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IMPACT OF DIGITAL TRANSFORMATION ON BEAUTY SERVICES PROVIDERS AND CUSTOMER SATISFACTION

Bachelor's thesis

Programme TVTB, specialisation Marketing

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Tallinn 2021

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TABLE OF CONTENTS

ABSTRACT

Currently, digital transformation is a rethinking of the methods, approaches, principles of organizing the work of employees for their effective interaction with customers through the use of modern technologies and data analysis. The main problem is that companies strive to improve the efficiency of the organization: spend less, earn more and bypass competitors, without taking into account the theoretical aspects of the introduction of digital technologies, an individually developed methodology and correct and consistent implementation. The goal of any digital transformation is to improve the efficiency of an organization. At the moment, making a profit is the main goal of companies, regardless of the field of activity. The aim of the work is to study the componenets necessary for digital transformation, on the basis of which a methodology for assessing the customer satisfaction of small beauty businesses in Estonia is developed and the identification of existing risks based on the identified problems while performing statistical research. The research is carried out on the basis of existing methods and approaches for introducing digital technologies into business processes. An analytical review of the literature, approaches and examples of successful cases of introducing digital technologies into the processes of companies is conducted. Empirical research is conducted using survey data collection. Data analysis is carried out on a sample of 50 people using the services of a particular beauty studio. The main conclusions of the study are: it is necessary to use digital technologies in the beauty services small business segment, to develop customized methods for introducing these technologies in intelligent applications in order to increase customer satisfaction and loyalty.

Keywords: digital technologies, digital transformation, digital tools, risks, customer satisfaction assessment

INTRODUCTION

The need for digital transformation of existing systems for assessing customer satisfaction under the influence of global digital transformation is an important and urgent task for business. Analysis of recent studies and publications has shown that there are a number of problems: firstly, many companies still use a standard business model and, using it, try to compete against businesses that use new technologies, namely the development of technological products and processes that affect customer solutions, which means the development and growth of the business (Geissbauer R 2020) (Strack R. 2017). Secondly, the difficulty in identifying a segment (part) of the business that needs to be adapted and transformed to solve problems related to marketing, customer service, product technology, etc. Thirdly, there is currently no research related to influence and the dynamics, both positive and negative, on consumer behavior and satisfaction after the introduction of digital transformation into the business process.

The relevance of the work lies in the fact that at the moment in the field of beauty there is not enough information on how to properly apply digital transformation, and which business segments need to be transformed. In addition, it should be noted that this area is the most preferred for research, because it is directly dependent on the level of customer satisfaction. This indicates that in this area it is necessary to pay special attention to the methodology for determining and assessing the level of customer satisfaction.

The aim of the work is to find out what business components need to be digitally transformed and to identify the existing risks of digital transformation, on the basis of which a methodology for assessing the customer satisfaction of small beauty services providers in Estonia will be developed.

There are three research questions:
1. What parts of the business need to be digitally transformed in the field of beauty services on the example of a particular beauty studio?
2. What happens to these parts in the process of digital transformation?
3. How does digital transformation affect customer satisfaction?

The first part of the work describes the features of digital transformation, the features of the introduction of digital technologies, and identifies the basic methods that are used to introduce digital technologies, taking into account the business processes and the scope of the company. In the second part of the work, the methods used in the study are described, the object of the study and the problems existing in this object are described. The analysis of existing problems is carried out, the proposed solution and the necessary functionality are described. In the conclusion, the results obtained in the course of the study are described and analyzed, and the conclusion is drawn about the effectiveness of the application of this technique in the beauty studio.

The practical significance of the work is the possibility of applying the research results in the development of CRM (Customer Relationship Management) software for the beauty services industry within a startup participation. Based on the results of this study, a set of main trends of digital transformation in assessing customer satisfaction will be formulated, a positive assessment of business development in the context of digital transformation will be argued; a methodology for assessing customer satisfaction in the context of digital expansion will be formed.

1. THEORETICAL BACKGROUND

The first part of the study is devoted to a literary and theoretical review. First, the principle and benefits of digital transformation are studied, as well as existing studies that allow assessing the impact on the company's business processes. Further, the experience of the company's interaction with customers using digital technologies was studied. For this, a review of literature and cases was conducted in the context of the digital transformation of the interaction of companies with customers (Terho & Haas 2012). In the process of studying the research problem, it was revealed that digital transformation is mentioned in a fairly large number of publications, but research on the concept of digital transformation is still lacking. Nevertheless, these issues are well studied by practitioners and consulting companies.

1.1 Digital transformation

Nowadays, almost all areas of activity are moving towards converting analog data to digital. This applies to many projects - from the food industry to mechanical engineering and the automotive industry. The use of the term "digital transformation" is relevant today and many companies are switching to the use of digital technologies in business (Vial 2019). Should be noted that the use of digital transformation is relevant for those activities where it is necessary to maintain a level of competitiveness, a constant increase in the number of customers and the quality of services provided in the market. Companies offering unique trading products are most often monopoly organizations for which maintaining a leading position is not required. Therefore, it can be considered that the implementation of digital transformation is a step toward maintaining competitiveness in the market by conducting analytical work with clients and identifying existing problems and therefore solving these problems with relative innovative methods.

After analyzing existing materials and review publications, there are several reasons for using digital transformation in business. Following reasons are underlined: saving resources - using strategic planning and working with analytical data allows you to save time and human

resources, for example, by predicting changes in related sectors of activity, you can reduce costs, and thereby "do not perform work that will become irrelevant over time ", Just working with data allows you to avoid inconsistency" decision-cost ". Growth of profits and speed of reaction to market changes - the use of digital technologies makes the business flexible The introduction of digital technologies makes the business more flexible (Helpscout 2016). Based on the information received, companies can predict future customer preferences and respond to them in time. The use of additive technologies allows you to create a product much faster, cheaper, and, which is important, promptly make changes that are relevant to the market. In addition, the speed of service increases, since technology sweeps away most of the stages on the path of the product (service) to the end consumer. Reorientation of professional qualities - digital transformation affects not only business and production, but also personnel, at all levels. Mechanical work to the same extent as before is no longer required. Functions that were previously performed exclusively by specially trained workers are now performed by automated systems. From a strategic perspective, their maintenance is always cheaper and easier than training and paying people.(Chilukuri S & Kuiken S.) Meeting the requirements of modern customers - consumers of the modern world are accustomed to receiving goods and services here and now, while making a minimum of effort. The natural reason for this need is the development of the digital industry mobile devices, plates, etc., mobile clients now appreciate the speed of service and high quality. The use of digital technologies increases the chances of reaching a large part of the modern market (Aarikka-Stenroos & Ritala).

The use of digital transformation technologies in the company's business processes expands the possibilities of its activities. Over the past fifteen years, digital technology has revolutionized technology. Existing positive stories of digital transformation were published as part of the Digital Efficiency Report, for example, information is provided that online transactions can be twenty times cheaper than telephone, thirty times more profitable than postal and fifty times cheaper than transactions that are performed offline ". Digital transformational methods of business can really affect the efficiency of companies. An excellent example of digital transformation is the Financial Times (FT 2018), which has transformed a regular paper newspaper into an "exceptional brand with high quality content." The number of users purchasing online subscriptions is growing by 23% every year, which is more than two-thirds of the total audience size.

A survey by the MIT Sloan School of Management, which involved 150 executives from 50 firms with a minimum turnover of more than $ 1 billion (Digital Business Report Digital Leadership 2018) , found that no matter the pace of digital transformation, the key was the combination of digital activity and strong management. It is because of this that technology is becoming the driving force behind business transformation.

