CUSTOMER SATISFACTION AND SERVICE INNOVATIONS OF CHAIN RESTAURANTS IN INDIA-DOMESTIC *VS*. INTERNATIONAL CHAINS

Surabhi Singh, IMS Ghaziabad
Chatterjee TK, Institute of Management Technology
Sumedha Bhowmick, VBC Pvt Ltd

ABSTRACT

With the urbanization of small towns in India, chain restaurants are gaining popularity. The accumulation of international chain restaurants and domestic chain restaurants in India has led to healthy competition. The research established a significant ground to understand the satisfaction gap between the survival and success of International Chain restaurants that exist in the Indian market concerning the domestic players that were creating a buzz in the minds and hearts of the Indian mass for quite some time. The paper employed qualitative research and focused groups for data collection. The study led to insights on customer expectations and opportunities lying with chain restaurants operating in India. Academia may take the analysis further to develop the framework for the chain restaurants. The practitioners may take the insights of the study to strengthen their weak areas. The limitations of the study were restricted in terms of location and size.

Keywords: Chain Restaurant, Domestic, International, Customer.

INTRODUCTION

With the change in the standard of living and new ways to make any purchase, Indians have become inquisitively more curious about experiencing new things, especially while visiting any restaurants or grabbing a meal. The restaurant chains are related restaurants in many different locations under shared corporate ownership (e.g., McDonald's in the U.S.) or franchising agreements. The tourist areas, highways, shopping malls have Restaurant chains. Chain restaurants are different from independent restaurants. The benefits include.

1. Recognition in the marketplace allowing quick penetration into new markets
2. Greater advertising clout
3. Sophisticated systems development
4. Discounted purchasing by economies of scale regarding materials and supplies

LITERATURE REVIEW

The Indian economy got liberalized in the early 1990s, and the subsequent entry of new players set a significant change in the lifestyles and eating habits of Indians. With the emergence of time and high living standards, the hospitality and service industry observed a dramatic growth. The International chain restaurant players that entered the Indian market were Burger King, McDonald's, Dominos, Taco Bell, Subway, Pizza Hut, Cinnabon, KFC.

Few years down the lane, domestic players started getting recognized in their local market and regions, Indian Chain Restaurants/cafés like Haldirams, Nirula, Bikanervala, Barista, Café Coffee Day, Chaayos, Chai Point, Saravana Bhavan, Cream bell, Vadilal, Faasos, Jumbo King, Monginis and many such ventures in Indian hospitality diaspora. The study posts and develops an instrument of service quality in the context of Fast Food Restaurants (FFRs) and examines the relationship among service quality, food quality, perceived value, customer satisfaction, and behavioral intentions. He also stated the importance of building a reliable customer relationship and responding to customer requests or complaints promptly. This criterion played a vital role in determining the market leaders of the Indian Food and Hospitality Industry.

The chain restaurants in India face the problem of not getting returns as expected. Like Wendy's, American fast-food restaurant chains that entered India in May 2015 saw the signs quite early. Quick Service Restaurants' wallet share has not been growing with the same pace of consumer income and disposable income. According to the food industry players, the fast-food industry is the fastest growing industry in India and will be the world's largest food factory in the times to come. They are currently tapping more than 30 million consumers (Agarwal & Jain, 2013).

The stats revealed that Yum Restaurants India, which runs KFC and Pizza Hut restaurants had investment plans to invest $100 million (INR 522 crore) in 2015. This research indicates the increasing popularity of sustainable food practices and the potential to reach a broader audience (Pinard et al., 2014). The Study helps management identify the strengths and weaknesses of service quality and implement an effective strategy to meet the customers' expectations (Anand, 2011; Goyal & Singh, 2007). The stores had become 1,000. Burger-and-fries chain McDonald's, which stepped in 16 years back in India, had about 240 stores. Domino's Pizza operates in the country in its fastest-growing market outside of the U.S (Iraldo et al., 2007). When it comes to creating value addition to the customers and economy, newly established domestic chain restaurants, struggle at par compared to internationally acclaimed franchise restaurants.

