Chapter 4:
Review of Literature

This chapter gives a review of the literature that is available on the specific topic of restaurants. A review of available literature gives us an idea of the work that has already been done and the methodology adopted. It also lays a base to many of the assumptions that may be taken in further researches. Most of the previous studies have been conducted in the US and there is very little literature done in India, especially in Assam or the north-east. Therefore, it was found that there was difference in the demand and supply of restaurant food due to change in the context.

Prabhavathi, Y et al. (2014) in their descriptive paper has given information on the history of restaurants in India. It is found that restaurants have started emerging in India after Independence but its pace has grown tremendously after the economic reforms of 1991 after MNCs were permitted to operate within India. However, the main challenges faced by the consumers still faced by the consumers are the absence of healthy menus, little to no new variety, slow delivery time and lack of informative menus. This result was derived after studying the consumers of Coimbatore and Hyderabad.

Warsi, K. A. and Nisa, S. (2015) in their study have explained the causes of rapid proliferation of fast food joints in the US in the 1950s. They are: America's love for automobiles, construction of a new highway network, development of sub-urban communities and a small boom after the Second World War. They have also pointed out the factors that make an MNC successful, namely, expertise in product development, outsourcing practises, quality standards and standardized operating patterns. These MNCs have the ability to adapt to local contxts. For instance, Pizza Hut has launched the masala pizza and 100% vegetarian outlets. Domino's has its panner pizza.

Louis and Zaware (2017) have pointed out and studied the various drivers that change the consumption pattern of a population. They found that improvements in economic conditions, exposure to international media, increase in the frequency of foreign travel, degree of urbanisation, level of education and new job opportunities in the service sector are responsible

for changing the pattern of consumption among the people. Apart from this, the swell in the middle class has further intensified the consumption of fast food. This has made the food processing sector to contribute 32% of the total food market. The online food delivery system is in its nascent stage but its growth is exponential. Currently, the food delivery system is worth of US $15 Billion.

Priyadarshini, C. (2016) studied the preference of consumers for fast food outlets in the city of Coimbatore, Tamil Nadu. The study revealed that 64% of the people visited restaurant at least once a week and a majority of the people spent about 15% of their monthly income on fast food. It was also found that the most popular food items were western junk food. The respondent revealed that they visited restaurants to socialise or to enjoy a good ambience. However, the highest number of people (40%) said that discounts provided by the food outlets were the primary attraction.

Jain et al. (2017) in their study throws light on the negative side of fast food consumption. They characterise fast food as food that is high in calories, low in nutrients and usually quick to prepare. The fast food is substituting fruits and vegetables and this has created problems like obesity, coronary heart disease, hypertension, type-2 diabetes, osteoporosis and dental caries. They have also suggested strategies that can effectively check the negative impacts of fast food, such as, the popularisation of health education, 'fat tax' imposed in Kerala that imposes high tax on fast food joints, luxury tax on samosa in Bihar so as to reduce high calorie intake and labelling of food items about its constituent nutrients. Their analysis is based in India.

Janet Currie et al. (2010), in their research paper, have made an extensive study on the impact of fast food on the obesity of teenagers and pregnant women. Their study is conducted among 3 million children and 3 million pregnant women in the US. Though there is strong evidence in favour of the association between obesity and proximity to fast food restaurants, the result is not uniform. There is significant quantitative difference between children and women and also

between women of different races. Measures to limit fast food access to teenagers can have a beneficial effect but the same is not true for women in residential areas. However, the study is limited in the sense that the generalisation of the results is not advised by the authors as teenagers and pregnant women may have general tendency to consume more of fast food.

Sonya A. Grier et al. (2007) in their study talks about the consumption of fast food leading to obesity among young children and also tests the hypothesis if their behaviour is influenced by the attitude of their parents who buy fast food to their children or allow them to consume such items. They conducted their study on 312 children whose parents were Asian American, non-Hispanic Blacks, Hispanic (Black and White), and non-Hispanic white. Their result say that there seems to be no relation between the exposure of the parents to fast food advertisement commercial and their attitude towards fast food. Apart from that, there also exists no strong relation between access to fast food and obesity or being overweight.

