Yes, occasionally
 - c. No, never
2. How often do you order food for delivery or takeout from this restaurant?
 - a. Weekly
 - b. Monthly
 - c. Rarely
 - d. Never
3. Which delivery company you prefer?
 - a. Wolt
 - b. Bolt Food
 - c. Dáme Jídlo
 - d. I don't use
4. Which digital tools the company should develop?
 - a. Online ordering for pickup or delivery
 - b. Mobile app for making reservations or ordering food
 - c. Website
 - d. Digital menu
 - e. Online payments
 - f. Social media (Instagram, Facebook, TikTok)
 - g. Online table reservation
5. Which social media platform is necessary for businesses to increase customer engagement?
 - a. Twitter
 - b. Instagram
 - c. Facebook
 - d. Tik Tok

6. Does the digital presence (e.g., website, social media, online reviews) of a restaurant affect your decision to visit the restaurant?

- a. Yes, I always check a restaurant's digital presence before visiting
- b. Sometimes, I check a restaurant's digital presence if I'm not familiar with it
- c. No, I never check a restaurant's digital presence before visiting

7. Are you satisfied with the restaurant's current digital presence (e.g., website, social media, online reviews) of the restaurant?

- a. Very satisfied
- b. Somewhat satisfied
- c. Neutral
- d. Somewhat dissatisfied
- e. Very dissatisfied