FRPT research states that a young, upwardly mobile population is warmly welcoming fast food international chains because of their quick availability and visibility. Recently, there has been a rapid shift among consumers' preferences while grabbing a meal from restaurants or any chain outlets. Local homegrown QSRs have also managed to garner much attention in the public eyes over the already established international ones. Cafes, startup ventures, and joints like Café coffee day, Chaayos, Haldirams have now changed the ball game in Indian Hospitality and service sector. It took them quite a significant amount of time and continuous efforts of providing the customers with error-free quality service over the already established international players; they were eventually able to win a spot in the hearts of Indian customers (Jauhari, 2009).

With further development and increasing demand within the industry, Taco Bell, Krispy Kreme, Burger King, and McDonald's either announced plans to expand in India in the past few months. They have opened new outlets around the country; people have started to acquire new tastes rather than sticking to old ones. With the change in the standard of living and new ways to make any purchase, Indians have become inquisitively more curious about experiencing new things, especially while visiting any restaurants or grabbing a meal.

Two-thirds of Americans prefer to eat restaurant foods that offer flavors they cannot replicate at home. There is very little literature available for the chain restaurants, so the industry's gaps led to the study's rationale.

The Rationale of Study

The gaps in the researches of domestic and international chain restaurants led to the rationale of the Study. The paper aims to understand the gap between the survival and success of International Chain restaurants and domestic players in the Indian market, creating a buzz in the minds and hearts of the Indian mass for quite some time (Jayawardena et al., 2013).

The literature indicates there was no research in the International Chain Restaurants and Domestic Chain Restaurants. The customer satisfaction for these restaurants is a pertinent issue. The challenges and opportunities for the chain restaurants in India need thorough investigation.

Objectives of Study

The research aimed to explore the domestic and international chain restaurants operating in India. The paper would further examine the customers' expectations of these restaurant chains. The purpose of the research is to evaluate the challenges and opportunities of domestic chain and international restaurant chains (Josiam & Monteiro, 2004).

METHODOLOGY

The Study adopted qualitative research, and an in-depth interview was conducted to collect the responses of chain restaurants, viz. domestic and international. The senior authority from five restaurants was selected to collect the data from local and international chain restaurants and analyze the responses. The collection of answers was mainly from the period of Precovid and primarily from Pune. The data collection was also employed by secondary sources related to the information obtained from the literature. The compilation of the subject developed the framework. The literature was used, and feedback from the academics to form the interview questions is available in Table 1. Finally, to ensure that the findings from the current literature reflected practices and to increase the generalizability of the paper's recommendations, five chain restaurants were interviewed between December 15, 2020- January 15, 2020, during the PRE COVID-19 pandemic profile of Chain Restaurants are provided in Table 2. The interviews with heads were conducted via physical interaction and lasted between 30 and 45 min. The interviews confirmed both extant literature and the conceptualization of operating chain restaurants. The results (quotes) of the effective workforce are provided in Table 3. The further analysis of the data is done using Atlas.ti8 and displayed in table 4.

DATA ANALYSIS

Customer Expectations

Chain Restaurants face challenges like reckless expansion, Concentration in Metros, High rentals, Fight from food-Tech Startups, Mushrooming Standalones, Oversupply of Global brands, etc. In India, the customers have expectations of quality, prices, ambiance, comfort, and customization in chain restaurants. The customers also expect friendly staff in the chain restaurants. Besides, they expect healthy food with customizations. The menu variations by customers are in high demand (Kraak, 2020).