Accenture Strategy analysts proposed a comprehensive criterion for assessing the impact of digital transformation on business and introduced the Digital Density Index (Oxford Economics), a joint study with Oxford Economics at the University of Oxford, confirmed the link between the use of digital technologies and GDP growth. This ratio reflects the degree of implementation of digital technologies, skills of working with them, as well as the regulatory and legal framework necessary to realize the country's economic potential based on certain technologies. The index includes over 50 indicators grouped into four areas. Market creation - an assessment of the extent to which digital technologies are used to form new markets (the indicator is determined by the degree of activity of digital technologies being used by users, enterprises and the state). Resource attraction - an assessment of how widely digital technologies are used to attract and use the means of production, personnel and finance. Enterprise management - an assessment of the degree of automation of enterprise technological processes, planning automation, human resource management, business processes, as well as the level of costs for the introduction of innovations. Stimulation - an assessment of the organizational flexibility of an enterprise, the level of use of communications in working groups, the attitude of society to the implementation of ICT, the level of state support for the implementation of ICT, etc. (Andrew Carlisle & Michael Swartz)

Also, an indicator for assessing digital transformation was proposed by Huawei - the index of analysis of digital transformation - GCI (Global Connectivity Index), based on the parameters of productivity (supply, demand, quality of service, potential) and ensuring transformation (Huawei 2020).

A report by the analytical agency Arthur D. Little, provides the results of a study of the "digital maturity" of about a hundred European companies from seven industries, which were ranked according to the Digital Transformation Index (DTI) - an indicator expressed in a 10-point scale derived from comparative expert assessments of companies. It was also revealed that digital transformation primarily affects the ability to attract new customers, in second place in terms of

importance is "Standing out from competitors" and in third place - "New sources of income"(ADL)

According to numerous surveys and studies, the main barrier to digital transformation is the lack of specialists with the right knowledge, and in second place is the lack of understanding of the urgent need for business transformation based on digital technologies. Analysts have already formed factors reflecting the degree of influence of digital transformation on the economic efficiency of companies. Such indicators are difficult to compare - they only make sense in the context of a balanced assessment of various studies. However, despite the difference in quantitative assessments of the impact of digital transformation on the efficiency of companies, there are a number of conclusions on which analysts are unanimous. Digital transformation is still developing to a greater extent in the B2C market, but there are huge opportunities for the introduction of digital technologies in order to increase the efficiency of the internal divisions of the company and its employees. Many small business owners have so far taken a wait-and-see attitude, which is hindering digital transformation. However, there are already enough examples of companies from traditional sectors of the economy that have modernized their business processes based on digital technologies and have achieved impressive success, not to mention such young companies as Square, Stripe, Landing Club, Prosper.

1.2 Benefits of digital transformation

Digital transformation opens up an opportunity for innovative ways of developing companies: ready-made solutions save time on solving problems. Various applications, extensions and connectors optimize the work of the company and require minimal time spent on their implementation and adaptation. The introduction of digital technologies will allow receiving information and making decisions based on it, adapting offers for specific customers and predicting their behavior.

Effective strategic communication between companies and teams One of the largest areas where modern digital technologies are completely changing the approach to project management is the interaction between teams. Traditional tools like e-mail are too awkward when it comes to collaboration because they are not designed for real-time conversation. Critical information is quickly lost in email chains, and huge volumes of e-mail reduce productivity. On the other hand,

project management and collaboration solutions enable team members and colleagues from different departments to interact and communicate in real time, eliminating the hassle of emails and saving time. These technologies not only improve communication efficiency, but also improve overall productivity. When team members no longer have to search for a new project status among hundreds of correspondence threads, they have the opportunity to spend more time discussing strategy than finding the necessary information.

More collaboration within the team and more responsibility for its members In addition to establishing more effective strategic interaction, modern project management technologies help teams to facilitate collaboration. With the right platform, executives, project managers, and team members can add comments, assign tasks, create dashboards, approve and approve submissions, and perform almost any project-related activity within one convenient solution. A high level of collaboration inevitably leads to an increased sense of responsibility among team members and helps to create an environment conducive to teamwork and creativity. And here, as they say, magic happens. Employees who feel like part of a friendly team demonstrate a high level of motivation, are less tired and more successful than those who have to work alone. Research has shown that employees who work collaboratively spend 64% more time on tasks. The focus is on results, not process. Because digital transformation automates workflows and coordinates traditional project management tasks such as scheduling, managers have more time to improve strategy and execute projects. Project Management Institute (PMI) predicts that as digital transformation begins to affect more and more companies from all industries, project managers will increasingly be seen as the strategic leaders of their organizations. With new digital tools and automated processes at their disposal, project managers are looking for the best ways to align each project with the company's strategies and goals and achieve better results (PMI Report 2019).

More analytics to improve project management processes, results, and profitability. Finally, digital transformation empowers project managers with analytic technologies to make data-driven decisions, break patterns and exploit trends, and dramatically increase project performance and achieve more success. Access to more granular data also helps executives and managers make better informed decisions easier and faster.

Analytics reports help managers track project progress and budget compliance with real-time cost and labor analysis. The ability to provide senior management and customers with detailed

datasets enables them to gain accurate insights into the business impact and profitability of each project, as well as plan future initiatives and make important strategic decisions. Customers are a key element of digital transformation. An HBR study found that 40% of respondents cited customer experience as their top priority for digital transformation (HBR 2021). Considering that every customer experience with a brand influences their perception of the company. Every day, clients interact with commercial and government companies, many of which have already begun to transform their operations with the use of digital technologies. In such cases, the client sees that modern technologies make processes faster and easier, and therefore expects such changes from other companies. Digital transformation technologies allow us to organize the most personalized interaction that most customers prefer. In a digital economy, if a company does not use the capabilities of modern technologies, does not adapt to the modern pace, trends and peculiarities of management, not when there is an opportunity, but when there is a need. Digital transformation of business processes is aimed at ensuring that companies quickly make decisions and adapt work to the requirements of the current moment, satisfying the needs of customers.

1.3 Key components of digital business transformation that interact with customers

The use of digital technology is changing the way we communicate, business and consumption. Digital technologies are transforming the marketing activities of companies and enabling them to meet customer demand and competition in an environment shaped by digital transformation. This opens up new opportunities for companies such as new business models, improved customer interactions and business process optimization. The introduction of digital technologies into business has led to increased productivity due to more efficient work patterns, instant communication between companies and customers. Moreover, customers can now disseminate information about the personal user experience of the product.

Now, any companies, along with digital ones, can use digital technologies to build closer relationships with customers, not only through their product, but also through additional experience and service in order to increase brand loyalty and increase the number of repeat purchases.

The Massachusetts Institute of Technology Center for Digital Business and Capgemini Consulting have proposed to define digital transformation as "using new digital technologies (social media, mobile, analytics, or embedded devices) to drive large-scale business improvements across multiple fronts, such as improving customer experience, streamlining operations, or creation of new business models " (Fitzgerald & Kruschwitz).

Based on the analytical review, it concludes that there are three main componenets: customer experience, operational process and business model. Particular attention is paid to a set of processes such as developing a strategy for promoting a business and having experience in working with the clients. (Fitzgerald & Kruschwitz).

