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Digitization as an Adaptation and Resilience Measure for MSMEs amid the COVID-19 Pandemic in Japan: Lessons from the Food Service Industry for Collaborative Future Engagements

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Abstract: Restrictions and other stringent countermeasures due to the COVID-19 pandemic have wreaked havoc on many enterprises over the past few years. The effect on Micro, Small, and Medium Enterprises (MSMEs) is believed to be far-reaching. In most countries, the MSME sector provides the maximum number of jobs, and its resilience is core to the livelihood of that society; Japan is no exception to this. The food service industry was classified as an essential service during the pandemic, and advancements in technology and other digital innovations were seen as revolutionary to many enterprises to diversify their business models to reduce losses. This study reviews how MSMEs in the food service industry utilized technologies and innovations to adapt to the challenges and enhance their resilience. The paper reviews secondary datasets to discuss the perspectives of MSMEs and the impact of the pandemic, as well as utilizing Gotanda Eats as a case example in Japan to understand the method of digital adaption towards resilience. The Gotanda Eats platform was crucial for the survival of the five restaurants involved because it transformed their old business operations into the one that connects them to customers while observing infection prevention protocols. Despite the challenges that are visible in the delivery aspect of the platform, the operation shows that digitization and digital transformation are vital for MSMEs in times of crisis. The World Economic Forum 2021 report has focused on digital power concentration as a new risk, the current study shows that digitization in food-related MSMEs was a critical survival strategy. The study recommends that local authorities take a keen interest in supporting local businesses during hard times.

Keywords: MSMEs; COVID-19 pandemic; digitization in food service; resilience building; collective engagement



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1. Introduction

1.1. MSMEs and the COVID-19 Pandemic

Micro, Small, and Medium Enterprises (MSMEs) are essential driving forces in many economies and play indispensable roles in expanding employment opportunities, absorbing surplus labor, protecting social stability, and promoting economic growth.

In the Asia–Pacific Economic Cooperation Region (APEC), MSMEs represent more than 97% of all businesses, and in some economies, they contribute 30% of the Gross Domestic Product (GDP), employ over 100 million people, and contribute to more than 40% of the country's exports [1]. In most countries, MSMEs are the largest job providers, and therefore, the resilience of these enterprises to cope with both stresses and shocks enhances the sustainability of the livelihood. They are also vital conduits to accelerate the achievement of Sustainable Development Goals (SDGs) [2].

However, the operations, nature, and business models of MSMEs make them susceptible to many risks [3]; hence, they have been touted as an industry highly impacted by the COVID-19 pandemic [4]. Debt financing policies, tax reliefs, and employment support

are some policies initiated by governments to cushion and sustain the MSMEs amid the effects of the pandemic [1]. These notwithstanding, informalities in the MSME business operations are evidenced to hinder efforts to fully utilize or receive government support. Many have been forced to shut down, lost sales, reduced their productivity, and witnessed a decrease in revenues [4].

Despite these setbacks, the COVID-19 pandemic is said to have also galvanized many MSMEs to adapt and change their business models to meet the shifting demands and consumer preferences. This study highlights how MSMEs amid the COVID-19 pandemic have shown their resilience by adapting digitalization in the food industry in Japan.

World Economic Forum (WEF) Global Risk Outlook [5] of 2020 has shown that the critical risks in terms of both likelihood and impacts are the environmental risks like climate change, disasters, extreme weather, biodiversity losses, etc., while other interconnected risks are economic, geo-political, societal, and technological. The risk landscape changed drastically in 2021 [6] with the impacts of the COVID-19 pandemic, where infectious disease became the highest impact risk.

1.2. New Risks during the COVID-19 Pandemic

Two new issues arise in the 2021 report, namely, (1) digital power concentration and (2) digital divide. It is argued that we need to address the digital transformation to enhance the resilience of society. The tradeoff of resilience building is embedded in the digital divide as well: while it is important to have digital transformation in enhancing its sustainability, its penetration is usually concentrated in a certain age group, which is rather younger generation considered digitally native. The same report of 2022 [7] focuses on cyber security as an emerging threat, while our dependency has become more on digital tools.

Thus, as a new trade-off arises as (3) the balance of digital penetration and cyber security. The report of 2023 [8] has pointed out the emergence of new risks like (4) energy crises and (5) rising cost of living.

Thus, within three years of the COVID-19 crisis, new risks such as digital power concentration, digital divide, cyber security, energy crisis, and rising cost of living have emerged, making the global risk landscape more complex. Therefore, the resilience of MSMEs needs to be put in the context of this dynamic change.

The COVID-19 pandemic caused people to be restricted indoors, as witnessed across many countries. Many transactions, such as businesses, healthcare services, and other interactions, were conducted online. This caused a notable period of digital acceleration because of the sharp rise in the usage of the Internet, e-payments, and e-commerce transactions, among others [9]. Estimates suggest that sales via e-commerce reached nearly USD 26.7 trillion in 2019 from a previous USD 25.6 trillion and that more than 1.48 billion people made online purchases. Much of these occurred in the United States, Japan, and China, and they make up the top three countries that witnessed the maximum rise in e-commerce sales [10].

1.3. The Research Gap and the Contribution of the Study

This study tries to look at the MSMEs' resilience during the COVID-19 pandemic and argues digitization is an adaptive measure. The definition of resilience is marked by Stone and Rahimifard (2018) [11] who pointed out that it is mostly explained in the context of reactive and recovery phase against disruption: the majority of studies indicated it as readiness (organizational ability to anticipate disruption and either prepare for it or avoid it), response (either innate or pre-planned elements that mitigate the impact of disruption as it happens), and recovery (the ability of an organization to repair losses caused by a disruption and return to meeting core priorities) [12] but further implies growth (learning from and adapting core priorities post disruption leading to improved competitiveness compared to pre-disruption levels) [13,14]. In this paper, the definition of resilience implies all four factors, namely, readiness, response, recovery, and growth.

Firstly, the paper starts with the context setting, where it reviews the critical issues related to MSMEs in general as well as COVID-19 perspectives. Secondly, the paper focuses on Japan's digital platform of the food service industry, analyzing the case to come out with specific solutions. Finally, a brief trade-off analysis is to be made, providing suggestions that could be not only applicable to the resilience of MSMEs but also related to the livelihood sustainability of people and, therefore, have a larger impact on society.

2. Context Setting

2.1. The COVID-19 Pandemic and Changing Scenario for MSMEs

Empirical evidence has shown how MSMEs have taken advantage of these changing dynamics to boost sales, revenue, and profitability by shifting to the online mode of business in anticipation of enhancing their ability to access markets with the help of digital technology [15]. A study on MSMEs in Malaysia's service, retail, manufacturing, and tourism industries showed significant use and adoption of digital marketing tools such as e-commerce and e-payment systems [16]. Further studies have shown that the use of technology within the MSME sector has particularly enhanced manufacturing processes and delivery. An empirical study by the Economic Research Institute for ASEAN and East Asia in the year 2018 quoted the evidence of digitization within MSMEs: while many MSMEs (56%) were categorized as using basic digitization tools, the adoption of technology in the operations of MSMEs was found to have provided a wider customer reach in terms of marketing, comfort, and ease of business operations, as well as reducing operational cost among others [1].