Table 1
INTERVIEW SHEET
1. How do you differentiate your food items from another similar types of restaurants? Like Pizzerias, Italians, Chinese, etc.?
2. What is the USP of your café/ restaurant?
3. How do you compete with other established brands/franchises?
4. What are factors that are taken into considerations
5. What efforts do you put into to retain and get customers?
6. How do you maintain the transparency and hygiene factors at your restaurants?
7. How do you identify customer preferences?
8. How often do you brand your eatery, and in what ways?
9. What are the challenges of serving customers?
10. What are the challenges that you face on the staffing front?
11. What are the threats that you see in the current food industries?
12. What are the opportunities that you observe in this sector?

Table 2
PROFILE OF CHAIN RESTAURANTS

Restaurant Names	Type of Chain Restaurant	Designation
Impresario Handmade Restaurants	Domestic	Head
Barbeque Nation	Domestic	Manager
Roco Mama	International	Head
Sentido	Domestic	Head
The Hidden Kitchen	International	Head

Table 3
RESPONSES

Designation	Response
Head- Sentido	• Ours is a New York-style café. Our primary focus is to provide the customers with a quiet environment and authentic brewed coffee and quick bites. • Our main competitions are Starbucks, Barista and Café Coffee Day. One of the aspects where we have a clear edge over these franchises is that we serve fresh brews to our customers. Also, at our café, customers can try items outside of the menu provided, and everything is made in front of their eyes, which provides for a fantastic experience. • We focus our advertisement on the creative and startup community. • We depend heavily on social media to get our customers as we realize that our niche customer base is quite active there, and any other form of ads might not be as effective. • We also tend to develop a personal connection with our regular customers. • To reward our regular customers, we keep a tab system, where every 10th beverage is free for any customer. • We face a challenge in providing new customers with precisely what they want to have. The beverage menu might be overwhelming for a typical Indian who is not a coffee connoisseur. It depends heavily on the staff's proficiency in figuring out exactly what such a customer wants to ensure that

	he/she returns to the café. • It isn't easy to find baristas to brew different types of coffees and their nuances. • I see a considerable demand for New York-style cafes in India's 1st tier cities, where many people with great ideas are searching for places to meet up and work in a quiet area with fantastic food and beverages.
Head-Hidden Kitchen	• The focus is on consistent taste and more quantity. • Our competition with others is in terms of Special menus, offers, combos, free deserts. • The efforts taken by us is on loyalty points, consistent food quality • The challenges are the need for eco-friendly packaging solutions and stable, skilled staff. • The opportunities are People eating out more often. The market is only going to grow. Affordable rates and subscription-based meals.
Head-Roco Mama	• Roco Mamas has a menu that goes far beyond the typical burger joint; it's all about customization. We are known for our "Smash burgers," which are far different from what McD or Burger King offers. • Our main competitors are Craft Beers, Cheese and Bacon burger, Pork Ribs. • We are an already established brand in South Africa. However, the scenario is a tad bit different in India as people are not aware of India's Smash Burger concept. We are trying to get customers on board via various communication channels and maintain our food quality, so that old customer is retained and keep coming back. How the brand is communicated, how our day to day operations work and our customers are comfortable in trying our products. • We use the best quality meat and vegetable produces in our offerings. One can easily define from the taste.
Head-Impresario Handmade Restaurants	• We have a bit of a personalized take on every product offering that we have. All our menu items are designed, keeping in mind the theme of our restaurants or café, which helps us stand out when compared to our competitors. • Our groundwork research helps us to determine what kind of establishment is the need of the moment for the current public. Taking the example of Social: Social is a space that blends the office's best and the café. Combining work and play, it's an urban hangout designed to take you offline while still keeping you connected. Social is a collaborative workspace, a hub for artists and innovators. • Identified target audience, Theme based, versatile offering, Ambience, Fresh customized delights/serving. This is an ongoing process. We have collaborations with various tech platforms, event promotions, and visibility through larger mediums like movies. E.g., Social did with the movie Tamasha. • Challenge today has, however, evolved to tackling overregulation in the hospitality industry. Earlier, the Customer is the King, but now it has changed to Customers being the queen, and the staff that we employ need to be given proper training on how to interact with the queen. Because handling a queen is a much trickier task than the King.

