INNOVATIONS IN THE FOODSERVICE BUSINESS IN LARGE POLISH CITIES

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ABSTRACT
Innovation plays an important role enabling businesses to retain their competitiveness ensuring their long-term survival on dynamic markets. This article presents innovations in terms of an offer (product/services) and/or organizational/marketing process in the foodservice businesses as a competitive factor. The study was carried out using a qualitative, constructivist perspective and a quantitative research method from January to November 2017. Entrepreneurs working in Poland in the foodservice businesses were interviewed as were individual foodservice businesses in Warsaw and Łódź. A total of 70 businesses were studied, 5 chain services and 65 individual restaurants, 40 in Warsaw and 25 in Łódź.

Key words: innovation, strategy, management, competitiveness

INTRODUCTION
The foodservice industry combines art and traditions, has different operational mechanisms and requires a service philosophy that takes advantage of experience in marketing based on the concept of the formation of the potential audience. Data have shown that the foodservice industry is one of the most vigorous industries in the Polish economy and that significant improvements have been made in the conditions of food preparation and consumption. The development of the foodservice industry undoubtedly goes hand-in-hand with the social and economic changes that have recently taken place in Poland [Gheribi 2013b, Gheribi and Votyvych 2018]. The lifestyles of various high and low income socio-economic groups have changed a great deal [Gheribi 2013a]. The foodservice industry is very sensitive to economic and social trends, such as rising food prices, changes in customers’ spending due to household incomes and customers’ behaviors as a result of promotion for healthy eating pro-healthy campaigns [Kwiatkowska and Levytska 2007, Gheribi 2015]. Recent trends in the foodservice business are elusive as this type of activity is in evolution, leading to the creation of more specific services, such as fusion cooking or an emphasis on traditional dishes. Indeed, the competition created by the foodservices offered encourages business owners to develop a more attractive style.

Innovation in this field can be defined as a new or novel approach to the business, product, process or service changes in the business [Palmer and Griswold 2011] and is an important aspect of contemporary food businesses. Moreover, it can be a strategic problem-solving tool able to meet new requirements and can be defined as incremental or radical, where the incremental element is more popular as the customer tends to have set food habits [Rama 1996, Traill and
Meulenberg 2002, Capitanio et al. 2009, Arcese et al. 2015, Boccia and Covino 2016]. For example, in some cases tradition is also considered a kind of innovation: it is a strategic key for the food sector to change its future [DeSoucey 2010, Bonadonna et al. 2017a, b] aimed at increasing value, e.g. foodstuffs [Jordana 2000, Dogan and Gokovali 2012], specific foods [Schamel 2007, Bonadonna and Duglio 2016, Marcoz et al. 2016] and, of course, in the foodservice business [Mkono 2012, Gordin et al. 2016, Maltese et al. 2016].

On the basis of aforementioned observations, this article aims to show innovations in terms of an offer (product/services) or and organizational/marketing process in foodservice businesses and is presented as a factor constituting the competitiveness of foodservice business.

MATERIAL AND METHODS

The study was carried out from January to November 2017, using a qualitative, constructivist perspective. A total of 70 restaurateurs from Warsaw and Łódź as either an individual businessperson or a professional employed in domestic or foreign chains in operation in Poland were interviewed. Five belonging to chains, 65 were individual foodservice businesses, 40 of who were in Warsaw and 25 of who were in Łódź. Most of these asked to remain anonymous, therefore their names are not mentioned.

The interview was carried out by a semi-structured method using a questionnaire with the PAPI technique (paper and pencil interviewing). The order of the questions changed depending on who was being interviewed in a way that Bernard [1988] recommended.

The authors analyzed the interview results in two steps i.e. they evaluated them individually and, then, shared and compared individual evaluation.

In own study, 64% (45 businesses) of the surveyed businesses are classified as microbusinesses while 29% (20 businesses) are regarded as small business. The remaining 7% (5 businesses) were considered as medium businesses (Fig. 1).

