

Research on Domino's Business Model Transformation and Governance Structure Optimization

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Abstract: This paper studies Domino's business model transformation and governance structure optimization in the context of the digital economy, and explores its transformation background, driving factors, key strategies and governance optimization process through case analysis. The study shows that Domino's has achieved service-oriented and technological transformation of its business by integrating online ordering, mobile applications and efficient delivery networks, and successfully improved the brand's market position. At the same time, Domino's governance structure optimization has played a key supporting role in digital transformation. By introducing flat management, data protection and cross-departmental collaboration, it has improved operational efficiency and market response speed, laying the foundation for the company's sustainable development. Domino's successful experience provides valuable reference for the catering industry and other service industries in a rapidly changing market environment, demonstrates the synergistic value of innovation-driven and governance optimization, and confirms the feasibility and effectiveness of enterprises achieving long-term growth in the wave of digitalization.

Keywords: Domino's; Business Model Transformation; Governance Structure Optimization; Digital Transformation; Service Innovation

1. Introduction

1.1 Research Background and Importance

With the rapid digitalization of the global catering industry, chain companies such as Domino's have adopted innovative business

models to maintain their competitiveness in the process of constantly adapting to market changes. Domino's has successfully carried out digital transformation in recent years, integrating service-oriented and technological innovation, greatly improving the company's performance in customer experience and market responsiveness[1]. This combination of digitalization and service has gradually become a benchmark in the catering industry, especially in the context of the popularization of food delivery platforms and smart devices. Its effectiveness is significant[2]. Digital transformation not only helps to optimize the supply chain and resource allocation, but also brings strategic advantages for sustainable development to enterprises[3]. At the same time, Domino's business model transformation is inseparable from the optimization of corporate governance structure. Many studies have shown that companies can more effectively carry out cross-departmental coordination and process reengineering through an adaptable governance structure to support the implementation of digitalization and service innovation[4].

In previous studies, the integration of servitization and digitalization (i.e., "digital servitization") has been outstanding in Domino's transformation practice. By improving customer service, optimizing the online ordering experience, and improving response efficiency, Domino's digital innovation has set an innovation benchmark in the catering industry [5]. Therefore, the Domino's case not only demonstrates the successful combination of digitalization and servitization, but also further shows that governance structure optimization is crucial to the adaptability and execution of enterprises in dynamic markets [6].

1.2 Research Objectives

The research design will be based on the literature within the context of Domino's

business model transformation and optimization of governance structure to understand how, through comprehensive analysis, Domino's adopts and utilizes digitalization and service innovation to shape competitive advantages, or to assess the potential key role of governance structure optimization in this respect. The research will then dwell on the analysis of how Domino's adjusts its business model to the challenge of globalization and digitization, and within that framework, show how the governance structure adapts and changes in this process of transformation. Hopefully, this study can provide a comprehensive understanding of the digital transformation regarding the catering industry and optimization of its governance structure by using the case analysis of Domino's practice. It is also a partial theoretical support and practical reference to other catering companies on how to build and execute strategies amid the digital waves.

2. Theoretical Basis and Literature Review

2.1 Theoretical Review of Business Model Transformation

The transformation of business models is an important means to cope with rapidly changing market demands and technological innovations. Kavadias et al. pointed out in their research that business models that can closely link new technologies with market demands often have a disruptive impact on the industry, such as Apple's reshaping of the audio equipment market through the combination of iPod and iTunes[7]. Successful business models usually have characteristics such as personalization, asset sharing, and closed-loop processes, which can provide companies with a greater probability of success in a highly competitive market. For companies, understanding and evaluating the six characteristics of their business models can better measure the potential success of their transformation. Other studies have shown that digital transformation is closely related to business model transformation. This transformation not only achieves business model innovation at the operational level, but also promotes the evolution of management and governance structures, thereby enhancing the overall competitiveness of enterprises[8]. These studies show that in the evolving market

environment, business model transformation is not only technology-driven, but also inseparable from the construction of an innovative governance structure.

2.2 Related Research on Corporate Governance Structure Optimization

The optimization of corporate governance structure is a key link for modern enterprises to cope with digital transformation. Aydiner's research explored the application of dynamic capabilities in corporate governance structures and proposed that in a rapidly changing digital environment, traditional IT governance structures can no longer meet the needs of modern enterprises. Enterprises need to improve management adaptability through dynamic governance capabilities [9]. Through the analysis of 620 companies in the Turkish capital market, the study found that only a few companies have incorporated information system governance into their governance structures, and this gap may limit the innovation capabilities of enterprises. Further research pointed out that the optimization of governance structure plays a key role in supporting the digital transformation and sustainable development strategy of enterprises [10]. In addition, Klettner et al. also pointed out that large listed companies in Australia have begun to integrate sustainable development into their core businesses and gradually formed a stakeholder-oriented governance model. This shift enables the governance structure to better respond to market demand and promote the long-term development of enterprises [11].