So, the quality of products is a rather subjective indicator, but it consists of such components as the consumer's assessment of the process of interaction with the brand / company and the result of interaction with the product itself. These two elements are respectively referred to as customer experience and user experience. Customer experience is the experience that a consumer receives at every step of the way of interacting with a company / brand, starting from the zero moment of truth, in the process of purchasing, using a product, and until the end of the operation of a product or result of a service. It can be assumed that customer experience is a combination of impressions, knowledge and associations that a customer receives in the process of interacting with a company. The customer experience encompasses all communication channels and all brand products, including the customer's impressions and opinions of those products. That is why customer experience is the most important component that determines the success of a company, no matter what industry it specializes in. User experience can be considered a set of impressions, knowledge, skills and experience that a client receives in the process of using or consuming a company's product. Using user experience, it is possible to identify the features of the consumer's interaction with the company's product already in the process of consumption, that is, after making a purchase. User experience is part of the customer experience, its core, and has one of the key influences in shaping the customer experience.

Operational marketing in digital transformation involves leveraging capabilities, processes, structures and technologies to cost-effectively deploy and scale interactively, targeting, personalizing and optimizing digital channels. There is a basic model needed to be successful in operational marketing, including deep understanding of the customer, providing a better user

experience, choosing the right marketing strategy, efficient process execution and management, and using metrics to achieve success.

The business model component involves exploring new ways of doing business by companies. The main task of companies is to use omnichannel technologies in the implementation of the company's marketing strategy. Omnichannel is a marketing term for the mutual integration of disparate communication channels into a single system in order to ensure seamless and continuous communication with the client. It involves the use of multiple channels to communicate with customers, and it is through the use of their unified system that customers get the impression of continuous communication with a brand or company. According to experts, the correct integration of digital technologies into an omnichannel environment removes barriers to customers on the one hand and business growth on the other, allowing companies to implement their digital skills in a way that takes advantage of standard channels.

Based on the main components and their impact on the business as a whole, it can be argued that digital transformation allows you to combine channels and form an effective model of interaction with customers: before, during and after the purchase. Innovative companies use the elements of each channel that their customers value the most and combine them to provide a more valuable customer experience overall (The Digitisation of Everything 2015). Consider the experience of building a company to interact with its customers after the purchase on the example of various industries.

1.4 Negative consequences

When implementing digital transformation, many companies are trying to quickly rebuild the system in the company, sometimes it can improve the quality or increase customer loyalty but does not always lead to an increase in a labor productivity, which does not solve the problem of improving management efficiency. Therefore, it does not lead to a positive effect of the introduction of digital transformation.

Large financial losses arising from a lack of skilled specialists in digital technologies who are at the same time well versed in both industry workflows and the latest digital tools. The presence of specialists in digital area in the company is important factor for the success of the digital

strategy, therefore it is necessary to create a system for the selection and retention of such personnel and training of existing and potential employees in the digital discipline.

The impact of a low digital culture of leadership and a lack of understanding of the mechanism of applying digital methods and their effect, which can also lead to the loss of customers and a decrease in the quality of the service or product provided.

Finally, it is worth noting among the negative effects of digital transformation are the potential risks of protecting personal information in a world where all operations are transparent and all data is available.

In terms of digital transformation, Estonia is in the first 10 countries, but the pace of Estonia's digital transformation lags behind other countries (Harvard Business Review 2020). Given this, it can be concluded that digital transformation is slowly being introduced and does not always cover the entire target segment. The results of digital transformation do not always get a response from the consumer, and many segments of the target audience are not ready for the results of digital transformation.

1.5 Customer Satisfaction Assessment

The main driver of customer loyalty is customer satisfaction. Given the many options available to customers, it is imperative to identify customer satisfaction as it can be both an indicator of growth and a warning against churn. The concept of customer satisfaction includes many different factors. The Customer Satisfaction Score, or CSAT, is a time-tested metric (Qualtrics). This is a customer satisfaction survey aimed at it with variations of a very simple question: "How would you rate your experience with our sales / customer service / support team?" The measurement is a scale from very unsatisfactory / unsatisfactory / neutral / fair / very satisfactory. Naturally, the more satisfied customers there are, the higher your score will be. It is a fairly simple tool for measuring satisfaction and is considered versatile enough for the interaction between the customer and the business. The CSAT is useful for tracking short-term changes in customer approval before and after a change or new initiative. If the score changes noticeably, you will have an idea of what has passed and what has not. However, this question is not about the customer's overall impression of your company. Likewise, its results tend to be biased, as moderately satisfied or dissatisfied customers tend to ignore the issue entirely. Finally, it will not predict customer behavior and will not take into account your company's growth

potential. While the CSAT is an unavoidable indicator, it is by no means complete. The next metric was introduced to take into account the lack of CSAT predictive ability for customer loyalty and is called the Net Promoter Score (Frederick & Reichheld). The main question looks like this: "On a scale of 1 to 10, how likely are you to recommend our product / service to a friend?" The results of this survey allow us to combine the interviewed clients into three groups (see table 1).

Table 1. Net Promoter Score Indicator

On a scale of 1 to 10, how likely you are to recommend our product / service to a friend									
10	9	8	6	5	4	3	2	1	0
Very likely		likely		unlikely					

Source: Frederick F. Reichheld, Partner at Bain & Company, in 2002 (cf. The number one you need to grow. In: Harvard Business Review, 12/2003, P. 47–54)

The NPS is calculated taking into account the percentage of ill-wishers from the percentage of promoters. The higher your score, the better. This question is more likely to be answered by dissatisfied customers, and this fact will allow you to focus on the areas that need improvement and make a strong impression on the dissatisfied customer. However, the NPS estimate is fairly one-dimensional. Moreover, without incentive, there is no reason for promoters to step forward and recommend products. Score takes a different approach to how to measure customer satisfaction than the previous two methods. Using this method, you can predict the costs that the client had to invest in order to achieve the result, which will also help identify problem areas and increase loyalty. Therefore, the main question is: "How much work did you have to solve the problem / get an answer to the request / provide a service?" The results are presented on a scale from 1 (my problem was very easy and simple to deal with) to 5 (it was a terrible headache). The lower your score, the better.

The easiest way to work with a customer is support - it's the ability to ask them directly through a customer satisfaction survey. Surveys are a useful tool for collecting data related to the customer satisfaction metrics listed above. Different types of surveys target different customer demographics and will yield different results. Using customer surveys in the application while he

is using your product / service / service, which will allow you to get an immediate response and a potentially high response rate. However, in-app polls should be easily inserted into the interface so as not to interfere or distract users. Customer end-of-service surveys arrive at the customer immediately after interacting with the service. They can happen by email, chat, or over the phone. Using this type of survey allows you to ask for feedback immediately after solving a problem or during the presentation of a new service / product. To solve the problem of creating surveys as a tool for digital transformation, it is recommended to use tools such as indirect feedback, which allows you to voluntarily leave reviews about a product or service. Using tools such as traffic and content on your website to measure customer satisfaction. Publishing content not only allows you to stimulate your activities, but also helps you understand customer habits. The development of social media is also a valuable channel for tracking customer satisfaction. Tracking and reporting will allow you to track customer loyalty and overall satisfaction based on fluctuations in the number of subscribers, shares and likes on each platform used.

