

Incremental Innovation for Sustainable Growth in Restaurant Businesses: Global Practices for the Growth of Local Business

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Abstract

With ever changing technological innovations, the paradigm 'perform or perish' has changed to adapt or perish. For every industry, it has become a norm to have an online presence. Being specific, it has become an unsaid rule to have mobile application based presence. Restaurant businesses couldn't stay away from this wave of change in the way people demand and consume services. From typical restaurant in corner serving to limited customers to a restaurant offering food on app based virtual environment, restaurant businesses are adopting the new age technological innovations to reach out and attract new customers. To reinforce the trust, they even submit to online monitoring of processes. From kitchen to billing, everything appears to be incomplete and obsolete without technological innovations. Keeping in mind that customer is the king, these technological innovations help businesses to cater the way their customers want it.

Keywords: Incremental innovation, attracting customers, restaurant businesses

JEL Code: O31, L83

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“Business has only two basic functions-marketing and innovation.”

- Peter Drucker

It cannot be truer when even the visionary management thinker also says that ‘business has only two basic functions-marketing and innovation’. Further he added that information revolution and industrial revolution both had great impact in economic history and both moved comparatively fast (Keegan & Bhargava, 2011).

These decades old lines are relevant in today’s context when marketing and selling has become faster than ever before. With the innovation in mobile communication and information technology, marketing of services has changed drastically. So the consumers have changed their preferences, the way they had ever looked at shopping and consumed product and services. Service industry, particularly restaurant businesses also could not keep them away from the wave of change that recent innovations have brought. This again, forces us to talk about Peter Drucker’s prediction about how the way we order food would change (In all recorded history there has not been one economist who has had to worry about where the next meal would come from (Ackoff, 1999)).

Today we live in an information age where-in everyday we get to see innovative products and services at our disposal, making things easier and convenient than ever before. Today’s technology is about staying connected. Not only the people, but also various devices are connected with each other communicating and working smartly as the user needs. Witnessing this connected world of people and devices, the businesses could not keep themselves away from this network of opportunities.

In this paper, researcher talks about use of incremental innovation in restaurant businesses. Restaurant businesses fall under hospitality industry. It employs different types of employees, from chefs, waiters to managers. It allows customers to enter, order food, and eat on the premises (Wisegeek, 2015).

Gone are the days when we had limited information about the best offers, best cuisines and best restaurants in the vicinity. Today, the information about everything is literally at the figure tips. Anyone is free to order from home, office or anywhere, read reviews, avail offers and grab best of the deals.

The world of globalization, liberalization and privatization posed its own opportunities and challenges. Though there are tremendous opportunities present in today's world, but at the same time on the other hand there is a tough question of survival. Innovation is that tool of survival which provides businesses the competitive advantage needed to survive in such cut throat competition. It can be said as an answer to all major contemporary challenges.

The Organization for Economic Co-operation and Development (OECD) defines innovation as “new products, business processes and organic changes that create wealth or social welfare” (economist.com, 2015).

Defining incremental innovation in restaurant businesses

Innovation is something which is not just limited to developing ideas creatively. We define Innovation as the “commercialization of new products, services, or ideas” moreover, to be successful in long run it needs to be continuous. Incremental innovation is about using existing knowledge, continuously improving existing product or services. Japanese approach Kaizen is discussed as an example of constant efforts to make products or services more effective and efficient with focus on reducing cost and improving quality (Harold Koontz, 2015).

Innovation in restaurant business is defined as something different that a restaurant does, even if it is taken from competitors or inspired from existing products or services (Johannessen, 2001). Incremental innovation is about gradual growth resulting often from use of new technologies (Damanpour, 1996).

There are ample definitions of innovation and particularly incremental innovation in general. However, not enough attempts are done to specifically define incremental innovation in restaurant business. So on the basis of existing literature review, we can operationally define incremental innovation in restaurant businesses as a new approach in attracting and retaining

the customers and best use of available technology to optimize the businesses processes which results in sustainable growth for a restaurant business. This paper focuses on exploiting an existing innovation for sustainable growth particularly in restaurant business.

Review of Literature

A visionary economist of 20th century Joseph Schumpeter talked about innovation and entrepreneurship in those days when people never thought about social media and businesses through information technology. What he preached and practiced about innovation and entrepreneurship seems to be relevant even in today's context for sustainable business growth. He emphasized that entrepreneur's must be creative, innovative and goal-oriented. Schumpeter defines entrepreneurship as "the function of entrepreneurs is to reform or revolutionize the pattern of production by exploiting an invention or, more generally, an untried technological possibility for producing a new commodity or producing an old one in a new way, by opening up a new source of supply of materials or a new outlet for products, by reorganizing an industry and so on" (Schumpeter, 1976).