	• If one is evident with the vision and mission, the opportunities are endless. Indian millennial is untapped to a large extent, the current generation is more opinionated, resourceful, and looks for the environment which doesn't threaten their freedom. We were in the business for over 14 years, operating across 13 cities, and created brands in every category; We conclude that cafes catering wide customers and are the key to a thriving restaurant business. The growth is decided by our Smoke House Deli and Social brands. • We believe we know; Social is the café of the future. With its collaborative workspace and its offering of innovatively served comfort cuisine.
Manager-Barbeque Nation	• Barbeque Nation's top competitors are Taj Group, Ruby Tuesday, Absolute Barbecue, Hyatt, Four Seasons, Ritz-Carlton, Mandarin Oriental, Marriott, Brinker, TGI Fridays, Zomato, Red Robin, Swiggy. • The main (USP) of barbeque nation is the concept of customized dining and DIY (Do it Yourself) cuisines • The challenge will be making menu variations. • We may make use of influence marketing. We would bring more variations on the menu.

Table 4
CHAIN RESTAURANTS ANALYSIS

Word	Length	Sentido	Hidden Kitchen	Hand Impressario	Roco Mama	Barbeque Nation	Total
advertisement	13	1	0	0	0	0	1
affordable	10	0	1	0	0	0	1
amazing	7	2	0	0	0	0	2
ambience	8	0	0	1	0	0	1
brand	5	0	0	0	2	0	2
brands	6	0	0	2	0	0	2
challenge	9	1	0	1	0	1	3
challenges	10	0	1	0	0	0	1
changed	7	0	0	1	0	0	1
collaborations	14	0	0	1	0	0	1
collaborative	13	0	0	2	0	0	2
combos	6	0	1	0	0	0	1
comfort	7	0	0	1	0	0	1
comfortable	11	0	0	0	1	0	1
communication	13	0	0	0	1	0	1
competitors	11	0	0	1	1	1	3
concept	7	0	0	0	1	1	2
creative	8	1	0	0	0	0	1
cuisine	7	0	0	1	0	0	1
customer	8	3	0	2	0	0	5
customers	9	7	0	1	3	0	11
customization	13	0	0	0	1	0	1
delights/serving	16	0	0	1	0	0	1
ecofriendly	11	0	1	0	0	0	1
edge	4	1	0	0	0	0	1

effective	9	1	0	0	0	0	1
efforts	7	0	1	0	0	0	1
experience	10	2	0	0	0	0	2
extent	6	0	0	1	0	0	1
focus	5	2	1	0	0	0	3
food	4	1	1	0	1	0	3
franchises	10	1	0	0	0	0	1
fresh	5	1	0	1	0	0	2
growth	6	0	0	1	0	0	1
hospitality	11	0	0	1	0	0	1
influence	9	0	0	0	0	1	1
innovators	10	0	0	1	0	0	1
interact	8	0	0	1	0	0	1
lot	3	1	0	0	0	0	1
loyalty	7	0	1	0	0	0	1
marketing	9	0	0	0	0	1	1
might	5	2	0	0	0	0	2
millennial	10	0	0	1	0	0	1
offering	8	0	0	3	0	0	3
offerings	9	0	0	0	1	0	1
operations	10	0	0	0	1	0	1
opportunities	13	0	1	1	0	0	2
packaging	9	0	1	0	0	0	1
people	6	1	1	0	1	0	3
personal	8	1	0	0	0	0	1
personalized	12	0	0	1	0	0	1
quality	7	0	1	0	2	0	3
quantity	8	0	1	0	0	0	1
research	8	0	0	1	0	0	1
resourceful	11	0	0	1	0	0	1
served	6	0	0	1	0	0	1
skilled	7	0	1	0	0	0	1
smash	5	0	0	0	1	0	1
staff	5	0	1	1	0	0	2
staffs	6	1	0	0	0	0	1
untapped	8	0	0	1	0	0	1
USP	3	0	0	0	0	1	1
variations	10	0	0	0	0	2	2
visibility	10	0	0	1	0	0	1
vision	6	0	0	1	0	0	1
Total		284	68	332	147	69	900

Table 4 shows the importance of various dimensions that chain restaurants have been working and has found the opportunity to work in.