1.6 Examples of successful experience in implementing digital technologies

The home appliance industry is a long-standing traditional sector accustomed to selling mostly tangible goods and repair services for this appliance. With the increasing use of digital technology to interact with customers, the sector is undergoing industrial change, introducing services as an offering to customers. As more companies embrace digital technology, the sector is adding a customer focus, which puts the customer experience in general and the user experience in particular as the focal point for the entire business. Companies now provide information to customers directly by being transparent in the relationship and adding elements that aim to add value to the customer. On the other hand, with the rise of digital transformation and rapidly changing innovations, it becomes difficult for companies to adapt and maintain a high level of customer engagement. This is because equilibrium is continually being eroded by various industry players as competitors have the ability to rapidly replicate innovations and product lifecycles are shrinking, while digital technologies open up new opportunities for restructuring value creation activities in new ways. For example, the Nespresso brand offers its customers a membership in its club. When a customer has bought a Nespresso coffee machine and placed their first coffee order, they can fill in their personal information and register online to become a part of this club (Zinenko 2005) . This club has become a global community of people (about 10 million people) who share the same passion: coffee. The consumer buys more

than just a high-tech coffee machine and high-quality espresso with minimal effort. In addition, the Nespresso brand provides an experience for customers through their personalized service from purchase, refurbishment to personalized attention to the customer. The key element here is the use of an online platform to collect customer data. Using customer data, the company can deliver personalized marketing messages to customers based on their past activities and personal preferences. In addition, the company offers its members a 24-hour service where customers can order coffee capsules, ask questions about their machines, and get questions and advice answered by consulting experts to learn more about coffee. Customers can place their orders through various channels: mobile application, phone, website. Another privilege that customers receive is news about new types of coffee, new products, special offers and invitations to various events, tastings, master classes. The transformation of the post-purchase customer experience continues with Bluetooth Smart technology, Nespresso allows customers to digitally control the coffee brewing process using personalized coffee capsules. They recently introduced their customers to the new Nespresso Prodigio espresso machine. This machine allows customers to connect their mobile phone via an app to their coffee machine. This tactic allows Nespresso to build long-term customer relationships that go far beyond simply purchasing a product and create a personal customer journey during the post-purchase phase.

In the automotive market, for many years, post-purchase customer interaction is a logical continuation of the car purchase stage. But it is digital technologies that make it possible to increase the efficiency of communications with the consumer after he has bought a particular brand. BMW has a successful experience in this area (Vizard S. Marketing Week 2018). In the process of digital business transformation, BMW has unveiled a new campaign that combines offline and online solutions, allowing its customers to buy cars from their mobile phone. The head of sales and marketing at BMW described the campaign as a strategic marketing decision. Now the customer can do all this from the comfort of their home, using these digital mechanisms, the company has created the conditions for longer interaction during the post-purchase stage. For example, if customers make purchases using their mobile phones, then after purchase they can continue to use the mobile application, which offers guides with answers to various questions (for example, problems with unlocking and locking), as well as animations, information about hazards and warnings, and much more. other. This digital move sets up BMW customers for long-term brand engagement and thus helps build brand loyalty. In addition, BMW has established a dedicated After-Sales Service division with a focus on providing unique support elements that enhance the customer's owning experience. BMW has also added an

optional ConnectedDrive option to its vehicles, which connects automotive technology and services. BMW ConnectedDrive has three levels. For example, the first level (equipment level) is a SIM card integrated into the car, which gives access to the basic functions of BMW ConnectedDrive and the intelligent emergency call function. All in all, this add-on essentially turns it into a smartphone on wheels, penetrating the IT arena) and allowing customers to make and receive calls, connect to the Internet, and shape their customer experience with the BMW brand unique and special. The ConnectedDrive feature is also enhanced by the use of a mobile app that allows the customer to control the system. By installing this application, the client is able to compare the current and typical travel time, remotely monitor the condition of the car and control its various functions. Another post-purchase offer is the concierge service, which is designed to help the driver throughout the entire use of the product (helps in finding gas stations; if the driver searches for and selects a restaurant, the concierge service can call in advance and book a table, etc.). Overall, BMW has developed a new approach based on maximum customer care after purchase. For over 10 years, Toyota has been rewarding dealers with the highest customer satisfaction scores, which saves it up to 30% of its marketing budget every month. The new motivation system was adopted by the concern after conducting a marketing survey of customer satisfaction with service in several dealerships. The result of the analysis was the identification of the relationship between the level of satisfaction and the cost of promotion: dealers with a high assessment of satisfaction fulfilled the sales plan without applying a stimulating effect in the form of a discount. After a lengthy analysis, it was decided to reward employees not for fulfilling the sales plan, but for each satisfied customer. However, it should be noted that the effectiveness of this approach to employee motivation is individual for each organization and requires research on this issue - independently or with the involvement of a research agency. traditional companies to succeed in the digital environment.

Another industry is healthcare. The digital transformation of healthcare companies is underpinned by the successful experience of leaders like Johnson & Johnson, which has implemented a flexible yet secure digital organization to support the faster development of smart healthcare products and improve the customer and patient experience with the company. To create a greater communication effect, pharmaceutical companies are increasingly introducing new models of interaction with their consumers. So, to deliver additional information or remote interaction of medical representatives with doctors or patients, they use webinars and virtual conferences. In addition, more and more various information and communication services appear, which are gradually penetrating the healthcare environment. Examples are remote services for patients and doctors, mobile applications and portals where patients and doctors can

participate in discussions, share information, make an appointment, and make purchases. CRM platforms help automate the process of interaction with clients, employees and doctors, save and manage their data. The most popular digital tool for interaction with end users, including after purchase, for pharmaceutical companies is to inform about their products and activities through official websites and pages on the Internet, as well as medical forums and blogs (Chilukuri & Kuiken).

2. MATERIALS AND METHODS

This section of the work describes the object of the study and the quantitative method used to compare digital components with indicators of customer satisfaction. At the first stage of the study, a customer satisfaction survey of the beauty studio ILUSALONG Nr 1 OÜ was conducted and the quality of the services provided was assessed. At the second stage, based on the results of the survey, the main problems faced by clients were identified and a methodology for the introduction of digital technologies was developed, namely, a description of the functionality of a mobile application that allows solving the main "pains" of the client. At the third stage, the quality of the services provided is assessed after the implementation of the mobile application. In the surveys used, Likert questions are used, which offer to assess the respondent using a point scale of satisfaction with the service received. The work uses both a written questionnaire and an online questionnaire, which is the most effective method of marketing research for analyzing customer satisfaction, which makes it possible to obtain a comparative assessment of product parameters and assess the degree of importance of each factor for the consumer.

2.1 Object of study

The object of the research is the beauty studio ILUSALONG Nr 1 OÜ, located on the territory of Estonia, Tallinn. The beauty studio uses traditional methods of building business processes, and has not previously implemented digital technologies. The need for the introduction of digital technologies is that the beauty studio is very popular among people of different age groups, genders and social status. The beauty studio offers clients a wide range of services: hairdressing services, professional nail care, as well as aesthetic and medical cosmetology.

When conducting research and analysis of ILUSALONG Nr 1 OÜ, special attention must be paid to the client's problems. Based on the fact that the client's problems, their solution, become a source of profit. In the digital economy, work with a customer is individualized, engagement in his tasks and empathy are practiced. The value of customer experience is growing, which also becomes a source of profit and at the same time an acquired benefit in the segment of inter-firm relations (B2B).

Based on the individualization of meeting demand and deepening the relationship with the buyer, the likelihood of price discrimination increases, which is also, on the one hand, an additional

source of profit, and on the other, an additional opportunity for the buyer. Therefore, first of all, it is necessary to investigate all existing problems through communication with clients.

During an internal audit with the management of the beauty studio, a list of complex problems was identified (Table 2) that affect not only customers, but also the loyalty of employees and the ultimate financial profit of the management.