Vicki A. McCracken and Jon A. Brandt (1987) have in their study discussed about the change in the expenditure of the American households on fast food. However, unlike the previous studies. Where fast food was clubbed as a single commodity, in this study, the writers have disaggregated fast food into restaurants, fast foods and other eating places to see the difference in the demand for each one of them. In the past 20 years from the conduct of this study, the expenditure on food cooked at home has considerably decreased while the number of fast food restaurants have increased 3 times. The results of this study have shown and have been consistent with the fact that the consumption of fast food depends on the value of time for the households. Income and household size also play very prominent roles in this regard.

Steffi, S. and Josephine, R. (2013) conducted a study on the female population of Coimbatore and found that 28% of them preferred fast food while the rest 82% preferred home-cooked food. The females revealed that they preferred home-cooked food as it is more nutritious and that it is of reasonable price. Among the fast food, rice and sambar was the most popular. This study

also pointed out the adverse effects of fast food on health in the form of cardiovascular diseases, type 2 diabetes and fatty liver diseases.

Elizabeth Buettner (2008) gives us a socio-cultural understanding of the Indian 'curry' and restaurants that have cropped up in Britain. She has revealed in the study that food is an integral part of one's culture and its fusion into a different culture has multifaceted implication. In this study she says that though we find South Asian cuisine in the restaurants of Britain or even restaurants serving only South Asian cuisines, the psyche of the people towards the South Asians have not significantly changed. Racial outbursts are often seen when the British still perceive Indians, Pakistanis and Bangladeshis as outsiders and differential treatments are meted out to them. Therefore, mere presence of multi-cuisines may not necessarily lead to multiculturalism.

Ray Oldakowski and John McEwen (2010) have studied the big daddies of the fast food industry, namely, McDonald's, KFC, Burger King and Pizza Hut in the country of Ecuador and they have tried to see the difference in the operation of these chains from their US counterparts. They have studied the difference in operation based on three criteria viz. the exterior design, the interior décor and the menu. The results were such that McDonald's was the chain which adapted least to the local culture. Their 'placelessness' have made them uniformly recognisable around the world that have increased a loyal consumer base. However, KFC has adapted the most with respect to the menu and it is also the restaurant that is most favoured by the people of Ecuador. Therefore, any chain or multinational enterprise will stand to benefit if they moulded their functioning according to the local environment.

Priyadarshini, S (2014) basically deals with the marketing strategies of the fast food giant McDonald's in India. It is the largest chain of fast food. However, only 15% of the outlets in India are owned and operated by McDonald's Corporation. The rest of them are leased out to local entrepreneurs. The McDonald's adopt a 5 P's strategy which has proved to be very

successful. It is product, place, price, promotion and people. They have carefully adapted themselves to the local dietary pattern, keeping their outward appearance same. Initially, they started with beef but soon changed to chicken and lamb and later even changed to vegetarian food to suit the local needs.

Prof. Nandini Srivastava and Rekha Maitra (2016) have talked about the use of Key Performance Indicator (KPI) in assessing the performance of an industry or a firm. However, they have also pointed out that the KPIs may vary not only from one industry or one firm to another, but also among different levels of workers (employees, managers, HRs, owners, etc.) within the same industry or firm. This makes it difficult to make inter-industry or inter-firm comparison. Though it is generally understood that repeated achievement in reaching the desired goal(s) is success, the problem lies in defining what this desired 'goal' is. The study is conducted by taking the hospitality sector of Delhi-NCR. The study concludes with the suggestion that the firms should decide on the KPIs depending on the market conditions and how the various firms within the same sector are performing.

Marc J. Epstein and Marie-Josee Roy (2001) in their study talks about a framework that would not only take care about the financial sustainability of a firm but will also look after the social corporate responsibility that all firm accrue to the society. They say that the manager of a firm plays a key role in balancing both of these. The framework lays emphasis on five major links that helps a firm to balance between financial stability and social welfare. They are, namely, strategy of the business unit, action sustainability, performance sustainability, reactions of the stakeholders and the financial performance of the firm. They have also pointed out about the plans one has to undertake to implement the framework. The steps involved are, priorities should be set, identifying the causal relationships, development of appropriate measures, collecting and analysing the data and lastly, reviewing the framework itself.