Despite this wave of adaption and the utilization of new technologies, there is limited information that can be found on MSMEs within the food service industry. Could it be that MSMEs in the food sector have not utilized the digitization wave sweeping across other industries? If that is the case, what are the characteristics, and how has the process enhanced productivity or adaptation to the new normal?

The need to probe into this instance is born from the sector's relevance during the COVID-19 pandemic. Thus, at the peak of the COVID-19 pandemic, an important element in reducing the spread of COVID-19 was the restriction of people's movement as well as the prevention of interpersonal interactions. Such an approach necessitated widespread policies that only permitted essential services to operate without many restrictions.

Despite the differences in the classification of essential services across different countries, the food sector was deemed essential. The food sector ranges from food production to transportation, and delivery [17]. This process encompasses many stakeholders and other parties connected by delivery drivers or some form of a digital platform that connects farmers, restaurants, and customers.

Such an ecosystem of food sector stakeholders is valued at over USD 150 billion and could be further enhanced by opportunities from so-called "ghost" or "dark" kitchens which do not own physical restaurants but take orders virtually and deliver food to doorsteps [18]. These scenarios call for further inquiry into how the sector may have also revolutionized during the COVID-19 pandemic, taking into consideration the many obstacles attributed to the MSMEs by their operational characteristics.

The situation is crucial in the Asia-Pacific because in the Asia-Pacific Economic Cooperation Region (APEC), MSMEs represent more than 97% of all businesses and the region has the biggest share in terms of the number of MSMEs worldwide. Furthermore, Japan is among the top ten countries that marked a sharp rise in e-commerce sales, and an increase in digitization during the COVID-19 pandemic, hosting several online platforms to enhance applications for digital transactions [10].

2.1.1. The COVID-19 Pandemic and MSMEs in Japan

As part of infection prevention, a nearly 70–80% reduction in contact and other personal interactions was recommended in Japan as a preventative measure since the COVID-19 infection rates started rising. People were completely banned from going out due to the

rapid spread of the virus. These and other stringent measures for risk prevention caused many disruptions and affected many industries.

The conclusion points to financing cash flow, market interactions, personnel flow, cost, and government policies as the major factors that measure the impact of the pandemic on SMEs [19]. While businesses were unable to earn revenues due to the crises caused by the COVID-19 pandemic, firms still had the obligation to meet certain recurring expenditures such as employee wages, rent, interest, taxes, and others that rendered them to resort to or rely solely on their cash balances.

2.1.2. Impact of the COVID-19 Pandemic on MSMEs in Other Countries

A study conducted on more than 1500 small and medium-sized enterprises in China also showed that 37.0% of the enterprises had cash balances on their books that could last for only one month. Additionally, 31.6% of cash balances could last two months, and 17.2% could last three months. The total number of enterprises with cash on hand for less than two months was close to 68.6%, and 85.8% of the enterprises would be able to maintain their capacity for less than three months [20].

Further analysis of the impacts of the COVID-19 pandemic explored by Dai et al. (2021) reveals that it was the demand and supply mechanism of the operations of MSMEs that had been impacted: between February and May 2020, major challenges faced by firms shifted from the supply side to the demand side [21].

Thus, lack of demand had become the most critical challenge, especially for businesses that undertake the exportation of their goods. An additional explanation was that the COVID-19 pandemic forced people to change their behavior and lifestyle habits due to its high contagiousness, which directly and indirectly changed the market demand [22]. Concerning all the differences and approaches to understanding the impacts of the COVID-19 pandemic on MSMEs, Nandakumar (2020) carried out a study and concluded that the COVID-19 pandemic caused an abrupt drop in demands for goods and services, negatively impacted the working capital of operators, and caused the medium-to-long-term destruction of the business models of MSMEs [1].

These challenges were profound in the sectors that had business models with interpersonal interactions to the extent that recent data suggest that accommodation and food service, cultural and creative arts sectors, wholesale, and retail services were the most affected areas for MSMEs [23].

A review of government policies and interventions to cushion MSMEs shows various approaches grouped within fifteen broad areas based on a study among over 50 countries [24]. Ten interventions were implemented in China and eleven in Japan, ranging from labor-targeted support to tax relief, structural reforms, and financial system reforms.

Despite these interventions, various obstacles prevent MSMEs from benefiting or taking advantage of such types of stimuli. Studies point out that the nature of their operations and characteristics prevent them from receiving such government information and are further challenged due to certain pre-existing conditions like debt, the nature of business, and the prolonged nature of the COVID-19 pandemic. However, it has been witnessed that many MSMEs are adopting technologies to access and widen their market scope [15].

2.2. Digitization and MSMEs

Emphasizing its relevance in an organization and its fortunes, digitization is referenced as “the use of digital technologies to change a business model and provide new revenue and value-producing opportunities” as well as “the process of moving to a digital business” [25]. This process results in what Gorenšek and Kohont (2019) refer to as “digital transformation”. Thus, digitization is the “process of shifting an organization from old approaches to new ways of working and thinking through the use of digital, social, mobile, and emerging technologies” [26].

Development processes and everyday life are now immersed in a society embedded with technologies. Data suggest that, as of 2020, about 60% of the world's population had access to the internet, compared to just 7% in 2000 [27]. Coupled with other factors, this is seen as an accelerator in transforming the way people and organizations interact, communicate, and conduct daily activities [28]. Within an organization and business, digitization is seen as a mechanism to innovate, be competitive, and increase productivity, as well as to stay close to customers [29].

On other fronts, low fertilities, declining population, and aging society in many countries, especially in the Asia–Pacific, have created an ecosystem that would require an innovative approach and collaboration with other stakeholders for open innovation and the utilization of technologies to reduce burdens through the digitalization of major aspects of everyday lives [30]. These attributes elucidate the many definitions and descriptions of digitization because it has the “ability to turn existing products or services into digital variants” [28]. Hence, recent studies show the digitization of activities in agriculture, information, demography, security, and many other fields [31].

The process of business digitization has seen rapid transformation during the COVID-19 pandemic and online business models are one of the major elements of characterizing the transformation approaches by many businesses: the world after the COVID-19 pandemic would be shaped by the interplay of digital service utilization [32].

MSMEs represent huge chunks of businesses in many countries and become important in the wave of business digitization. MSMEs are, by nature, made up of businesses with limited resources and personnel, often lacking the formalities in their operations. Any deterioration in business conditions directly impacts all economies and has prompted many governments to assist MSMEs in the digitization process through various initiatives.

