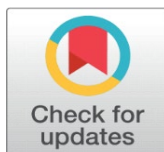


A STUDY ON STRATEGIES TO BE ADOPTED BY QSR TO REMAIN SUSTAINABLE DURING AND POST PANDEMIC: A CASE STUDY OF COVID-19 PANDEMIC

Pralhad Botre ¹, Dr. Vishal Wadajkar ²

¹ Research Scholar, Global Business School and Research Center, Tathawade, Pune & Asst. Professor, Dr. D. Y. Patil Institute of Hotel Management and Catering Technology, Pune, India

² Associate Director, Dr. D. Y. Patil Institute of Management and Research, Pimpri, Pune, India



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ABSTRACT

Mankind has been hit by several pandemics over the decades. They have made a disastrous impact on the human lifestyle, trade, economy and commerce. QSR business have shown a significant growth over the past decade. Covid-19 pandemic was a recently confronted pandemic by the mankind which took the QSR industry on the verge of closure. There will be many more pandemics we might face in the future. Hence QSR need to comprehend the strategies that will help them in facing these challenges more firmly and sustainably.

Covid-19 posed unprecedented encounters for the QSR due to travel restrictions, dining protocols and customers behavioral changes. The study summarizes operational and financial strategies espoused by QSRs that aided their sustainability in the business during and post Covid-19. It throws light on the QSR actions like leveraging digital transformations, supply chain optimization, reconstructing manpower deployment, customer outreach and engagement. It reveals the way a QSR should quickly encircle agility, technology and consumer centric approach to remain resilient and better sited during and post pandemic. The study highlights premeditated insights and recommendations for the QSR owners to construct a more buoyant business models to face any kind of pandemic in the future.

Keywords: Strategies, QSR, Sustainable, Covid-19 Pandemic



1. INTRODUCTION

Lin Li (2021) A most uncertain, unbelievable and unpredictable era was experienced by mankind when the mankind came across the outbreak of Covid 19. The WHO acknowledged that the spread of pneumonia cases by SARS-CoV1 detected in Wuhan city in China has taken a shape of a pandemic on 11th March 2020. The whole world came to a standstill all the industries, school, colleges, travel, hotels, restaurants, businesses stopped. The spread of the virus was equivalent to world war by virus. It not only devastated each country's financial wellbeing but took the lives of many human beings. They global economy contracted by 4.4% in the year 2020 with a negative annual growth of 3.5%.

In order to combat the situation, the Government of India took a robust decision to introduce lockdown which resulted in closure of everything. The necessary shops like grocery stores, vegetable market, medical stores, dairy, etc. were allowed to remain open with lot of strict guidelines. New normal were followed like social distancing, wearing of mask, use of sanitizers, etc. According to the dashboard of Ministry of Health and Family Welfare Covid19 affected 4,45,11,128 people across the nation and killed 5,33,665 out of them.

Aditi Joshi (2021) Due to the pandemic all the industries around the nation faced heavy losses and hospitality sector was not an excuse. Many hotels and restaurants had to permanently shut down due to high overheads. Initially, for the first quarter all the hotels and restaurants were totally shut down as a precautionary measure. From 24th June 2020 hotels were permitted to reopen with some restrictions and guidelines. The timings was too less, that is, they were allowed till 2 pm only with only parcel or take away services, later the time was increased to 5 pm. Due to these restrictions, many QSR in Pune were not able to earn enough to meet their requirements to pay EMI, rent, staff salary, light bills, material costs and other overheads. Further, by the last week of Oct 2020, the QSR business started picking up slowly and steadily with reduction in Corona cases and they were allowed to remain open till 10pm with 50% occupancy. But unfortunately, in Feb 2021 again lock down due to second wave. The QSR were permitted to operate on delivery or takeaway mode by themselves or third party like Swiggy, Zomato, Uber Eats etc.