Findings

The domestic and international chain restaurants have different types of customers' expectations of these chains. The analysis shows that the customers have expectations in terms of food, packaging, customization, staff and hospitality. Further Table 4 indicates that the concentration of international chain restaurant is towards food. Domestic chain restaurant is not much focused towards food. Both types of restaurants have competitors. International Chain restaurants strategies are more towards people management. Domestic Chain Restaurants are not much focused towards people (Pinard et al., 2014). The chain restaurants focus towards customers is quite visible. Hidden Kitchen and Roco Mama are international chain restaurants with a clear focus on quality. Sentido is making use of Advertisement, and Barbeque nation is using influencer more. Hidden Kitchen finds the challenges in eco-friendly packaging. The opportunities for Hidden Kitchen are more affordable rates and subscription-based meals. Sentido is much in demand in Tier 1 cities with fantastic food and beverages. Roco Mama finds the opportunities in young consumers. Impresario believes in ground research, and the challenge is in tackling overregulation in the hospitality industry. Its opportunities lie in a collaborative workforce and comfortable cuisines. The options for Barbeque Nation lies in customized dining and Do it yourself cuisines. The variations in Menu are one of the challenges for the chain restaurants (Qin & Prybutok, 2009).

CONCLUSION

Domestic Chain and International Chain restaurants are aimed at customer satisfaction. The international chain restaurants are focusing more on advertisement, and domestic chain restaurants use influencers for their promotion. The global chain restaurants are looking for affordability and quality. The domestic chain restaurants are working more on comfortable cuisines and a collaborative workforce. Academia may take the study further to develop the framework for the chain restaurants. The practitioners may take the insights of the survey to strengthen their weak areas. The limitations of the study were restricted in terms of location and size.

REFERENCES

Agarwal, K., & Jain, S. (2013). An empirical study of customer expectation and perception in restaurant chains and fast-food outlets. *International Journal of Management, IT and Engineering*, (12).

Anand, R. (2011). A study of determinants impacting consumers food choice with reference to the fast food consumption in India. *Society and Business Review*.

Goyal, A., & Singh, N.P. (2007). Consumer perception about fast food in India: an exploratory study. *British food Journal, 109*(2), 182-195.

Iraldo, F., Testa, F., Lanzini, P., & Battaglia, M. (2017). Greening competitiveness for hotels and restaurants. *Journal of Small Business and Enterprise Development, 24*(3), 607-628.

Jauhari, V. (2009). The hospitality and tourism industry in India: conclusions and solutions. *Worldwide Hospitality and Tourism Themes, 1*(1), 75-80.

Jayawardena, C.C., McMillan, D., Pantin, D., Taller, M., & Willie, P. (2013). Trends in the international hotel industry. *Worldwide Hospitality and Tourism Themes, 5*(2), 151-163.

Josiam, B.M., & Monteiro, P.A. (2004). Tandoori tastes: perceptions of Indian restaurants in America. *International Journal of Contemporary Hospitality Management, 16*(1), 18-26.

Kraak, V.I. (2020). The US chain restaurant industry must transform its business model to market healthy menu items to Americans to reduce obesity and chronic disease risks. *The Journal of Nutrition, 150*(4), 656-657.

Pinard, C.A., Byker, C., Serrano, E., & Harmon, A.H. (2014). National chain restaurant practices supporting food sustainability. *Journal of Hunger & Environmental Nutrition, 9*(4), 535-545.

Qin, H., & Prybutok, V.R. (2009). Service quality, customer satisfaction, and behavioral intentions in fast-food restaurants. *International Journal of Quality and Service Sciences, 1*(1), 78-95.