RESULTS AND DISCUSSION

The main indicators characterizing the development of the foodservice industry is the number of businesses and their revenues generated in Poland. According to Central Statistical Office of Poland, in terms of number, there were 69,195 foodservice businesses including 20,018 restaurant establishments in 2016 with a gradual increase of 134.97% from the year 2000 to 2016. In regard to the revenue generated in the foodservice industry, it comes mainly from own food production (85.35%) and is followed by alcohol and tobacco sales.

In the study areas, the number of restaurants and foodservice businesses have increased from 2005 to 2015. According to Central Statistical Office of Poland, in Warsaw, the rates of increase in the number of restaurants and total foodservice businesses were 84.75 and 67.98% respectively in the city whereas 82.52 and 50.8% in the voivodship. In terms of Łódź, they were 88.57 and 81.71% in the voivodship.

Strong competition and rapid changes in customer’s preferences and expectations in the foodservice industry encourage owners in foodservice to develop not just the basic strategy and style of running foodservice operations, but also think through the details, which will add to the uniqueness and eccentricity of the enterprise. However, most retail businesses miss the chances to gain and/or retain competitive advantages since they start their businesses with a traditional retail approach, due to the invisibility of those market changes. Businesses which miss these opportunities
often face a decrease in market share resulting in a decline in number of both regular and non-regular customers, a slow speed turnover, smaller profit, further economic disadvantages and low service quality, which it usually turns to be a beginning of the end for that particular business in the long-run. However, in today’s world, the best business opportunities will belong to those who can come up with new and better business ideas, ways to create, deliver and then capture value, which can be a definition of innovation.

With a focus on customers as a modern approach on the other hand, more proactive market oriented companies can benefit from adaptive concepts and well-timed business decisions. In addition, in being able to recognize a favorable course in the market, businesses will be able to retain their market position, can react and make changes. Modern consumers and their constantly changing habits require a prompt response and service tailored according to their needs.

Customers expect a steady increase in quality, safety and diversity of food. The trend towards eating healthier in recent years has increased consumer demand for more detailed, accurate and accessible information, principally on food package labels, and covering nutritional content, ingredients and claims, as well as aspects relating to food safety, such as expiry dates, storage and cooking instructions [European Commission 2015a, b].

Understanding customer behavior and the impact of food on health, and well-being is a major factor in the competitiveness of both the food industry and also foodservice industry. With a perspective in hand, the focus should be placed on customers’ perception and attitudes towards food, understanding of societal trends, and identification of food choice determinants and customers’ access to food. Within the foodservice context, innovations are referred to as an idea, practice, process or product which puts into practice ideas that solve problems and are perceived as new by the consumers [Ottenbacher and Gnoth 2005].

Foodservice businesses often make significant efforts to innovate their business activities, organizational processes, products and services in order to achieve revenue and market share growth. As aforementioned, innovation has been defined in the foodservice business by Palmer and Griswold [2011]. The literature suggests that innovation represents a mechanism by which enterprises in the hospitality industry including restaurant business can improve quality and reputation, cut costs and increase sales and profits [Ottenbacher and Gnoth 2005]. Innovation processes in foodservice have been shown to reduce the propensity for failure in an industry, which typically has high levels of competition [Parsa et al. 2005]. New foodservice products and services can generally be quickly copied by competitors. Innovation helps foodservice businesses stay ahead of the competition resulting in the establishment of a long term competitive advantage [Ottenbacher and Harrington 2007]. Since the restaurant industry is highly competitive, their confidence in their abilities, for example, to develop new product and market opportunities and build an innovative environment could be crucial in determining the level of innovation in their business and their motivation to work hard to be successful [Assaf et al. 2011]. In Poland also can see that the restaurant industry grew rapidly and is highly competitive especially in big cities [Gheribi 2017]. There is no question whether restaurants are innovating but are they moving fast enough to stay relevant in the face of evolving consumers’ tastes and preferences.