For instance, the Ministry of State-Owned Enterprises of Indonesia created the MSME Digital Market (PaDi) digital platform in 2020 as part of digitalizing the activities of MSMEs and evidence suggests significant benefits [33]. This forms part of the government's roadmap to empowering MSMEs through its flagship project “Making Indonesia 4.0” [34] and it could not come at a worse time since studies show that, upon the massive contribution of MSMEs to GDPs, only 16% of MSMEs in the ASEAN regions are fully digitized [35].

Policy Brief number 35 of the Asian Pacific Economic Cooperation acknowledges this phenomenon and the prospects of digitization for the region's development significantly considers e-commerce platforms as vital channels for MSMEs to tap into global market trends. This could be considered as the recognition of the extreme impacts of the COVID-19 pandemic upon the activities of the MSMEs [36].

2.3. Overview of MSMEs and the Impact of the COVID-19 Pandemic

There is no definite definition for MSMEs as their characteristics differ across jurisdictions and contexts. In terms of a contextual description, data from the SME Finance Forum indicate a varied distribution of MSMEs across the globe, with notable indices such as East Asia and the Pacific regions having the largest concentration of more than 100 million MSMEs, while 30 million excesses are in South Asia and the other 60 million excesses in Sub-Saharan Africa [22].

However, a study across 155 economies identifies the commonalities among the definitions and concludes that more than 90% of MSMEs are described based on the number of employees, with other variables such as asset value, years of experience, the type of technology used, the amount of initial investment, among other complimenting descriptions [37]. Using similar variables, Jeremy and Mathew, 2020, [3], explored the definition of MSMEs by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) to determine that a “micro” business is an entity with 10 employees, whereas “small” has up to 50 employees and medium-sized up to 250 employees.

By this description, a review of the sector in Cambodia, Laos, India, Mongolia, and Myanmar shows different perspectives on the differences as per jurisdiction and the type

of business but are commonly converged based on the number of employees, the size of their assets, and their annual turnovers [3].

Contrary to these definitions and descriptions, the MSME situation in other places is different. In China, for instance, the definition is tied to their categorization put forward by the SME Promotion Law 2003. It categorizes MSMEs based on the type of industry, the assets, their sales, and the number of employees. For instance, a business within the hotel and restaurant industry is classified as small when it has fewer than 400 employees and less than CNY 30 million of business revenue, whereas within the retail industry, a business is classified as small when it has less than 100 employees with less than CNY 30 million [38].

2.4. Japan and MSMEs

Such characteristics are shared by the Japanese definition of small and medium enterprises in the country. SME Basic Act (1963) also guides the definition of MSMEs in Japan and as per its description, it categorizes types of businesses such as manufacturing and sources [19]. Japan is classified as part of the accelerators of the economies in the Asian regions, and other industries such as wholesale, service, and retail industries. A business in the service industry could have five employees and a capital of up to JPY 50 million [39]. In a similar fashion in Japan, the industrial structure of the country gives a conducive environment for MSMEs such that they account for an overwhelming proportion of the total number of companies.

According to a 2016 Economic Census Activity Survey in Japan, SMEs, including sole proprietors, accounted for 3,578,176 businesses, representing 99.7% of the total number of companies in Japan. The number of employees represents 68.8% of the total number of company employees. Therefore, any deterioration of the business situation of SMEs is directly linked to the Japanese economy [40]. While there exist such enterprises that utilize advanced technologies that propel them to compete with other international products, there are other companies and small businesses that are known for utilizing local contributions of their MSMEs that cannot be understated. This notwithstanding, the COVID-19 pandemic has had a devastating impact on MSMEs.

2.5. Impact of the COVID-19 Pandemic on the Food Service Industry

People's food and beverage consumption is equally increasing as the level of income rises, and the categories of food and beverage supply have been enriched and innovated, leading to continuous innovations in food and beverage varieties and consumption. The food service industry does not only contribute to the development of agriculture, forestry, animal husbandry, fisheries, and manufacturing industries, but is also closely related to tourism, entertainment, culture, and logistics, which made it an important part of the social service system.

A drop in demand and sales affected many food service industry players during the COVID-19 pandemic and varied mechanism to bounce back was proposed as different approaches such as shutdowns, partial operation of businesses, or remodeling of businesses or operations. For re-modifying business models, measures such as changing menus [41,42], or adopting SNS and other social media platforms [23] were performed. It should be noted that the latter measure forms part of the digitization transformation touted as the new transformation accelerated by the COVID-19 pandemic [9].

2.5.1. Digital Transformation

In digital transformation, enterprises use technology to create an efficient digital business operation model. Since the outbreak of the COVID-19 pandemic, electronic platforms set aside their marketing wars and every effort has been made to ensure the continuous supply of materials and the enhancement of productivity.

Retailers with their own logistics and efficient supply chain management capabilities have made a significant contribution during the challenging period of the COVID-19 pandemic by promoting strong cooperation and symbiotic development among all the stakeholders.

Digital transformation is of great importance in online sales and take-out businesses. Online sales expand the service scope of many businesses such as food and beverage stores, making them available as well as accessible to customers in the suburbs and abroad, by showing flexibility even to obtain orders from customers late at night, contributing to the increase in their daily sales revenue and facilitating the transformation of traditional on-site stores. It boosted the e-commerce business, which has witnessed high sales and reviews due to the COVID-19 pandemic [10].

During the COVID-19 pandemic, online live broadcasts of retailers showcasing their products to prospective customers gained popularity as a great way to increase the sales revenue of enterprises by letting consumers have a better understanding of offered products in detail and specialties of target companies regarding procurement, processing, and production, leading to enhanced trust in their brands and, as a result, attracting more customers.

The digital transformation of the food service industry may be a comprehensive innovation in the process of capital operation and capital allocation as the core of all business management in the catering industry. In the following sections, the study focuses on the utilization of digital platforms and the prospects of their use by the MSMEs in the food service industry in Japan in the context of the COVID-19 pandemic and its impacts.

2.5.2. Food Industry and the MSMEs in Japan during the COVID-19 Pandemic

The declaration of a State of Emergency by the Japanese central and local government in April 2020 resulted in restrictions and prohibitions such as the provision of alcoholic beverages. During the restricted period, many of the drinking businesses, pubs, and small mix-drinking bar-restaurants widely known as “Izakaya” were closed. This caused the market of the food service industry in Japan to shrink drastically by 57.8% within the first year of the COVID-19 pandemic, and by 27.2% in comparison to the pre-pandemic period before 2019 [43]. As a ramification, more than 700 restaurant bankruptcy cases were reported between January and November 2020: a record-high level of bankruptcy was observed among Izakayas [44].