2.3 Related Research on the Domino's Case

Domino's demonstrated the successful combination of digitalization and service-oriented in its business model transformation, providing a useful reference for other chain restaurant companies. Nestić et al. pointed out in their research that successful business model transformation requires full consideration of all components of the business model and structural allocation and adjustment to ensure the effectiveness of the transformation [12]. Another case study on Domino's showed that it significantly improved its customer experience and market coverage by introducing mobile applications and online ordering systems during its digital transformation[13]. In addition, Wu and Li's study analyzed Domino's

competitive strategy on social media and pointed out that Domino's continuously optimized its marketing and customer relationship management through in-depth analysis of consumer-generated content, which enabled it to occupy a leading position in the fiercely competitive market[14]. In summary, the Domino's case not only demonstrates the effectiveness of the coordinated optimization of business models and governance structures, but also provides practical experience for other companies to implement digital and service-oriented transformation.

3. Analysis of Domino's Business Model Transformation

3.1 Transformation Background and Driving Factors

Domino's business model transformation is mainly driven by changes in market demand and technological progress. Against the backdrop of the rise of the digital economy, companies have gradually realized that traditional models can no longer meet consumers' growing demand for convenience. Verhoef et al. pointed out that digital transformation has fundamentally changed consumer expectations and behaviors, requiring companies to redesign their business models to remain competitive[15]. For Domino's, the rapid development of digitalization provides it with an opportunity to reshape its business model. Domino's has been able to maintain its leadership in the ever-changing market by improving service efficiency and customer experience through technological means. In addition, McKeown and Philip emphasized the key role of

information technology in business transformation, believing that successful companies usually use IT to optimize business processes and thus improve overall performance [16]. Domino's actively embraced this trend, focusing on online ordering systems and applications to meet the needs of modern consumers for fast service, thus laying the foundation for its digital transformation.

3.2 Key strategies in Domino's transformation process

Domino's adopted a series of innovative strategies in its transformation process to adapt to the new market environment and enhance its competitiveness. Correani et al. analyzed several companies that have successfully implemented digital transformation and found that closely integrating strategy formulation with execution is the key to digital transformation [17]. By integrating online ordering systems and efficient delivery networks, Domino's not only improved customer satisfaction, but also built a unique competitive advantage in the market. Its digital transformation process is shown in Figure 1. Other studies have pointed out that innovative companies usually optimize customer relationship management systems and enhance interaction with customers during the transformation process, thereby improving market responsiveness [18]. In this process, Domino's used mobile applications and social media to enhance customer engagement and make its transformation strategy more flexible and adaptable. Bouwman et al. also found that actively exploring digital tools and promoting strategy implementation can help companies improve their transformation success rate[19].

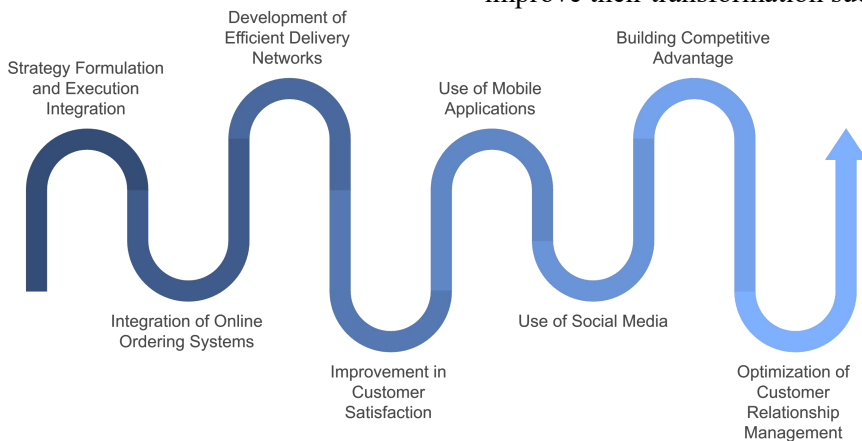


Figure1: Domino's Digital Transformation Process

Structure Optimization

3.3 Transformation Results and Market Impact

Domino's business model transformation has had a significant impact on the market, significantly increasing the brand's market share and customer loyalty. Shvaley's research shows that after transformation, companies are often able to optimize resource allocation and improve service efficiency, thereby improving overall performance[20]. Domino's has shortened delivery time and improved customer experience through a precise order management system and a fast delivery network, giving it a dominant position in the food delivery market. In addition, Katsamakos pointed out that successful digital transformation not only improves the profitability of the company, but also has a profound impact on customer relationships and enhances the brand's market influence[21]. In this context, Domino's success story has become a model for digital transformation in the catering industry, demonstrating the significant value of business model innovation to business growth and brand building.