Table 2. Problems identified in the beauty studio

Problem	The problem affects the customer	The problem affects the employee	The problem affects the management
incorrect and untimely filling of the attendance log by the administrator	+	+	+
untimely updating of the work schedule of the masters, lack of accounting and maintenance of consumables (shampoos, paints, oils, etc.)	+	+	+
untimely maintenance of records and transfer of records by clients	+	+	+

Source: Taraskin (2021, 27), author's survey

This list is not exhaustive, but directly affects the quality of customer service.

2.2 Strategy for the implementation of digital technologies in the beauty industry

One of the company's marketing tasks is to identify factors that influence the client's decision to purchase a service. Research conducted in the field of customer satisfaction management is the collection, generalization and evaluation of the provision of services from producer to consumer. Therefore, it is necessary to assess the customer satisfaction of the company, and based on the assessment, develop and implement measures to improve products and services.

To do this, when designing a study, one should focus on solving two important problems:

• to provide clients with the opportunity to determine the criteria that are significant for them when choosing a beauty studio and evaluate the criteria for the quality of services;

• to identify a set of criteria affecting beauty studios.

Customer satisfaction is their consciousness, and it may or may not be confirmed by the actual situation. Customers are known to form attitudes quickly and change slowly.

Digital transformation of a business is a process of changing its management, realized by the management of a company, based on the introduction of technologies into business. The components of transformation are the changing needs of customers, the actions of competitors, and the emergence and diffusion of new technologies.

Using one of the presented methods of implementation (Table 3), together with new technologies, will ensure effective and painless implementation of a beauty studio into the business process.

Table 3. Algorithms for the sequence of decision making in digital transformation

The company-technology approach	The technology-company approach
Analysis of the current business model. Management is required to use evidence to identify bottlenecks in the current value chain	Analysis of new technologies, as well as technologies that become available for implementation due to cost reduction
Identifying all possible ways to improve ineffective processes or steps in value creation	Separation of technologies according to the principle of capital intensity into two groups:

	affordable and capital-intensive (indicator as a percentage of revenue)
A. Research of existing technologies that will allow solving the problem and choosing the most optimal option based on the criterion most suitable for a particular company.	Consideration of business processes in order to implement the selected technologies
B. Consideration of the possibility of eliminating secondary or unnecessary stages of value creation through the use of new technologies	Analysis of the effect of the introduction of new technologies: for available technologies - pilot implementation; for capital-intensive technologies - a comprehensive calculation of the economic effect from the use of new technology
Economic analysis of options for improving processes by introducing new technologies (A) and abandoning certain stages of the value chain (B)	
Implementation and testing of a) a new technology or b) a simplified value creation process in a pilot mode for a separate business unit	
Making adjustments and adding parameters, analyzing the results. With a positive trend - gradual scaling, implementation in other business units, taking into account their specifics	
Periodically repeating the iteration from point 1, depending on the availability of resources, as well as market conditions	

Source: Chesbrough, H. Open Innovation: The New Imperative for Creating and Profiting from Technology. Harvard Business Press, 2006.

When implementing the digital transformation of a business, it is important to use a systematic approach, since the chaotic introduction of new technologies may not only fail to bring the desired effect, but, on the contrary, adversely affect the activities of a beauty studio.

The first step was to analyze the activities of a beauty studio, search for bottlenecks, elements of business models that require immediate improvement (for example, relationships with

customers). This approach can be designated by the "company - technologies" scheme, and it should become the main one, since it is characterized by rational criteria for assessing the results of the introduction of digital technologies, and provides for the inclusion of digital transformation in the strategic plan for the development of a beauty studio.

Customer satisfaction analysis was carried out on a sample of 50 customers. After the performed procedure, the client was offered to pass a small survey, allowing to assess the quality of the service provided and the beauty studio as a whole.

In order to improve the quality of the service provided and the quality of customer service, it was proposed to fill out a questionnaire consisting of the questions given in Table 4 (Appendix). Each customer was asked 7 questions related to their satisfaction with the service received. After completing the service the client was invited to drink tea or coffee, and answer questions in a relaxed atmosphere. The main questions were aimed at assessing the quality of the service, for example: The quality of the service received (manicure, pedicure, massage, eyebrows, tattoo, permanent makeup)? Convenience of using the service (assess and describe the difficulties encountered when receiving the service)? Competence of staff (do you know about their level of competence, are you satisfied with the level of competence of the staff)? The second part of the questions was aimed at assessing the quality of work of additional staff (except for the master) this is the administrator, cleaners, marketer, etc. For example, the client needed to answer the following questions: Recording availability (evaluate)? Service price? Service level (recording, maintenance, cleanliness)?Advertising materials (promotions)? This division of questions allowed us to evaluate the quality of all the components of the beauty studio.

The client was faced with the task of answering each question in points from "1" to "10", choosing one of three answer options (check the box). Each option corresponds to a certain score, namely: "Yes, satisfies" - 10 points, "Partially satisfies" - 5 points, "No, does not satisfy" - 1 point. Enter the appropriate score in the "Score" column.

The results of the customer survey are presented in Table 5 (Appendix). According to the results of the survey, 48 out of 50 customers rated the quality of the service provided above 9 points, 2 of them were rated at 8 points, since they initially signed up with another master, but were satisfied with the service provided. According to the results of the survey, 49 out of 50 clients rated the convenience of using the service above 6 points, clients are not satisfied with the lack

of information about the masters, as well as the frequency of refusals to perform the service due to lack of materials. According to the results of the survey, 40 out of 50 clients rated the competence of employees above 9 points, clients are not satisfied with the lack of information about the craftsmen. According to the results of the survey, 50 out of 50 clients rated the availability of an appointment for a service below 5 points, clients are not satisfied that an appointment or cancellation for a procedure can only be made by calling the administrator during working hours, and when new masters and services appear, you can only find out through communication with the administrator. According to the results of the survey, 49 out of 50 customers rated the convenience of the service with a service above 6 points, customers are not satisfied with the lack of information about the masters, as well as the frequency of refusals to perform the service due to lack of materials. According to the results of the survey, 49 out of 50 customers rated the service above 7 points, no additional comments were received. According to the results of the survey, 45 out of 50 clients rated the prices for services above 8 points, 5 clients rated them below 7 because they are unhappy with the above problems. According to the results of the survey, 50 out of 50 clients rated the promotions / materials below 2 points, because they did not pay attention to the printed materials on the racks.

Based on the analysis of the survey results obtained, the problems identified during the internal audit were confirmed, but also additional problems that affect the client's satisfaction were identified.

1. inconvenience of using the service;
2. the need to contact only through the administrator;
3. lack of information about competencies and promotions, information materials.

In a survey [Accenture Survey, 2018] conducted by Accenture, 84% of respondents stated that they prefer interacting with computer applications rather than consultants because of their availability 24/7, the results of this survey indicate that communication via the Internet is the most preferred and therefore, to solve these problems, it is proposed to describe creating a mobile application within a startup, research to develop the necessary functionality of a mobile application for working with clients and online administration.