To prevent the collapse of lifetime businesses, some restaurants teamed together to consolidate their efforts to circumvent the challenges through digital adaptation to region-based online food service and delivery platforms. The approach in the Japanese case consolidates food service and delivery by MSMEs in two ways: (1) to initiate and sustain a city-wide food service and delivery and (2) to consolidate food service and delivery in a neighborhood context.

3. Methodology

3.1. Approach

As described in previous sections, the definition of MSMEs differs in different contexts, and when examined from an industry perspective, their characteristics may differ from one another. However, in order to understand their resilience or how MSMEs adapt to challenges, this study references the works of Jeremy and Mathew (2020) as a backdrop to the fact that there should be clear segmentations within MSMEs [3].

However, since regulations, policies, and initiatives for MSMEs are initiated and spearheaded by governments, an initial Google search was conducted on the websites of local governments in Japan to ascertain if the COVID-19 pandemic has initiated any form of changes within MSMEs at the various jurisdictions in the country. It was realized from this search that; the Tokyo Metropolitan Government had initiated a “new normal” strategy where people can take certain measures to go about normal duties while protecting themselves from COVID-19 infections. This strategy was aimed at boosting tourism by providing safe and secure packages to attract tourists to the city [45]. As part of this, the metropolitan government had also created dedicated websites to highlight how small businesses are reinventing ideas to sustain themselves during the pandemic and these small businesses are grouped under food services, accommodation facilities, sightseeing facilities, and retailing, among others [46].

As for the food services, thirteen examples are given to indicate how food service entrepreneurs adopted various innovative methods to stay in business during the pandemic and such measures range from redesigned menu sets to new payment systems, and others [47].

In reference to the boom in e-commerce during the pandemic [15], the study selects the Gotanda Eats initiative from the thirteen examples because of the two characteristics:

- (1) Involving a group of restaurants;
- (2) Coping as a group started during the COVID-19 pandemic.

3.2. Method of Data Collection

After selecting Gotanda Eats as an example, the study first reviews the background of the initiative and conducts an in-person interview with the key restaurants involved in the process to ascertain the changes to their business operations initiated by the restrictions brought by the COVID-19 pandemic and how their business was transformed as per the requirements of the initiative. The interview was conducted based on the following themes:

1. Description of the restaurants involved in Gotanda Eats' initiative and motivations;
2. The business model of the restaurants before the COVID-19 pandemic such as the number of staff, customers, sales, use of digital tools;
3. How the COVID-19 pandemic changed their business operations and their involvement in the Gotanda Eats initiative;
4. The challenges encountered and their future plans.

Initial contacts with the restaurants indicated that the key stakeholder who spearheads the entire initiative is Tokyo Shokudo, a restaurant run by Oriental Foods, a member of the five restaurants. Therefore, the in-depth interview was conducted on 19 December 2022, with Tokyo Shokudo as a representative of the other four. While interviewing, in pursuit of truth to create new knowledge and value, without any discrimination or exploitation, due consideration was made to the human rights of the interviewees, while ensuring fairness and transparency to fulfill accountability responsibility.

3.3. Method of Analyzing Digital Adaptation and Resilience

The process of digitization and digital transformation in business takes several forms. However, Tonder et al. (2020) [48] itemize major components in business digital transformation to include three basic concepts of (1) Digitalization, (2) Digital Transformation, and (3) Business Model Innovation:

Digitalization: The digitization element where analog techniques such as the use of paper and other manual works are changed into digital.

Digital Transformation: The process transforms the activities of the business and automates several elements of the business. This can be described as the transformation components.

Business Model Innovation: Despite digitalization and digital transformation, all the processes should conform to the business model of the entity to initiate innovation.

Based on these basic concepts, a content analysis of the responses from the interview further tried to ascertain the meaning of the probable effect of what has been communicated in its manifested and latent form [49]. It serves the aim of extracting the ecosystem of the digital transformation process of the restaurants.

4. Case Study

4.1. Overview of Gotanda Eats

Gotanda Eats was launched in 2020 in the Gotanda district of Shinagawa Ward in the Tokyo Metropolitan Area to foster the idea of neighborhood mutual assistance among local restaurants. The online interactive networking platform, including this group of restaurants called Gotanda Eats, was voluntarily created by CXO Bank, a private enterprise offering direct networking services through their online platform as an exclusive meeting

space among CEOs of various enterprises including restaurant owners. At the onset of the COVID-19 pandemic, CXO Bank already had an existing 1800 registered members.

Since those members shared common concerns about the decline of the restaurant business, CXO Bank, the owner of the platform, declared in May 2020 that a free website would be created for restaurants affected by the COVID-19 pandemic so that they could receive online orders using the platform at no cost.

Gotanda Eats, a group of five restaurants in the Gotanda area, is operated by Oriental Foods, a food company that initiated its business by running university food courts. When schools and offices were closed due to the COVID-19 pandemic, Tokyo Shokudo (located in Nishi-Gotanda 1) run by Oriental Foods, was heavily impacted. Therefore, led by “Tokyo Shokudo” (located in Nishi-Gotanda 1), “TOKYO SALAD CURRY” (located in Nishi-Gotanda 1), “Bagatto” (located in Nishi-Gotanda 1), “MR. CHICKEN chicken restaurant Gotanda” (located in Higashi-Gotanda 2), “PUERTO” (located in Higashi-Gotanda 2), “Lantern Rouge” (located in Higashi-Gotanda 2), and “Sakana WAIGAYA” (located in Nishi-Gotanda 1), joined the group of Gotanda Eats for delivery food parcels of cooked meals.

Since this is a local system, deliveries only cover the Gotanda District. In the initial stage, JPY 500 (approximately USD 3.7) of a delivery fee was charged and each delivery was carried out by the staff of the restaurants. However, the delivery charge was later scrapped as it was absorbed by CXO Bank, and to ensure efficiency and smooth operation of the platform, all meals were pegged at JPY 1000 (USD 7.4) as shown in Figure 1.



Figure 1. Sample of participating restaurants. Source: Authors, (Revised from Gotanda Eats, https://www.instagram.com/gotanda_eats/?hl=ja (accessed on 25 June 2023)). The logo of Gotanda Eats has its name written in Japanese.

In this case, there were three advantages as follows:

- (1) Eliminating the hassle of handing over change at the time of receiving payment upon the delivery of the concerned order;
- (2) Reducing the amount of interaction between customers and store staff as an infection prevention measure;

- (3) Completing a cash payment by a customer by receiving combinations of 1000-yen notes and/or 500-yen coins to facilitate smooth interactions.

4.2. Business Operation of Gotanda Eats before the COVID-19 Pandemic

It was realized from the interview with Tokyo Shokudo that the five restaurants that came together on the platform had an average staff of five people and their operations involved customers placing orders at the restaurants. However, customers also had the option to place an order via a telephone call. Furthermore, before the pandemic, restaurants had websites and social media sites as below.