In developed countries the main provider of gross national product comes from services and services are recognized as a critical factor for the growth of the economy. As services importance grew and the arena for innovation has made its ground in services also, they are no longer thought as secondary from the perspective of innovation (David B. Audretsch, 2011) . Initially services were thought as the consumer of innovations, occasionally imitators or facilitators to innovations of manufacturing firms (Tuominen, 2009). According to Marja Toivonen & Tiina Tuominen, in their paper titled "Emergence of innovation in services" services differ from manufacturing in several ways. Firstly, services innovation is not the results of deliberate activity and generally they emerge in the process of service provision on the basis of clients' need and are recognized as innovation only at a posteriori. Secondly, as services are simultaneous to both product and processes it is difficult to apply the common classification into product, process and organizational innovation. Lastly the 'fuzzy' nature of output of services makes it difficult to realize when the change has taken place.

The scarcity or lack of studies in services is due to the presence of many specificities of this sector, for example its heterogeneous nature. The service sector is a sum total of many sub-

sector each having different needs for different inputs. There is no idiosyncratic or distinctive formula in case of input-output process, and even quantification of inputs or outputs is strenuous. Due to intangible nature of services, their simultaneous production and consumption, inability to store them, low tradability and unique role played by customer and producer are some features that make measurement studies in services extremely difficult (Cesaltino Pacheco Pires, 2008). Even defining innovation with respect to services is brimful with difficulty. Sundbo & Gallounj defined service innovation as more an incremental innovation which are generally based on small adjustments of procedures and are seldom radical and dimensional in nature (Sundbo, 1999).

In their research paper titled “Exploring innovation strategies that affect business performance in restaurants “ Russell , Michael and Hugh were of the view that both radical and incremental innovation are important but it is the incremental innovation which is the pivotal for the growth of restaurant business (Russell Cox, 2011). According to them there are four important areas of incremental innovation in restaurant business which includes product and service, marketing, processes and organizational culture. Another important point of the study reveals that suppliers also play an important role in influencing the menu innovation. They also came with a strong conclusion that each and every element of the business needs a change to be completely feasible.

Research gap

While most of the researchers who researched on incremental innovation in restaurant businesses, talked generally about menu innovation, staff training, marketing and kitchen developments in general. However, this paper tries to specifically provide an insight on how latest technological interventions as an incremental innovation can be useful in sustainable growth in restaurant businesses.

Technological interventions as an incremental innovation:

Today, restaurant businesses have adopted many technological innovations for improving efficiency and enhanced user experience. Tasks like online order processing, webcam enabled monitoring, and billings are digitalized. Technological innovations are improving the way

restaurants have been doing their businesses. From billing to kitchen, everything can be technologically equipped for improved efficiency and consumers' convenience.

Following is the consolidated review of different technologies at restaurant business managers' disposal, which can help speed up the activities, avoid different types of waste, efficiency in monitoring, convenience in many ways and much more (Pullen & Forbes.com, 2012).

Digital menu boards and smartphones: Boston-based Mexican food chain Boloco's digital signboard provides both entertainment and interactivity while customers wait for their turn. This signboard allows regular customers to play tic-tac-toe game against friends or with computer while they wait.

More games while you wait: Going ahead with the commitment of family friendly restaurant, McDonald's project gesture enabled games on floor for kids to play while they are waiting for their Happy Meals. Now as we know that the kids will be happy, their parents will apparently be happy who will revisit you're your restaurant.

Online coupons: It appears to be a practice in many countries now that they provide online discount coupons to attract customers. In India, websites likegroupon, couponguruz, dealsandyou, etc. offers lucrative offers through coupons which they can redeem to get discount or avail a scheme.

Mobile app based ordering: This seems to be a hot trend in recent times as many restaurants either have their own dedicated app like Domino's provide or they take services of daily deal aggregators and facilitators like Foodpanda, Just Eat, Faaso's, etc. Mobile app based ordering provides convenience to customers as they can order food from anywhere, they get payment options like cash-on-delivery or online payment and meanwhile they may also avail discounts offered by deal aggregators. While on the other hand restaurants get more business and wide exposure.

Webcam-Enabled Monitoring: Health related concerns being at the top of the customers' mind, restaurant businesses have adopted technological innovations like high quality cameras and advanced algorithms to reinforce the healthy practices in kitchen and while serving. Now

there are equipment in market which can smartly detect the noncompliance with health regulations and safety procedures.

In U.S., during trials at healthcare facilities, employees wore identification badges with radio frequency transmitters which alerted system and tracked workers for the desired sanitary practices. It also monitored if the workers are wearing gloves and hats while handling food.

Conclusion

Incremental technological innovations have changed the way restaurant businesses handle the food, cater the customers, monitor processes and how they attract and retain customers. Technological innovations have facilitated those who have adapted according to changing times and who have adopted such innovations. It made their businesses supplier, aggressive in marketing and provided a lot of convenience to both the customers and service providers.

Recommendations

For sustainable growth, restaurant businesses must exploit latest suitable and beneficial technological innovations. It would help them to be a part of current trend in the industry which the customers also find convenient and beneficial to them.

Technological innovations like process monitoring technologies help the businesses to reinforce the trust among customers about best health and other relevant practices at the work setting.

Last but not the least; it appears that those who don't adopt such technological innovation seem to slowly compromise with their growth and eventually perish. So in this context the paradigm 'perform or perish' turns out to be 'adapt or perish'.

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