# Enhancing Digital Presence for Maximizing Customer Value

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Contributor: Fathi Mohamed Daradkeh , Thowayeb H. Hassan , Tatiana Palei , Mohamed Y. Helal , Sanaa Mabrouk , Mahmoud I. Saleh , Amany E. Salem , Nabila N. Elshawarbi

Digital transformation has altered the way customers interact with restaurants. As a result, digital transformation has had an enormous impact, changing restaurant customer value. Digital dynamic capabilities and digital customer orientation as a process model (i.e., sensing, seizing, transforming, and refining) to develop digital transformation and create a dynamic customer value.

digital transformation customer value digital dynamic capabilities digital customer orientation

## 1. Introduction

Digital transformation is how a business utilizes digital technologies to create a new business model that helps the business produce and appropriate more value [1][2]. Business processes, operational routines, and organizational capabilities are all affected by this transformation [3]. Digital transformation has caused several changes in customers purchasing behaviors [4]. Customers have adopted new methods of looking for information, analyzing competing offerings, communicating with other customers, learning from customers' online reviews, making purchases, and interacting with restaurants onsite [5].

## 2. Customer Value and Digital Transformation

Customer value refers to a requirement of the customers to assess restaurant attributes, attribute performances, and usage results that help them achieve their goals and objectives in a particular context [6]. Creating customer value boosts profit, efficiency, market share, customer experience, customer satisfaction and loyalty, and minimizes errors [7]. Customer value can be understood in terms of tangible benefits, such as lower cost and higher quality, and intangible benefits, such as convenience and customer service [8]. According to Matarazzo et al. [1], customers can receive many types of customer value when using corporate digital technologies (e.g., functional value, hedonic value, social value, and sensory appeal).

First, functional value is the perceived benefit of an alternative's potential for functional, utilitarian, or physical performance [9]. The customer gains functional value by employing information obtained through the restaurant's digital technology [10]. Second, hedonic value is a broad assessment of experiential benefits and trade-offs, including enjoyment and escapism [11]. Customer's personal experiences with the restaurant's digital technologies provide pleasure, excitement, and a unique experience [12]. Third, social value refers to an alternative perceived

utility because of its relationship with one or more social groupings [13]. Warmth, friendliness, and a sense of human contact are among the social values digital technologies provide [14]. Finally, customers associate services or products with their current use state and sensory appeal [15]. The technological sensory appeal includes features that stimulate vision, sound, smell, taste, or touch [16].

The restaurant's digital technology platforms (e.g., website, social media, mobile applications, and self-order kiosks) provide value to customers [17]. For example, customers can view restaurant menus and order food using a self-ordering machine at self-service kiosks or self-service terminals [18]. Self-ordering refers to self-service machines with a large touch screen that allow customers to order food, customize menu items, and even pay for their order without interacting with personnel [19]. Self-service technologies in restaurants give customers more control over their customized meals [18]. Customers see self-ordering machines as a source of hedonic (i.e., fun, enjoyment, and entertainment) as well as functional (i.e., saving time, simplifying the ordering procedure, and presenting all meal information) customer value [20].

Digital transformation is a process in which digital technologies cause disruptions, prompting strategic responses from firms attempting to modify their value production paths while navigating structural changes and organizational obstacles that have positive and negative consequences [21]. Digital technology resources are used to discover new sources of customer value to maintain businesses' competitive advantage [22]. Customers could obtain value from digital technology beyond their regular conscious experiences in terms of time and location [23]. Restaurants should acquire the digital capabilities to improve overall performance and increase customer value [3]. Hence, restaurants that embrace these digital opportunities and learn to analyze and improve their digital capabilities will be better positioned to compete in the digital economy [24]. Furthermore, in light of digital transformation, customer value must be sustainable. Sustainable customer value refers to the value a customer brings to a restaurant over time.

Restaurants should prioritize sustainable customer value for several reasons. First, by creating long-term customer value, restaurants can establish a strong relationship with their customer base, increasing customer loyalty and repeat business. Second, when customers have a good experience at a restaurant, they are more likely to tell others about the restaurant [9]. This recommendation can lead to increased brand awareness and new customer acquisition, both powerful growth drivers. Third, businesses can increase revenue over time by providing high-quality products and services that meet customers' needs. Customers pleased with their purchases are likelier to spend more money and make additional purchases. Finally, by focusing on sustainable customer value, restaurants can distinguish themselves from competitors and establish a solid reputation for quality and dependability. As a result, they can differentiate themselves in a crowded market and attract new customers [17].