- Tokyo Shokudo (@Toushoku on Twitter);
- MR.CHICKEN (<http://www.mrchicken.jp/> (accessed on 25 June 2023));
- PUERTO (<http://puertotokyo.com/> (accessed on 25 June 2023));
- Lantern Rouge (<https://tabelog.com/tokyo/A1316/A131603/13197352/> (accessed on 25 June 2023));
- SAKANA WAIGAYA (@sakana.waigaya on Facebook).

According to the information from the interview, the restaurants before the pandemic had wished to join the UBER Eats platform. However, the food delivery service required some payment for registration fees as well as submission of photographs and other requirements which made it difficult for many to meet the requirements.

At the onset of the emergency declaration in the Tokyo Metropolitan area in 2020, and the directive for the closure of all shops, the owners of many restaurants again rushed to have their services registered under UBER Eats. However, they found the business model where UBER Eats seeks profit-sharing of 30 percent of the sale was not sustainable. The norm of social distancing for keeping any chance of becoming infected with COVID-19 had already led to a considerable decrease in income, which made it not viable to part with 30 percent of the sale. At the same time, those who were fortunate to meet the requirements found it difficult to connect with the service on time due to prolonged waiting times, since a huge number of restaurants were also trying to move onto the platform.

These frustrations were part of the reason to seek alternatives which then resulted in businesses joining Gotanda Eats.

4.3. Business Operation of Gotanda Eats during the COVID-19 Pandemic

- a. Food Ordering Once the platform was created and the restaurants joined, the mode of ordering food changed as this process was consolidated into one and was handled by Tokyo Shokudo. For this process, when an order is made on the Gotanda Eats platform, the information is received and relayed to the respective restaurant by Tokyo Shokudo. In addition, the restaurants were also encouraged to advertise their menu on LINE smartphone application. Therefore, several photos of the meals and the menu were uploaded on LINE app, their websites, and other social media platforms.
- b. Food Delivery This is the new element the restaurants had to be content with after joining the platform. Deliveries are made by the staff of Tokyo Shokudo restaurant on behalf of the other restaurants. Thus, when an order is placed, the information is sent to the respective restaurant via telephone and a dedicated LINE app chat. Once the food is ready a staff from Tokyo Shokudo would visit the restaurant that received the order and pick up the packed food for delivery by riding on one of the two bicycles within a 4 to 5 km radius of the city.
- c. Customer Service and Satisfaction The Gotanda Eats platform requested the participating restaurants to showcase their signature dishes as part of the marketing strategy. This creates an appeal to people to remember the restaurant for their distinct identity. For this purpose, the following menus were showcased:
 - Singapore Chicken Rice & Taiga Pao (Mr. Chicken);
 - Italian Char Siu "Porchetta" Bento (Wine Tavern Tokyo Shokudo);
 - Beef Skirt Steak Bowl (Lantern Rouge);

- Rice Berry and Chicken Potato massaman curry Asian herb set (Asian Dining PUERTO);
- Toyosu Yamayuki direct tuna rice bowl (side dish WAIGAYA Gotanda main store).

To enhance customer satisfaction, restaurant staff often wrote and added notes of gratitude to the customers whenever a delivery was made. This was seen as a good gesture to distinguish itself as an easy-to-reach restaurant unlike other big food delivery companies which could be, at times, not easily reachable. This was highly appreciated by customers.

Figure 2 shows the entire ecosystem of restaurants using the Gotanda Eats platform to advertise, receive orders, communicate with others, and deliver food orders to customers in the Gotanda Ward vicinity.

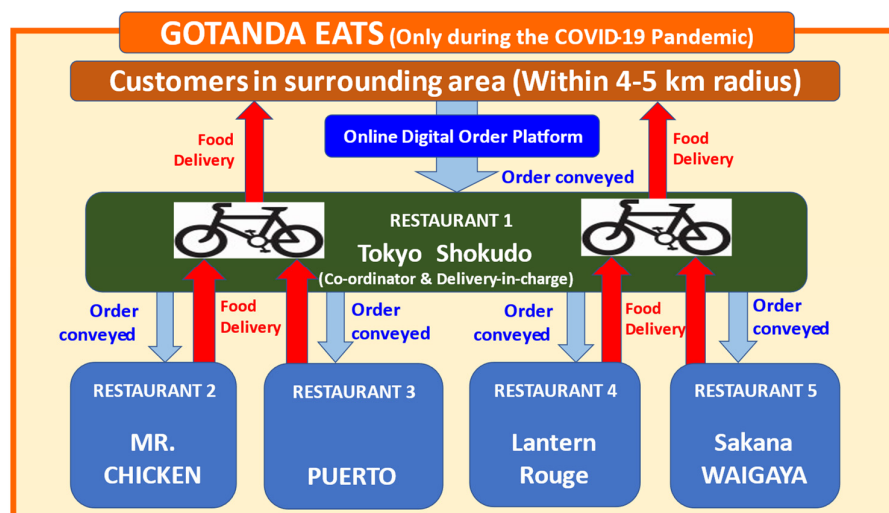


Figure 2. Ecosystem of restaurants under the Gotanda Eats platform. (Source: Authors).

4.4. Challenges in Business Operation during the COVID-19 Pandemic

The interview also revealed that these changes also brought other challenges to the restaurants, and are summarized below:

A. Logistical Challenges:

- (1) The maintenance of the platform is undertaken free of charge without any cost to the restaurants. However, Tokyo Shokudo had the responsibility to maintain and update it, receive the orders, relay the information to others, as well as receive and deliver the orders to customers.
- (2) The number of staff remained the same and had to use two bicycles for the deliveries. All deliveries are carried out using those two bicycles.
- (3) Deliveries were hampered during bad weather.
- (4) Finding the right addresses to deliver meals made it difficult to make deliveries.

B. Limited Support from Other Stakeholders

- (1) The interview also highlighted that, besides the support from the CXO Bank, the private enterprise, and other volunteers, there has not been any government support to maintain and sustain the platform.
- (2) It is for this reason that the platform is designed only for the pandemic period and not beyond.
- (3) The number of staff at the restaurants remains the same while dedicating their time to cooking, serving, receiving, and checking orders on the platform and on the LINE smartphone app.

Thus, going beyond the pandemic period would mean expanding the service and increasing the scope of activities. It would require consistent and sustainable support from external sources of funding. However, this kind of support was not present.

5. Discussion

5.1. The Element of Innovation

The case example of Gotanta Eats has presented several workable collaborative engagements in a local context. It has shown several innovative procedures to sustain businesses during the COVID-19 pandemic. Furthermore, in the context of Japanese society, the case has offered a new dimension by offering alternative coping mechanisms. Many restaurants faced the challenge of potential bankruptcies if no alternative coping mechanisms were introduced due to the restrictions imposed by city authorities.