Function "Online registration". The possibility of online access to the recording will allow customers to choose the time, date, master on their own without direct contact with the

administrator. It is hoped that automating a simple task such as recording will reduce the time an administrator spends structuring a recording and help serve customers more efficiently. The function "repeat and transfer recording" will allow the client to independently and at any time change the date of the recording, in case of various life situations, as well as repeat the procedure, which will be saved in the recording history without additional time spent on searching and choosing a master.
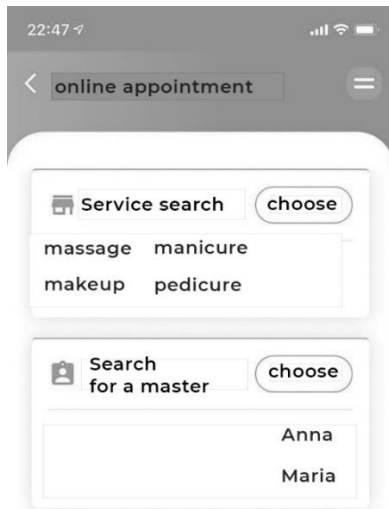

Figure 1. Online appointment
Source: Taraskin (2021, 02), author's visualization of functionality

The "electronic journal" function will automatically track the records, services and work schedule of the masters, based on the data obtained from the automatically updated online record. The function "work in the modes day / week / two weeks / shift" will allow you to control the work schedule, track work shifts, the number of employees and the number of entries per day. This function at the end of the week will allow you to upload a weekly report on the loading of each master, which will allow you to effectively work with employees and their motivation.
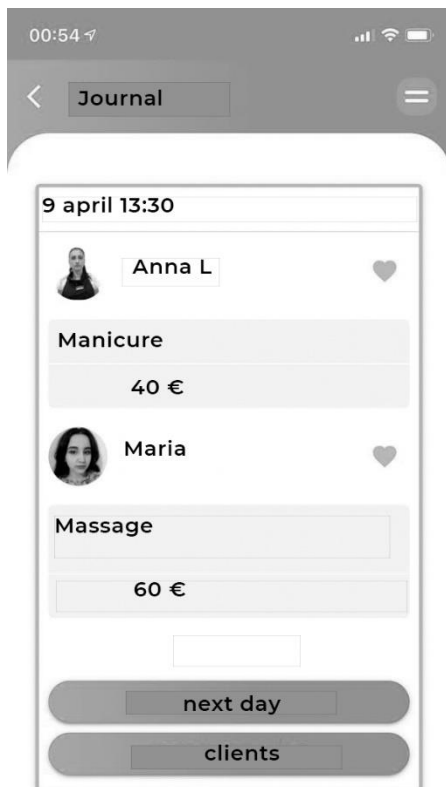
Figure 2. Journal and operating modes
Source: Taraskin (2021, 02), author's visualization of functionality

Function "Gallery of employees". In this section, the client will be able to familiarize himself with all the masters who work in the studio, and allows him to familiarize himself with the competencies and experience of the selected master before visiting. The presence of this section will positively affect both the craftsmen (for example, constant training and development so that customers want to receive the service from them), and the clients who will be able to choose the craftsmen according to their preferences. The "Employee Card" function stores information about each employee, and allows you to store and schedule the foremen, track their sick leave and vacations.
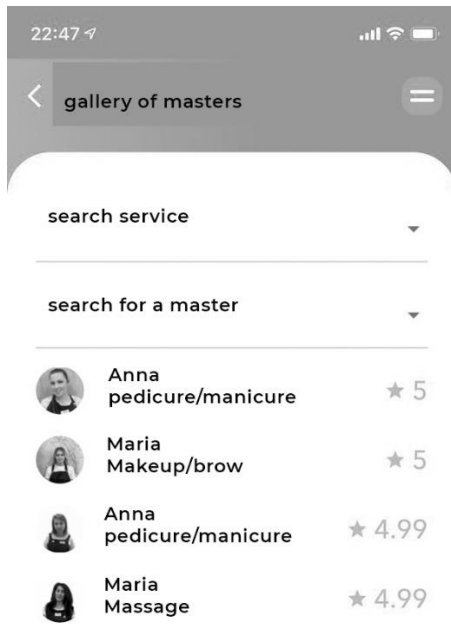
Figure 3. Gallery of masters
Source: Taraskin (2021, 02), author's visualization of functionality

The "availability" function will allow you to track the volume and quantity of materials online, thanks to the joint access with the master. The master, when using the material, records this in the "availability" section, and the administrator monitors it, and in the case when the material ends on time orders and replenishes the materials in the beauty studio.
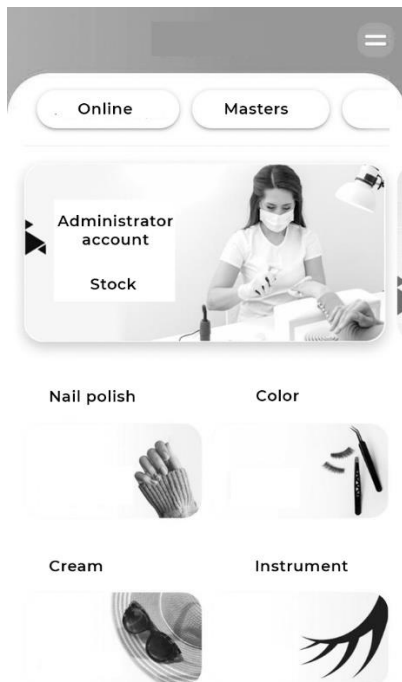

Figure 4. Administrator account
Source: Taraskin (2021, 02), author's visualization of functionality

The Staffing function is automatically created based on the customer records and the staffing table of the employee. The "Statistics" function will allow you to generate weekly, monthly reports on the popularity of services or masters.

Figure 5. Statistics
Source: Taraskin (2021, 02), author's visualization of functionality

The function "Discounts" and "Promotions" allows you to keep abreast of the current offers of customers, which increases the demand for the services of a beauty studio. The more relevant the offers are for each of the customers, the higher the likelihood that customers will take advantage of these offers. This section displays services adapted to the browsing history of each customer. "Reminder" function, when the average return period to the salon for a specific service expires, the user receives a notification: "Look, what a beautiful manicure they did for you. Do you want to make an appointment for a new visit? "

The mobile app is expected to improve offerings and develop more effective marketing campaigns. At the third stage of the study, the functionality of the developed mobile application for working with clients of the beauty studio was tested, and a survey was conducted of customers who had previously participated in the primary survey, who tested the applications. The survey included the same questions as in the first part of the study. The use of the same questionnaire is not accidental, since it is necessary to track changes in customer satisfaction using new technologies.

The results of the customer survey are presented in Table 6.

According to the results of the survey, 50 out of 50 clients rated the quality of the service provided by 10 points. According to the results of the survey, 49 out of 50 clients rated the convenience of using the service above 8 points. Customers noted the ability to choose a master according to their own preferences, as well as the ability to access the rating of masters, formed based on customer reviews. According to the results of the survey, 49 out of 50 clients rated the competence of employees above 9 points. According to the results of the survey, 50 out of 50 clients rated the availability of an appointment for a service above 9 points. Customers noted the possibility of online booking, which increased their loyalty. According to the results of the survey, 49 out of 50 customers rated the service above 9 points, no additional comments were received. According to the results of the survey, 48 out of 50 clients rated the prices for services above 8 points. According to the results of the survey, 50 out of 50 clients rated the promotions / materials above 8 points.