## 3. Building Digital Transformation Dynamic Capabilities to Generate Customer Value

To stay relevant in the emerging digital economy, restaurants must develop dynamic capabilities to swiftly invent, deploy, and modify business models [7][23][25]. According to Warner and Wäger [26], the very nature of the dynamic

capabilities framework is altered due to three primary external factors (i.e., disruptive digital competitors, changing consumer behaviors, and disruptive digital technologies). Customer behavior and how they use goods and services are changing faster than ever. Disruptive technologies replace the standard practices or technologies and upend the market, creating new opportunities for innovation and corporate growth [27]. This study proposes the Warner and Wäger [26] process model for implementing digital transformation in fast-food restaurants to create customer value. The proposed model identifies nine digitally based micro foundations or "sub-capabilities" that assist the development of digital sensing, digital seizing, and digital transforming capabilities.

According to Teece [28], sensing is an interpretive activity that entails scanning, learning, developing, co-developing, and evaluating technology prospects and digitalization trends connected to customer desires. All employees, not only top managers, should contribute information, and sensing capabilities should take place at all organizational levels [25]. New digital platforms, gadgets, and the internet should all be included in information collecting [26]. Three sub-capabilities—digital scouting, digital scenario planning, and digital mindset crafting—form the foundation of digital sensing capabilities [26][29]. First, by looking at their external environment for trends that could have a disruptive effect and changes in customer desires, firms can use and anticipate these changes through a process known as digital scouting [30]. Second, digital scenario planning entails studying and interpreting scouted signals and developing digital plans for future scenarios [31]. Third, digital mindset crafting entails developing a digital and entrepreneurial mindset within the firm and developing a long-term digital vision [32]. Rigid strategic planning is an internal obstacle that might prevent businesses from fully enabling their digital sensing capabilities [26].

Digital sensing capabilities allow fast-food restaurants to identify digital transformation opportunities. Hence, by leveraging digital sensing, fast-food restaurants can proactively gain insights into customer behaviors, preferences, and demands. After acquiring sensing capabilities, fast-food restaurants should have capabilities for seizing opportunities that support extracting value from opportunities once they are discovered [33]. The primary goal of seizing capabilities is to innovate the business model, which is frequently made possible by quick decision-making inside the organization [34]. Digital seizing capabilities, according to Warner and Wäger [26], are divided into three sub-capabilities (i.e., strategic agility, balancing digital portfolios, and rapid prototyping). Strategic agility is an essential digital dynamic capability for utilizing the newest technology or service and fending off threats [35]. Balancing digital portfolios allows businesses to scale up and down on business model innovations that may raise customer wants and demands [31]. Rapid prototyping is a process that enables businesses to expedite their digital transformation by developing minimal viable products, utilizing digital innovation laboratories, and considering the lean start-up approach [36]. For businesses, an internal barrier may make the process of digital seizure more difficult. It is the employees of a company who have an aversion to change. As a result, businesses must employ change management strategies that encourage change [37].

Digital transformation opportunities are discovered and generated with the help of sensing and seizing capabilities, but restaurants must be able to transform in order to successfully adopt a digital strategy and generate customer value [25]. Transformational capabilities promote an ongoing strategic renewal of assets and organizational structures [28]. Three sub-capabilities made up Warner and Wäger's [26] division of digital transforming capabilities

(i.e., digital maturity, navigating innovation ecosystems, and redesigning internal structures). The ability and willingness of a business or workforce to adopt anything digital are known as digital maturity [38]. Organizations that want to become digitally mature must find a balance between utilizing internal digital expertise and bringing in outside talent born and raised in the digital era [39]. A flexible leadership team, strategy, and business model allow the company to reorganize its internal structures as necessary [26]. Internal structure redesign can be accomplished by decentralizing business units and developing autonomous subsidiaries [37]. Businesses must create or join digital ecosystems, collaborate with many partners on these issues, and speed up collaborative behavior and innovative business models [39]. In order to navigate innovation ecosystems, co-creation and “co-petitions” are crucial [26].

Following the digital dynamic capabilities model steps, this model stops at the transforming capabilities. As a result, this model cannot benefit from the current digital customers’ in-use information [40], such as exploring their opportunities, meeting their needs, and providing quick superior value to customers. Therefore, this study proposes including digital customer orientation capabilities. Digital customer orientation provides enhanced and personalized customer experiences made possible by embracing digital ecosystems [41]. According to the previous definition, digital customer orientation varies from traditional customer orientation in that it emphasizes the customers’ in-use information, allowing businesses to maintain a digital relationship with customers before and after a transaction [40]. Additionally, experts contend that adopting the ecosystem will enable businesses to create real-time and tailored customer experiences [42]. According to the digital customer orientation perspective, businesses should embrace digital ecosystems instead of simply reacting passively to customer needs and behaviors by delivering real-time products, services, and customized solutions that can be continuously updated and recorded in advance [41]. Businesses must create service channels or systems that can interact directly with customers if they want to use digital tools to acquire all customer information quickly and reliably, from purchase behavior to product and service expiration [43].

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