As per the information from Teikoku Databank Ltd., 780 bars and restaurants went bankrupt in Japan in 2020 [44], and evidence of such bankruptcies showed several restaurants closing during the pandemic. Therefore, one vital element of sustainability may be to innovate. The sustainability of MSMEs in this paper is defined as “promising business solutions conducive for enhancing efficiency, innovation and positive recognition among stakeholders” [2].

In describing innovations in organizations, Yoo et al. (2012) describe this to mean the end product of the “incorporation of digital capabilities into objects that previously had a purely physical materiality” [50]. In this regard, restaurants in Gotanda City before the pandemic were used to receive walk-in customers but during the pandemic, these customers were virtual and ordered their meals online, which in one sense, shows a form of innovation.

However, innovation in businesses must be competitive, increase productivity, and, above all, stay close to customers [29]. In terms of competitiveness, the case explored in this study shows that such innovation does not necessarily connote gaining an advantage over business competition but rather circumvents the effect of a situation (the COVID-19 pandemic). Applying a uniform price setting for a representative dish of each member of the group restaurants simplifies transactions for payments against orders, assuring social distance with no further interactions such as offering/receiving changes between the delivery personnel and the customer. Therefore, the mere indication of innovations attributed to their activities during the COVID-19 pandemic could be characterized in the context of the sustainability of business to avoid potential restaurant shutdowns.

In terms of productivity, the interview significantly indicated that, although the restaurants did not increase sales beyond their averages, the sales are one aspect to consider in keeping their restaurant business surviving.

One important element of this innovation is the ability of Gotanda Eats to connect with customers within the radius of their food delivery services. Even though the restaurants were already known throughout their locality, their customers appreciated that the staff attached small notes of appreciation to the delivered food parcels. They also valued the fact that restaurants were sacrificing themselves by delivering the food to their doorsteps regardless of strict regulations to keep social distancing during the COVID-19 pandemic. Thus, their commercial transactional deals were interpreted as a new form of engagement.

5.2. Adoption and Digital Transformations during the COVID-19 Pandemic

Digitization is an important process to initiate digital transformation in businesses. Gorenšek and Kohont (2019) give an extensive description of this process and, although different dimensions were discussed, a key characteristic of digital transformation is that it shifts from old ways of doing things to the use of emerging technologies [26]. This description is important in this case for the following reasons:

- a. Before the pandemic, the business model of the restaurants involved serving walk-in customers where orders were taken by staff of the restaurants.
- b. During the pandemic, orders had to be placed on the Gotanda Eats platform and the food had to be delivered to the customer.

It is noteworthy if we consider the description of digital transformation by Tonder et al. (2020), that the mere fact of changing a paper order to an electronic order signifies the

digital transformation process [48], and this could be aligned with Parviainen et al. (2017) as “offering existing services in new ways” [28].

However, a key element is the “digitization” aspect. As indicated above, digitization has been defined in various forms which in the end indicate that analog should be transferred to digital. Although the earlier sections highlighted this phenomenon in the case of the restaurants using Gotanda Eats, one may be tempted to point out that there is no indication of the conversions of the restaurants’ models and activities to digital.

By utilizing empirical survey results of MSMEs in India, Goyal et al. (2022) highlights online sales as a baseline to indicate that, many MSMEs are digitized [51]. Similarly, sales from orders made online by Gotanda Eats restaurants show their digitization attributes. Furthermore, this case indicates that the process of digital adoption and utilization may not require an entire business overhaul, but rather the contributions of other parties through collaborations.

As discussed in the interview response, one restaurant forms the fulcrum and coordinates all other restaurants. Although this is seen as a challenge, it also shows that this role is strengthened, and similar experiences could be replicated in other areas for other MSMEs.

The indication here is that more MSMEs could be transformed digitally to avert the impact of other unforeseen challenges. In this context, the case of Yamagata Eats is discussed given its relevance of region-specific approach to support MSMEs in the food service industry.

5.3. Citywide Consolidated Approach: Learning from Japan’s Yamagata Eats

The COVID-19 pandemic promoted people to stay at home has compelled food service enterprises to adopt an alternative approach to be in touch with the customers and in-tune with their needs through digital platforms. Hereafter, a citywide consolidated approach is discussed.

On 19 March 2022 in Yamagata city of Yamagata prefecture, north Japan, a regional-specific mass-customized food and beverage delivery service called Yamagata Eats was initiated. It has been run by Enishi Holdings which has already marked a prior success in their initiatives to run regional food chains in the Hokkaido region.

Their key contributions are listed below:

- (1) Consolidate the group of regional players in the field of the food and beverage industry;
- (2) Rejuvenate the regional local economy beyond metropolitan urban centers where digital platforms for food delivery services have become easily available in Japan.

Yamagata Eats is marked with its variety of dishes of local enterprises: Japanese dishes, western dishes, Chinese food, Asian food, children’s meals, etc., and, in total, 30 enterprises and more than 500 items are available. While Uber Eats and other major food delivery services are centered around urban centers, the reach of Yamagata Eats has been expanding into regional cities with a population of 200,000 to 300,000. On 1 October 2022, the City of Yamagata recorded its population as 244,381 people when there are 46 municipalities with the size of the population between 200,000 to 300,000 in Japan, including 7 Wards and 1 Town under Tokyo Metropolitan Government [52]. Thus, it has the potential to be replicated in other similar sized municipalities.

Regional restaurants and community-based services were severely impacted by the onset of the COVID-19 pandemic when eating-out needs declined. They have been helped through Yamagata Eats mainly through following two alternative innovative measures:

1. Focusing on catering to the needs of three generations in a family by a single food delivery order.
2. Specializing in delivering dishes that represent regional food culture reflected in a variety of locally produced food items and beverages.

Thus, Yamagata Eats created a digital platform for local food delivery services as well as small enterprises to increase their visibility. Small enterprises tie up with local companies in regions where major companies do not expand, enhancing sales among targeted local

consumers while observing the strict norms to stay at home and work from home during the COVID-19 pandemic.

Notable characteristics of Yamagata Eats:

- (1) It has cultivated a culture of online food order among families with three generations at home: one can order a delivery of variety of dishes according to the tastes of the family members from young to old belonging to different generations.
- (2) It has sustained local food enterprises catering to the needs of the local population, leading to revitalizing the regional economy.
- (3) It has enhanced the ease of using catering services for consumers by introducing a single digital menu platform embracing 30 different local business entities, allowing the consumers to choose delivery services according to the preference of each of their family members.
- (4) Multiple orders from various enterprises at one transaction became possible, where the consumers could receive freshly prepared dishes from different sources delivered at the expected delivery time, removing the chance of some of those orders turning cold before the completion of all ordered items. It enabled the creation of dedicated family time through digitalized food delivery services.