**RESEARCH FINDINGS**

Foodservice businesses can make many types of changes in their methods of work, use of factors of production and types of output to improve their productivity and/or organizational performance. Innovation in a restaurant business can be achieved in many ways, mainly by adding novel activities, linking activities in novel ways and changing one or more parties that perform any of the activities. Thus, this study adopts the Organization for Economic Cooperation and Development (OECD) typology which categorizes innovations as [Hall 2009] product/service, process, organizational/managerial and marketing innovations.

In own study, 76% of the companies surveyed considered that they are innovative companies, 20% considered that they are not innovative and 4% companies do not know whether they are innovative or not (Fig. 2).
We are innovative 76%
We are not innovative 20%
We don’t know 4%

**Fig. 2.** To be innovative in the opinion of the respondents
Source: Calculations on the own research.

Interviewed participants of the survey are asked to define innovation in five ways: to create something new (52 enterprises), to improve (30 enterprises), to create something different (45 enterprises), to remain relevant (20 enterprises) and to meet customer needs (15 enterprises). Most of participants of the survey define innovation as a creation of something new or a creation of something different as shown in Figure 3.

Most respondents (92.86%) declared that they implemented in their businesses any new activity during the last year, which enabled them to operate their business in a more efficient and effective way, specifically addressed perceived deficiencies in their business operations. Innovations declared by the respondents from the surveyed businesses were referred as implementing, among other things, new products (98.57%), methods (41.43%), practices (18.57%) and new ways of doing things (58.57%) – Figure 4. Innovation was made to improve the businesses either by increasing their abilities to generate income or their efficiencies.

**Fig. 3.** Defined innovations by respondents
Source: Calculations on the own research.

**Fig. 4.** What kind of innovations respondents used in their enterprises during the last year
Source: Calculations on the own research.
With this perspective in hand, 32.86% participants indicated that innovation was a process of improvement whereas 92.86% of them regarded innovation as any new activity which enabled them to operate their business in a more efficient and effective way (92.86%), specifically addressed perceived deficiencies in their business operations.

Observations show that most innovations that take place within foodservice businesses are related to the menu, which is a key component which entices potential customers to dine in an establishment. It has been noted that foodservice businesses operating in high competition are more likely to introduce changes than those which do not have any competition in the near area. All surveyed businesses declared that they made some changes to the menu in the last year. Respondents declared that the menu changed several times a year, introducing new seasonal products. The surveyed businesses pointed out that they create new dishes, to improve something in the menu, or sometimes create something different to meet current customer needs.

**DISCUSSION**

Product/service innovations are identified as new or significantly improved products and services [Hall 2009]. The necessity for foodservice businesses to retain competitiveness by being innovative has been well noted, mainly from a menu perspective [De Brentani 2001, Lin and Chen 2007, Alfiero et al. 2017]. These come in the forms of the development or introduction of new materials, intermediate products, or new components or product features [Camison and Monfort-Mir 2012]. These types of innovations are directly observable by customers and are considered as new [Hjalager 2010]. Examples of these innovations in foodservice are new menu items, new systems of service or a new foodservice concept. Innovation in service is often more closely connected to the way products are delivered. Entrepreneurs/managers can make menus more innovative so as to be able to respond properly to modern foodservice trends and create the offer that is in accordance with the customers’ current demands. They can broaden the offer of dishes made with ingredients perceived by guests as healthy, such as whole grain cereals, organically grown food, low-energy and low-fat, gluten-free food and other beneficial nutritional products as was noticed in surveyed businesses. One of the trends is also organic food but this offer is served in modern fine dining restaurants with the aim of making profit and offering new dining experiences. The conducted research indicates that in the restaurants this type of innovation has been introduced to the menu. The introduction of products considered by customers to be healthy was noticed both in small individual restaurants as well as in restaurant chains. Fast food restaurants should consider upgrading their offerings by introducing food based on whole grains. This trend can be observed on the McDonald’s menu, where they have added whole-grain sandwiches. In their menu, a number of changes have been made to improve the nutritional value of the food. For example: reduced sugar content in buns to just 5%, reduced the sodium content of signature cheese by 20%. They introduced nutritional labelling to include percentage Daily Intake figures on packaging and that can help customers make informed decisions about food choice. All nutritional labeling in the products is also available on the website [Gheribi 2017]. The healthy diet trend and consumers’ knowledge about the connections between nutrition and health have led to an increase in consumption of reduced-fat content products, the so-called light products. Although there has been an increasing need for vegetarian dishes, the conducted research indicates that it is still difficult to find an adequate selection of such dishes on the menu in numerous restaurants.