4.1 Current Status and Challenges of Governance Structure

During its rapid digital transformation, Domino's governance structure faces many challenges. First, the traditional governance model mainly focuses on offline business management in the catering industry. With the rapid development of online ordering and logistics services, Domino's business modules have become more complex, which requires the company to have higher flexibility and responsiveness in governance. Secondly, digital operations have increased new governance requirements such as data security, privacy protection, and information system management (Figure 2). Faced with these challenges, Domino's existing management structure has gradually exposed its shortcomings in rapid decision-making, cross-departmental collaboration, and technology application. In addition, as the external environment continues to change, companies need to cope with fierce market competition and rapid changes in customer demand. Therefore, how to balance innovation and robust governance has become a core problem in Domino's governance structure.

4. Analysis of Domino's Governance

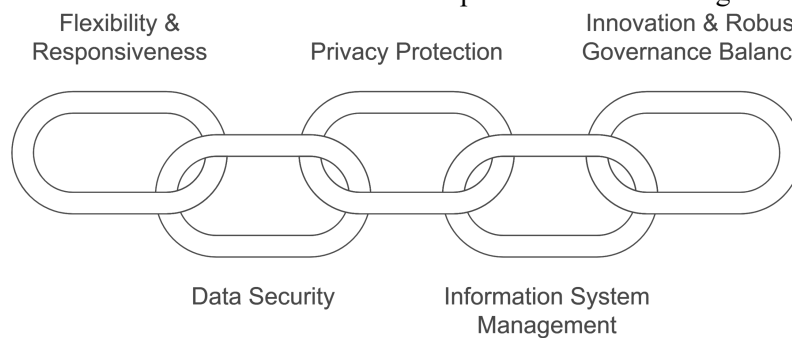


Figure2: Domino's Governance Structure

4.2 Optimization Strategies and Implementation Results

In response to the above governance challenges, Domino's implemented a series of governance structure optimization strategies. First, Domino's introduced a flatter management model, which enabled business adjustments and innovation decisions to be quickly implemented by reducing the decision-making chain and improving the efficiency of cross-departmental collaboration. Second, the company strengthened the management of information systems, and a

dedicated digital team was responsible for the security maintenance of online systems and the protection of user data to ensure data security and privacy compliance during the digital transformation process. Furthermore, Domino's enhanced the adaptability of the governance structure: with team configuration and target management more flexible, it could respond even faster to the dynamics in the market. These optimization measures enabled Domino's to support the rapid development of its digital business and overall operational efficiency better, laying a sound foundation in governance for doing continuous innovation

afterward.

5. Conclusion

Domino's business model transformation and governance structure optimization show how catering companies can maintain their competitive advantage through innovation and management changes in the digital economy. By integrating online ordering systems, mobile applications and efficient delivery networks into its business model, Domino's has successfully achieved service-oriented and technological transformation of its business. This series of transformations not only meets consumers' demand for convenient and efficient services, but also enhances Domino's brand position in the market. The case of Domino's shows that when responding to technological advances and changes in market demand, companies not only need to reshape their business models, but also optimize their governance structures to ensure the smooth implementation of digital transformation. In Domino's transformation process, governance structure optimization played a key supporting role. By introducing flat management, strengthening data protection and optimizing cross-departmental collaboration, Domino's was able to improve its operational efficiency and response speed, laying a solid foundation for the company's sustainable development. Domino's in general is an important reference to the catering industry, even to the broader service industry. It proves that digital transformation means not only the introduction of the latest technology but also an all-round reconstruction of corporate strategy, operation, and governance. Through optimizing the organic integration of the business model and governance structure, an enterprise can maintain its competitiveness and realize long-term growth in a rapidly changing market. In this respect, the practice of Domino highlights the nexus of innovation and governance to add synergistic value within the digital economy, thus constituting a practical reference for other firms to build and implement transformation strategies across the digital wave.

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