Yamagata and Yamagata Eats

Yamagata Prefecture in Japan has the highest number of joint families where different generations stay together. Thus, the COVID-19 pandemic gave Yamagata Eats, a region-specific online food and beverage delivery service platform, an opportunity to devise the means to digitally consolidate orders of multiple dishes by a single order from a home where the customers try to respond to varied food preferences of different generations of their joint family members within some reasonable delivery time.

It is notable that customers are not limited to age groups, and options of available dishes are inclusive of various dishes from different local enterprises. Yamagata Eats could successfully cater to the needs of regional consumers who have specific requirements of serving varied food preferences at a time for many members of a family, unlike urban consumers.

Yamagata Eats has shown several notable and unique characteristics.

- (1) Revitalizing the local food and beverage industry.
- (2) Involving local small enterprises, such as local sake shops known to the customers for generations.
- (3) Enhancing the opportunities of creating workable models for a sustainable economy in regional settings.

Here, it is worth mentioning that joining digital food delivery services demands the participating enterprises to be compliant with a high degree of standardization apart from bearing the cost of participation fees. Those enterprises that may not be able to bear financial as well as technological pre-conditions to be part of the circle of far more standardized digital food delivery services could find this locally grown online food delivery platform where successful digital adaptation was possible through local collaborations. These small enterprises would not have come to online platforms if there were no such region-specific options as Yamagata Eats.

It is important to note that Yamagata Eats found their IT partner, Itonabu, an IT venture in Ishinomaki City, Miyagata prefecture, in the same Tohoku region. Since the IT component has been jointly developed, handling site management and any updating requirements has become easier in both taking orders and processing payments for food delivery orders.

Digital transformation not only enhances business opportunities, but their services also improve the existing enterprise-customer relationships, like entrusting delivery work to all the local sake shop owners.

- (1) Entrusting delivery tasks to local shops has given customers much comfort to receive their orders through familiar personnel of local enterprises.
- (2) Both the safety and satisfaction of the customers are assured in this manner, further enhancing the prospects of the sales of other products of SMEs [44].
- (3) This case study points out the importance of involving crucial stakeholders.

It is notable to find that Yamagata Eats has successfully involved local wholesalers such as:

- “Maruyo Market Bowl Shokudo”, a seafood bowl specialty business with Yamagata Maruyo:
- “Meat Shokudo” of Takahashi Livestock Official Meat, a meat bowl business in association with Takahashi Livestock, involving a local meat wholesaler [42].

The case of Yamagata Eats offers a prototype that can be replicated, involving various stages of the stakeholders in the local economy. In the future, this system could be expanded to other regions with a population of 300,000 or fewer. Notably, Morioka City of Iwate prefecture on Japan’s northern coast of Honshu has also been trying to establish similar businesses in their city. This offers an opportunity for small and medium restaurants and gives other food service providers the chance to transform their businesses.

5.4. Discussion on Resiliency and Trade-Off

Resilience building comes with a trade-off and the digitization of food system platform is not an exception. Dewit et al. (2020) [53] has analyzed Japan’s approach of resilience building, sustainable development, and COVID-19 impacts. The study shows that that Japan’s pre-COVID-19 initiatives on Society 5.0 and national SDGs initiatives contributed significantly to resilience building of the society and communities. The analysis has also focused on the trade-off between the increased inequality and higher opportunity cost and gender complexity as the critical elements in achieving sustainability. It argues that the digital drive towards achieving Society 5.0 should have a coherent and inclusive strategy. This is quite relevant in the current discussion of digitization of the food systems as an adaptation measure to cope with the COVID-19 impacts. As argued before, while digitization has helped in the business sustainability of the eatery and food industry, the access may not have been equal to all parts of the society. There are three levels of the digital divide that arose during COVID-19, one with developed and developing countries, the other with urban and rural sectors, and the third one with the age group. In this case, of the digitized food platform, the key challenge was to be inclusive to serve the older generation, who has a higher risk of infection, especially at the early time of the crisis, when the vaccine was not available. This is considered a major trade-off and gap.

The other issue that is possibly not addressed through digitization is food loss. Currently, the “Zero Food Loss” policy is incorporated in many local governments, which allows the sale of products with near expiry dates, and some even after the expiry date is over with proper safety measures. Dewit et al. (2020) [54] have analyzed the Tokyo Metropolitan Government (TMG) and other cities’ Zero Carbon drive and urged multi-level and multi-stakeholder collaboration as the key to achieving this.

Djlante et al. (2020) [55] analyzed the resilience of people and communities to COVID-19 locally, nationally, and globally, and concluded that lifestyle aspects including the food system have a strong role to play in achieving resilience and sustainability. A similar analysis by Tashiro and Shaw (2020) [56] has identified six factors like culture, healthcare system, sanitation, immunity, food habits, and citizen behavior that were critical to reducing the initial impacts of COVID-19 on Japanese society. Culture is very much embedded in human interaction, hospitality, and care for the people. The trade-off of digitization is to reduce human interaction, which has a larger impact on the longer-term hospitality business. Therefore, it is argued that digitization can be considered as a short-term adaptation measure to ensure business sustainability. However, in the longer term, the food system needs human interaction.

5.5. Lessons and Way Forward: Area-Specific Stakeholder Collaborations

The COVID-19 pandemic is an unprecedented catastrophe the world has endured over the last few years where the business of informal, scattered, or uncoordinated enterprises could be severely impacted. Therefore, strategies to survive the impact and adopt digital transformation to enable workable adjustments to sustain the business is paramount for all MSMEs in the food service industry in Japan. In this context, the COVID-19 pandemic has shown intensified obstacles for MSMEs in the food service industry but paved the way for an opportunity to ensure sustainable business through their timely adaptation to digital transformation.

The above overview of the crisis and respective solutions deployed by the restaurants during the pandemic have witnessed that digital transformation enables enhanced business opportunities through area-specific collaborations of various stakeholders.

The following points can be considered vital lessons learned that could contribute to introducing theoretical implications:

1. Digital transformation contributes to sustaining the working of the existing local food service industry to tide over the crisis by enabling caterers to effectively attend to the preferences of their customers.
2. There are possibilities and potentials for multi-tiered collaborations involving various stakeholders of local economies, letting local administrations take note of positive impacts on the regional economy through digital transformation in the food service industry.
3. The processes of digital transformation studied in this paper indicate that the food service industry could have comprehensive innovative collaborations, not restricted to or tied-up with one specific partner. There is a vital need to establish a comprehensive collaboration of many parties and stakeholders.
4. The need for a collaborative approach falls in line with how other industries could modify their business strategies and adapt themselves to digital transformation which in this case has proven that such a process does not require sophisticated procedures.

An acceleration in the digital development process of the food service industry can kickstart with the digitization of revenue, procurement, finance, marketing, operations, and customer data. It can be realized from the above discussions that the utilization of online platforms has been the major tool by most MSMEs to circumvent their challenges. It is appropriate to acknowledge that case studies from Japan have placed equal importance and eagerness in materializing local customization while adopting digital transformation during the COVID-19 pandemic and beyond.