For example, one of restaurant chains serving pizza and other Italian meals, added new offers of pizzas for people who prefer a healthy, light and vegetarian menu. They, through their website, inform customers about products used for food preparation and their caloric value, content of allergen and gluten.

Process innovations refer to process which take a place behind the scenes and aim to increase efficiency and productivity [Hjalager 2010]. For example, restaurant kitchens offer many approaches for process innovations such as food service technologies for faster and better preparation methods, energy and labor savings, waste reduction and better sanitation [Rodgers 2007]. This innovation was observed in restaurant chains. Process innovations also include professional staff engagement (sommeliers, barmen), home deliv-
ery and other activities that contribute to the improvement of a restaurant’s performances. Researchers have shown that hiring a sommelier can increase beverage revenue by 15–25% [Robinson et al. 2005]. In several fine dining restaurants, it was noticed that a skilled sommelier or bartender was employed. Process innovations were least frequently identified in the surveyed restaurants. Surveyed businesses have declared that in the last year they introduced the possibility of ordering by telephone and/or delivery of ordered goods to the customer. Other businesses have indicated that they are considering introducing such an innovation. It has been noted that some medium-sized businesses are active in an area of corporate social responsibility. Activity in the area of corporate social responsibility can be considered as the innovation of a business. For example, it takes initiatives aimed at improving the comfort of working people by providing additional opportunities, offering growth opportunities, observing regulations and keeping promises, and involving employees in decision-making. In protecting the environment, they declare compliance with environmental regulations, proper use of resources, striving for the use of the most environmentally friendly technologies and reducing the amount of waste produced. For other examples, corporate social responsibility McDonald’s takes part in: animal welfare, corporate giving/Ronald McDonald’s House Charities, education scholarships, employment practices for, environmental practices, work with corporate social responsibility suppliers, corporate responsibility McDonald’s reports [Gheribi 2017].

Organizational/managerial innovations relate to new or improved methods in a firm’s management structure or system, organization of work or external relations [Hall 2009]. A main challenge for restaurant businesses is to develop ways to reduce staff turnover, maintain flexibility and control costs [Hjalager 2010]. Thus, these innovations focus on dealing with new ways of organizing internal collaborations, directing and empowering staff, building careers and compensating workers with pay and benefits [Ottenbacher and Gnoth 2005]. Training systems are in place to ensure the efficiency and effectiveness of the business. They provide an operational base that creates a working environment that supports quality, which in turn has the advantage of increasing customer satisfaction. For these restaurants, systems were a prominent factor that explained why key staff members had been working in the establishments for a long period of time. Internal support mechanisms, such as training, allow a congruent flow on effect from employees who display a desire for creating a true dining experience for the customer. Innovations of this type have not been implemented frequently, and most of the surveyed businesses had problems with employee rotation. The medium size businesses provided its employees with training and a possibility of rise in their qualifications more than did small and micro businesses.