Based on the data obtained during the first survey (figure 6) and the data obtained during the second survey (figure 7), the percentage of satisfaction for each of the surveys will be calculated. Determine the maximum number of points obtained with the maximum satisfaction score $S_{max} = \sum \frac{(N_1 * N_2)}{n}$, where S_{max} — maximum number of points, N_1 — the number of points for each question, N_2 — number of respondents, n — number of satisfaction questions $S_{max} = 3500$. Next, determining of the number of points received during the first survey $S_1 = \sum \frac{(N_1 * N_2)}{n}$, where S_{max} — maximum number of points, N_1 — the number of points for each question, N_2 — number of respondents, n — number of satisfaction questions $S_1 = 2315$. Next, determining the number of points received in the second survey $S_2 = \sum \frac{(N_1 * N_2)}{n}$, where S_2 — maximum number of points, N_1 — the number of points for each question, N_2 — number of respondents, n — number of satisfaction questions $S_2 = 3303$. In percentage terms, the results of the first survey were 66%, and the results of the second survey were 94%. It can be concluded that the proposed functionality of the mobile application allowed increasing customer loyalty and satisfaction by 28% in a painless and effective way.
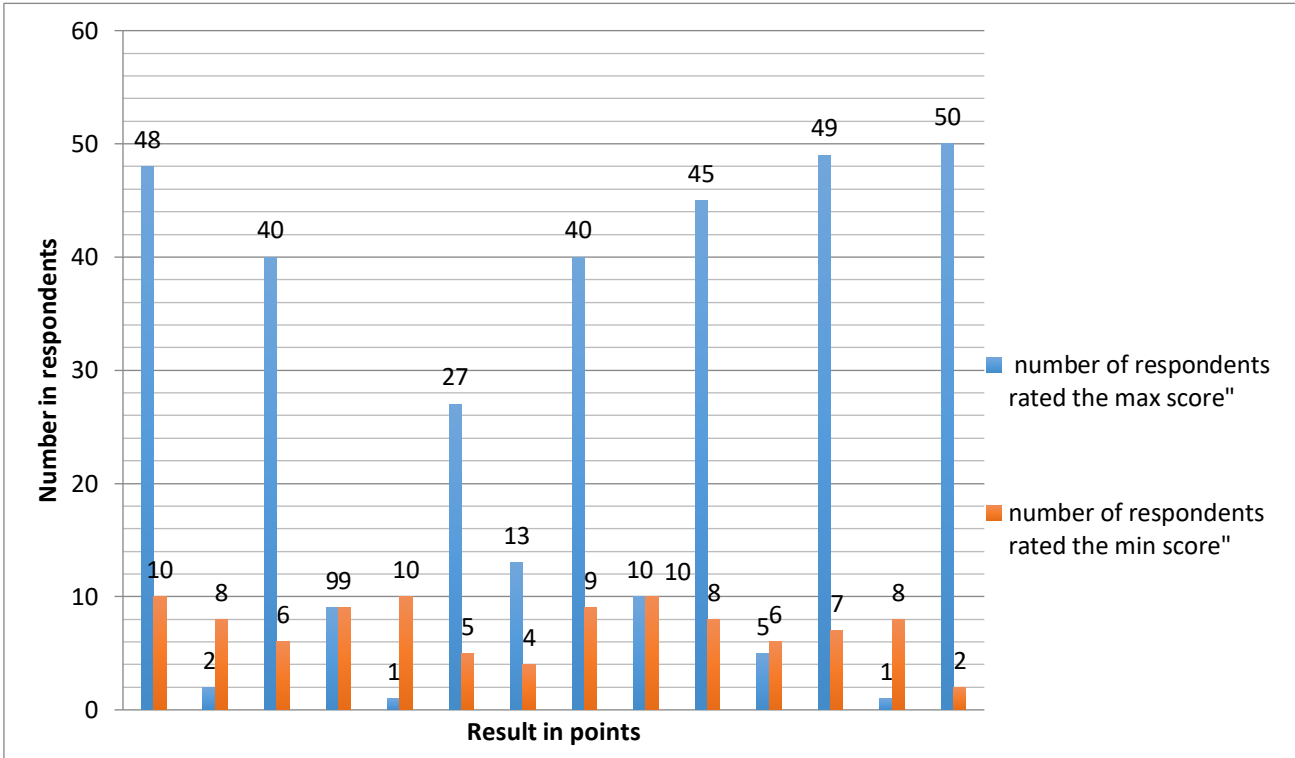
Figure 6. Survey results №1
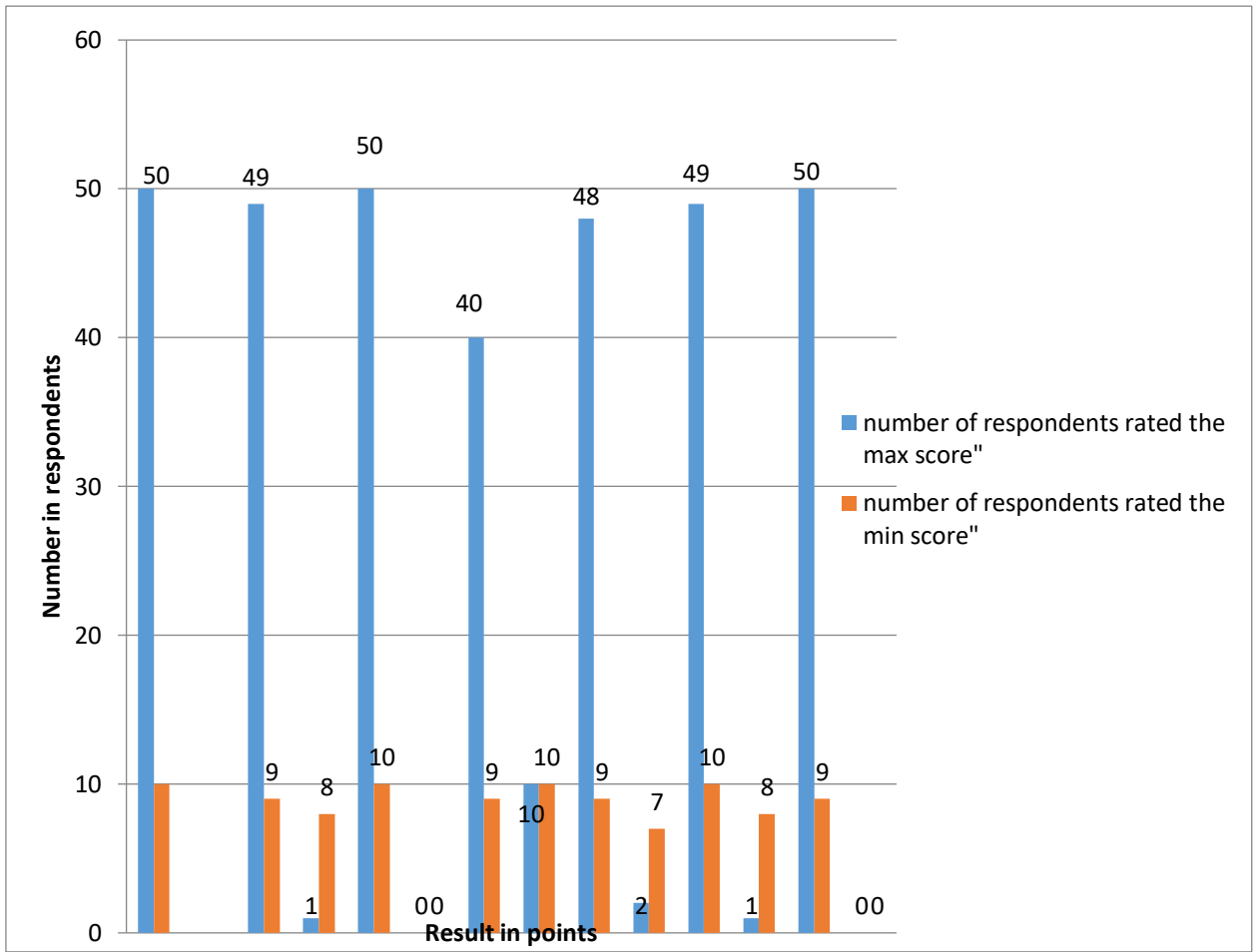Source: Taraskin (2021, 02), author's survey

Figure 7. Survey results №2
Source: Taraskin (2021, 02), author's survey

3. RESULTS AND DISCUSSION

Based on that, this study and analysis of the implementation of digital technologies using the example of the beauty studio ILUSALONG Nr 1 OÜ reflects the positive impact of using the developed application. Firstly, being in the digital environment of both the business and the buyer helps the beauty studio to carry out in-depth work with the client, individualizing marketing, regardless of the scope of the provision of cosmetic services, that is, this application can be used not only in the studied beauty studio, but also suitable for all beauty studio.