However, it is equally important to note that successful customization in the local food delivery industry was the outcome of their willingness and urgent adaptation to digital transformation as a measure of survival, which resulted in the potential revitalization of the local economy of Gotanda City.

Based on the literature review and the case study examples listed above, the following are suggested options to enhance existing approaches as well as offer alternatives to future digitization of business models by MSMEs.

(1) Sustainable Business for MSMEs Through Local Digital Platforms

The study has shown that sustainable business for MSMEs in the food service industry comes with timely digital adaptation to create their own digital platforms. Some MSMEs have started to develop their digital platforms for takeaway orders, but it will still take some time to see their maturity on the newly developed app for food deliveries.

For example, many restaurants could not join the mainstream food ordering platforms due to cost and other challenges, which in this case initiated the need for local digital food platforms. However, sustainability depends on assistance from governments and other stakeholders. Furthermore, the current stage of Gotanda Eats shows that, by developing local platforms, businesses could be sustained even if they do not to join big and well-known platforms.

Owning digital platforms enables MSMEs to grow beyond outsourcing deliveries. The key element lies in continuous collaborations and co-learning among all the concerned stakeholders in a particular region, enhancing possibilities of regional networking among MSMEs. The role of the government could be a catalyst in offering timely intervention such as offering subsidized skill-up training towards digitization of day-to-day operations of MSMEs as well as ensuring incentives for the consumers to opt for obtaining services from local businesses.

Further research on such case examples witnessed during the COVID-19 pandemic will possibly suggest valuable lessons for future policy frameworks in rejuvenating the local economy while proposing a resilient model.

(2) Digitization of MSMEs for Survival Embraces Possibilities of Regional Resilience

Digitization in the food service industries appears to increase in the future even after the end of the COVID-19 pandemic. It should be noted that case studies of local food restaurants and the food sector in Japan have marked possibilities of enhanced reach to potential customers through digitalized networking and collaborations with concerned partners.

Government support will be crucial in harnessing all advantages that are available through digitization and possible collaborations among the partners.

For instance, the Shanghai District Government has worked with Tencent to develop an online system where restaurants can connect with professional delivery services to arrange their delivery riders through the WeCom platform. Additionally, on 11 May 2022, the Shanghai Catering and Cooking Industry Association in China issued guidelines to make restaurants resume their business via takeaway service online, by supporting them to work with qualified professional food delivery platforms or arrange their riders. A similar plan could be replicated in Japan to assist small businesses and the food service industry for local and regional resilience. Fortunately, Gotanda Eats and Yamagata Eats have paved the way for possibilities in the sectors and their replication in other cities. This could well align with Japan's Society 5.0 and Industry 4.0 where technology plays vital roles in development.

As argued before, there is always a trade-off of digitization, which minimizes human interaction and therefore may have a larger impact on cultural conditions. The inclusion of the aging population in the digital platform is another challenge. Therefore, while digitization surely helped the MSMEs in the food sectors to overcome the shocks, a blended system may be better in the longer term.

5.6. Limitations of the Study and Future Research Directions

The study has focused on the case of Japan by highlighting the resilience of the enterprises in the food sector in the middle of the COVID-19 pandemic. It is notable to see that the case studies depict scenarios that could be the new development direction for many business entities of the entire food service industry to innovate as a means of staying afloat during crises. However, it should be emphasized that these are short-term measures for enhancing sustainability and achieving livelihood resilience.

The induced digitalization and the effectiveness of digital transformation in the COVID-19 pandemic as adapted by the case study could highlight the factors to counter the threat of closing their business, the replicability of the case is limited due to the one-case/one interview to obtain empirical original data for the study. Hence, the findings are rendered to form a narrative discussion of this case example.

In this context, further comparative case studies in regional settings, other than Tokyo or Yamagata, are necessary to find how other MSMEs could tide through the devastating impacts of the pandemic. The findings of such future studies will enable the central and local governments to inform themselves of the induced impacts of COVID-19 experienced by the MSMEs and better prepare for such disastrous eventualities.

As an outcome, incorporating some adaptive measures to upgrade the skills of the enterprises for their disaster preparedness given their business continuity could be a possibility.

6. Conclusions

The COVID-19 pandemic is an unprecedented catastrophe for the whole world, but how to survive and make strategic adjustments and transformations at the right time is something that all MSMEs in all sectors have come to learn. The COVID-19 pandemic created enormous challenges but further offered opportunities for adaptation. It galvanized other stakeholders to consider the need to find solutions to help small restaurant businesses, manifested in the creation of online platforms to connect customers and restaurants. The study realizes that establishing a local online platform could be possible when it has a key member who serves as the fulcrum to steer and coordinate the other members.

6.1. Opportunities and Challenges of Digital Transformation

The Gotanda Eats platform changed the business models of the concerned restaurants. Both the opportunities and challenges of the digital transformation of Gotanda Eats are summarized below:

1. Opportunities for the Gotanda Eats platform
 - Connecting digitally with the customers has sustained their market.
 - Offering a digital menu is available to the customers.
 - Delivering food at the doorsteps has become possible.
 - Paying procedures have been simplified.
 - Collaborating with local enterprises has saved their business.
 - The restaurants were able to make sales and stay in business during the pandemic. It depicts the elements of change attributed to enrolling on the online platform.
2. Challenges for the Gotanda Eats platform
 - Timely deliveries could be hampered by bad weather.
 - Inability or difficulty in locating certain addresses.
 - Lack of government support for running online platforms beyond the COVID-19 pandemic.
 - They had to refrain from engaging additional staff to take orders and arrange food deliveries to avoid incurring additional operational costs that could have increased the cost to the customers.

6.2. Path for Adaptation of Digitalization for MSME Resilience

The impact of the COVID-19 pandemic on MSMEs may be prolonged even after the situation becomes normal [3]. MSME resilience needs to be the focal point of discussion in the discourse of their digital adaptation with collective engagements.

Therefore, the authors maintain that the example of Gotanda Eats could be replicated in other areas for other MSMEs with the following three-fold recommendations:

1. The successful replication and sustainability of the current system requires the effective collaboration of businesses with the direct support of the government and other agencies.
2. Transforming businesses digitally is possible through collaboration.
3. Transformation was useful during the COVID-19 pandemic as an adaptive measure to stay in business can be replicated in normal times.

It is in this context, that MSME resilience needs to be empirically studied in the context not only of local economic transactions but also of regional economy. The approach, combined with the above recommendations, can be considered on how the following two themes, as argued in the trade-off discussion, could be academically engaged:

1. How can the trade-off of human interaction be minimized?
2. How can the inclusivity issue be addressed?

While digitization can be one approach, and there may not be a way to look back, possible balancing of digital and analogue (face-to-face system) aspects of the business engagements will be required for the long-term business continuity of resilient MSMEs.

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