According to Kotler [Kotler et al. 2014], in order to achieve favorable business results, current business conditions require not only a quality gastronomic offer and professional service but also the constant and target promotion with the aim of making the potential guests conversant with the offer, while reminding the regular ones of the provided quality and informing them of new events related to restaurants’ activity and offer. Marketing innovations are identified as the introduction of new marketing methods, which include changes in product design, promotional strategies and price [Camison and Monfort-Mir 2012]. Examples of marketing innovations include the use of social networking sites in promoting the business or customer loyalty programs. Many restaurants implementing information systems (e.g. digital menus, interactive dining tables) and creating websites and social media pages for the purpose of communication with customers. One of the methods of brand communication is sales promotion, which takes the form of special offers, discounts, coupons, gift cards or free sampling. Innovations had primarily been in the social media networking arena in the surveyed businesses. Social networking via the web was working well in each of the cases. Most surveyed businesses have websites and social media pages for purpose of communication. Social platforms such as Facebook allow specific information and messages to be announced immediately in relation to things restaurants are doing. Although, some interviewees declared that there was still no clearer message than traditional, social media were recognized to be working for many people.

Observations indicate that chains restaurants have websites and social media pages more often than the
individual restaurants. Also SMS texting and electronic mail services are the most popular ways for establishing direct communication with customers. The customers will decide to leave their personal data and give permission to be contacted in case they can somehow benefit from that. That is why the most efficient way of customers’ data collection is through forming a loyalty club that would provide its members with certain discounts [Jang and Mattila 2005].

CONCLUSIONS

As highlighted in this paper, the changes that involve the foodservice sector e.g. the changes of consumers’ taste and needs, call a different new approach to reply these requests through a more presence of innovation concept than in the past. Indeed, innovations help survive on the market to improve process and products and to upgrade business concepts. Entrepreneurs/managers should work on changing offers, creating new products that will replace the old ones once the clients stop ordering them. Innovations related to foodservice business are considered essential for the prosperity and business enhancement, evolving from a strategic option to a mandatory management task. Foodservice businesses differentiate themselves through menu choices (variation of ingredients and preparation methods), but rarely through novel technologies in food preparation. Even large fast-food chains and multinational contract foodservice businesses compete with small operators by the sheer size of their operations (economies of scale) and not with technological breakthroughs. Most innovations that take place within foodservice businesses are related to the menu, which is a key component which entices potential customers to dine in an establishment. Most of the surveyed businesses had websites and social media pages for purpose of communication. But most results generally indicate low creativity and innovative ideas among the managers. Gradual improvements occur as individual foodservice experiment to retain customer interest. Innovation options range from a single piece of equipment to a whole package supporting a food production system and are often based on culinary art, the science of cooking, food microbiology, engineering, packaging technology and computer modeling.

Lastly, the results provided some managerial indicators to improve the level of corporate efficiency, operating on technical decisions, in foodservice businesses. Indeed, this study showed that the innovation is an essential tool to remain in activity and offer a service following the changes of the market.

However, this study has a limitation: it is conducted in a small number of businesses located only in two cities of Poland. Thus, to generalize the findings, future developments have been planned i.e. it will be repeated in a bigger sample covering more medium and big businesses as well as other cities in Poland and, then, the results will be compared with another model area of the European Union.

REFERENCES


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STRESZCZENIE

Innowacje odgrywają ważną rolę dla przedsiębiorstw w zachowaniu ich konkurencyjności i zapewnieniu długotrwałego przetrwania na dynamicznych rynkach. Artykuł ma na celu przedstawienie innowacji w zakresie oferty (produktu/usługi) lub procesu organizacyjnego/marketingowego w branży gastronomicznej i jest przedstawiany jako czynnik budzący konkurencyjność branży gastronomicznej. Badanie przeprowadzono z wykorzystaniem jakościowej, konstruktywistycznej perspektywy oraz ilościowej metody badawczej, która odbyła się w okresie od stycznia do listopada 2017 r. Obserwacje i wywiady przeprowadzono z przedsiębiorcami z branży gastronomicznej należących do krajowych i zagranicznych sieci działających na rynku polskim, a także indywidualne firmy gastronomiczne z Warszawy i Łodzi. Badaniem objęto 70 firm, 5 należących do sieci i 65 restauracji indywidualnych, 40 w Warszawie i 25 w Łodzi.

Słowa kluczowe: innowacyjność, strategia, zarządzanie, konkurencyjność