Secondly, the use of an online record allows you to automatically provide targeted advertising information to the client, taking into account his individual preferences and capabilities. Information can be improved until the proposal becomes interesting to the client and does not hit the mark. This functionality can also be considered unified and positively affecting profit. Third, today customers constantly use their smartphones to order delivery, book a table in a cafe, buy a movie ticket, etc., because it is easy, affordable and convenient Accordingly, the use of smartphone apps simplifies the task of providing a service that is necessary for a business, and the beauty industry is no exception.

The only drawback when implementing an application in a beauty studio is that it is necessary to take into account the average age of clients, because the digital culture is uneven and the results of digital transformation are absorbed more by the age category from 10 to 45, and excludes clients who are in the age range from 45 to 85. Therefore, first of all, it is necessary to assess the target audience of the beauty studio and, in accordance with this, to optimally choose the appropriate tools.

Evaluation of the effectiveness of the application after implementation was carried out on the negative experience of the marketing department of the beauty studio. An outdoor advertisement was placed next to the beauty studio, focusing on trendy haircuts, creative coloring and artistic nail painting. Unfortunately, the costs were not justified. It was possible to attract only casual visitors.

After the implementation of CRM, an analysis of the client base was carried out, with the help of CRM it was found out that the main core is women 30-35 years old who work in nearby offices. Business style and fast service were their priority. Due to too "youthful" advertising, many people lost interest in the salon even before they came there.

It is proposed to bring to the fore the express services: manicure correction, easy styling, cosmetology procedures at lunchtime. Print and post more discreet business flyers that are in the interests of the target audience and inspire confidence in them.

Service level. The behavior of the employees in the salon was not controlled in any way, the administrators communicated with the guests indifferently, neglected the elementary rules: to offer a recording, to answer in detail the question asked. The foremen could go for a smoke break and delay the beginning of the procedure. In today's competitive environment, if a client has a choice, he will always give preference to a salon with good service.

Clear and understandable instructions have been introduced in the salon: online registration, administrator's personal account, materials management system, etc. A system of pop-up reminders informed the masters of the entries in advance. Improving customer service can help retain customers and boost in-store sales.

There were many preliminary recordings in the salon. But some of the clients simply did not come at the appointed time. The main reason for not showing up is common human forgetfulness. The client has a lot of other things to do, he can confuse the date, remember his plans only in the evening. The salon not only loses profit, but also loses the opportunity to receive another visitor at this time.

With the help of CRM, it is proposed to start using automatic SMS appointment reminders. Clients receive messages in advance that at a certain time they are expected at the procedure. It is assumed that the number of late arrivals and absenteeism will be reduced by more than half. The beauty studio remains a winner even if someone called back to cancel the visit: the administrators managed to offer the "window" to another person who wanted it. Using the possibilities of online scheduling and SMS-mailing, a beauty studio can safely offer its visitors to immediately sign up for a second procedure, even if it is planned in a few months.

CONCLUSIONS

The aim of the work is to find out what business components need to be digitally transformed and to identify the existing risks of digital transformation, on the basis of which a methodology for assessing the customer satisfaction of small beauty services providers in Estonia will be developed.

The work reveals the important implementation of digital technologies in business processes, regardless of the field of activity. Particular attention is paid to the phased implementation of individual components of digital transformation, considering strategic priorities, identified problems and customer satisfaction assessment.

Currently, there is no universal strategy for the development of the described digital approaches in work, therefore, each company, as a unique ecosystem, must independently determine the trajectory of its own development. The paper presents the main goals, tools and approaches to building models and systems of digital transformation of the company. The "company-technology" approach chosen in the study is the most effective, because the main tool of this approach is management, which is the main tool for increasing the efficiency of implementation, and the "technology-company" approach described in the work is best used in companies already practicing the implementation of digital technologies, and most often to update or make changes.

The proposed strategic methodology for introducing digital technologies, developed on the basis of an existing beauty studio, was developed based on the tasks in the field of digital marketing, finance and team management. The practical implementation of the approaches and methods developed by using the design of intelligent applications has significantly increased the percentage of customer satisfaction and loyalty to the beauty studio through automated services and advertising campaigns. The developed methodology of the functionality of a mobile application, taking into account strategic management, provoked an increase in the client-oriented nature of the beauty studio, which can be considered an important criterion for judging the success of the implementation of digital technologies.

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APPENDICES

Appendix 1. Table 4. Customer Questionnaire

Question	Assessment. "Yes, it satisfies" - 10 points, "Partially satisfies" - 5 points, "No, does not satisfy" - 1 point.									
The quality of the service received (manicure, pedicure, massage, eyebrows, tattoo, permanent makeup)	1	2	3	4	5	6	7	8	9	10
Convenience of using the service (assess and describe the difficulties encountered when receiving the service)	1	2	3	4	5	6	7	8	9	10
Recording availability (evaluate)	1	2	3	4	5	6	7	8	9	10
Competence of staff (do you know about their level of competence, are you satisfied with the level of competence of the staff)	1	2	3	4	5	6	7	8	9	10
Service price	1	2	3	4	5	6	7	8	9	10
Service level (recording, maintenance, cleanliness)	1	2	3	4	5	6	7	8	9	10

Advertising materials (promotions)	1	2	3	4	5	6	7	8	9	10
Overall score										

Source: Taraskin (2021, 02), author's calculations

Appendix 2. Table 5. Survey results

Question	Number of respondents	Result in points
The quality of the service received (manicure, pedicure, massage, eyebrows, tattoo, permanent makeup)	48	10
	2	8
Convenience of using the service (assess and describe the difficulties encountered when receiving the service)	40	6
	9	9
	1	10
Recording availability (evaluate)	27	5
	13	4
Competence of staff (do you know about their level of competence, are you satisfied with the level of competence of the staff)	40	9
	10	10
Service price	45	8
	5	6
Service level (recording, maintenance, cleanliness)	49	7
	1	8
Advertising materials (promotions)	50	2

Source: Taraskin (2021, 02), author's calculations

Appendix 3. Table 6. Survey results

Question	Number of respondents	Result in points
The quality of the service received (manicure, pedicure, massage, eyebrows, tattoo, permanent makeup)	50	10
Convenience of using the service (assess and describe the difficulties encountered when receiving the service)	49	9
	1	8
Recording availability (evaluate)	50	10
Competence of staff (do you know about their level of competence, are you satisfied with the level of competence of the staff)	40	9
	10	10
Service price	48	9
	2	7
Service level (recording, maintenance, cleanliness)	49	10
	1	8
Advertising materials (promotions)	50	9

Source: Taraskin (2021, 02), author's calculations

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