Carlos Pestana Barros (2005) conduct his study on the efficiency of a hotel chain named Pousadas de Portugal located in Portugal. In the study, the writer uses the method of Data Envelopment Analysis (DEA) which is a non-parametric mathematical technique of ranking Decision-making Units incorporating multiple inputs and multiple outputs. The writer uses both CCR and BCC models of DEA. After the ranking of the hotels have been done, an analysis of the reasons behind the inefficiencies of the hotels have been presented. It is pointed out that X-efficiency, economies of scale and location of the hotels play a great role in determining the efficiencies of any production unit in Portugal and elsewhere.

Timothy J. Richards, Paul M. Patterson, and Stephen F. Hamilton (2007) have studied the behaviour of a firm which differentiates price on an item-to-item basis. The study was conducted in Phoenix, Arizona with data from big food chains like McDonald's, Burger King, Wendy's, Sonic, etc. They have found the results that firms tend to charge less than the marginal cost for the products that are addictive in nature while they tend to charge more from items which do not have addictive characteristics. The firms behave in such a way so that the consumers of fats and sugar (having addictive properties) not only remain loyal to their products but also remain addicted to them. However, food items rich in carbohydrate and proteins (non-addictive in nature) are charged high so as to maintain the difference with other rival firms.

In the study by **Jekanowski M.D. et al (2001)** the relationship between the expansion of the fast food industry and the strategy of increasing convenience has been attempted to be studied. In the US in 1997, 45% of the consumption is on fast food and it has been steadily increasing. This study suggests that this expansion in the consumption of fast food and restaurants is not because of a dramatic change in the consumption preference of the population but because of the easy accessibility of fast food. Restaurant penetration rate and magnitude has increased so much so that not only is it increasing the accessibility to the consumers but it is also lowering the cost of production via economies of scale. This study also studies the per capita consumption of fast in relation to the demographics and it has found that except for Blacks and Hispanic

communities, there has been little evidence suggesting increase in the fast food consumption among different demographic or income groups.

Franziska Schubert, Jay Kandampully, David Solnet and Anna Kralj (2010) made a very important study on the perception of customers regarding the role played and action taken by the restaurants regarding the environment. The study was conducted in 455 restaurants of Ohio. The results have shown that people are deeply affected if the restaurants are taking an initiative to protect or preserve the environment. There exists, according to this study, a positive correlation between the consumer satisfaction and the environmental consciousness of the restaurants. It is suggested in the study that the environmentally conscious actions of the restaurants tend to become invisible, therefore, concerned efforts should be taken by the restaurants authorities to make the customers know about the work being done. Another important implication of the results is that, the managers should not hold himself/herself from charging a price for actions done by them.

Bergtold, J et al. (2004) have tried to solve the problem of the degrees of freedom which arise due to adding up of data from different series by using scanner data. They have studied 49 processed categories and found out their demand elasticity. They have also used the FAST multistage demand system in their analysis. Knowing the elasticities of different products separately can help policy makers to understand the impact of a policy change on the consumer surplus.

Literature Gap;

Most of the studies have been done on an all-India basis while there are some micro level studies of South India, especially Coimbatore. No research has been done in the North-Eastern region of India. Moreover, the studies are mostly descriptive while some studies have used very simple statistical methods. Rigorous mathematical models or econometric models have not been attempted. Moreover, studies have clubbed together fast food as a unified unit and have not seen the differentiated demand for different types of fast food. The absence of McDonald's (which is a top fast food brand) in Guwahati is a reason to ponder upon. Moreover, this leads us to the next question of what occupies the fast food market in the absence of McDonald's. Since mass home-delivery of fast food is a recent phenomenon in Guwahati therefore an assessment of the same would be useful. All these leaves enough scope for further research in this area.