Dr. Harsandaldeep Kaur (2023) The second wave (April 2021 to June 2021 and third wave (January 2022 to February 2022)) brought unprecedented challenges for the QSR. This period was full of rigorous lockdowns, severe supply chain disruptions which also led to remarkable shift in customer behaviour. The impact on the QSR industry was very disruptive, there was a sharp decline in the dine-in customers due to the fear of infection. This resulted in sharp fall in revenues by 75%. The most affected was the unorganized and standalone QSR sector. Almost 30-40% opted for permanent closure. The pandemic also affected the supply chain system to the QSR businesses. There were more barriers in transportation and high workforce shortage making it more challenging for providing consistent supply of quality ingredients.

2. STRATEGIES ADOPTED BY QSR TO REMAIN SUSTAINABLE

1) Focus on Takeaway services and delivery:

Apporva Mittal (2022) Due to the pandemic, there was immense fear in the mind of customers. They avoided stepping out of their homes or dining in at any food outlet. Thus, the QSR owners pivoted towards different models of operation like parcel and delivery services. This gave rise to increase in online delivery platforms by 40% - 50% like Zomato, Swiggy, Uber eats etc. This started becoming the most safe and popular option adopted by majority of consumers especially during the peak period of restriction. Hygiene guarantee and contactless services was provided by the delivery partners which boosted the trust of the customers in this difficult phase.

2) Employment Challenges:

Aaradhya Anurag Badal (2023) Maintaining of employees and their welfare was a big challenge during and post Covid-19 era. The QSR adopted strategies like lean hiring of the workforce to maintain cost efficiency and control. They preferred partnering with delivery platform to reduce delivery staff. Technological integration was the immense boon for them as it not only upgraded the QSR but also optimized the labour hours efficiency. Multi-tasking workforce was developed through cross-training which helped in reducing the staff. Staggered and rotational shifts and convenient working hours were practised. Focus on employee welfare was done to reduce employee turnover by providing paid sick leave, financial aids, incentives were provided to encourage them to work in this risk borne era. Mental health support through counselling was also given to make them stand strong.

3) Menu Optimization:

Iskender, A. (2022) Menu optimization involves a strategic designing of the food variety that will maximise profits, increase operational effectiveness and consumers satisfaction. Menu optimization helps in promoting sales of high profit margin food items or reducing items with low performance from the menu. The operational efficiency of the QSR was done by streamlining the menu with training the staff, reducing inventory and complexity in ordering. A well designing of the menu facilitate prompt decision making of the consumers and high customer satisfaction. Menu should be designed as per the market trend and customer demands. The concept of menu engineering can be applied to convert every item on the menu in to stars.

4) Human Resource Optimization:

ILO report 2021 stated that the QSR industry had to adopt flexible kind of staffing model, where multi skilled work force was needed to be developed either by training or by hiring multi-skilled employees. Consistent cross training strategy was needed to keep the employees competent at any given time. Emphasis was given on hiring more part time employees who were available during the peak time only to support the main team. This helped in reducing the labor wages cost and maintaining high service level with fewer manpower. The QSR also concentrated on technological

advantages like self-ordering kiosks, payments through mobiles etc. Automation was also been implemented in operation.

5) Technological Integration:

McKinsey & Company. (2023). Technology is the modern strategy which has helped the QSR to combat the impact of Covid-19 in most efficient and productive way. Point-of-Sale system was a revolutionary strategy which helped the QSR to collect customers transaction's valuable data pertaining to sales, timing, customer preferences, purchasing pattern. The data collected can be analysed to comprehend the patterns and demand of the market. The tools driven by Artificial intelligence were used to forecast consumer's demand pattern, strategies for upselling and menu stimulation. Digital menus with QR codes made it more modular and fascinating to the customer attraction. Digital payment through technological innovations was a great strategy to have contactless transactions.

6) Embracing of cloud kitchen:

Ghosh, R (2022) QSR made it a priority on delivering the food orders by themselves or by extending partnership with food delivery aggregators like Zomato, Swiggy etc.

QSR shifted themselves to Cloud kitchen or Ghost kitchen models to reduce the cost of rent for shop at premium locations with high footfalls. Cloud kitchen has an advantage of being located at isolated places with connectivity for delivery by themselves or aggregators. It has very positively transformed QSR into an economic and operational sustainable business. It provided an opportunity for a decentralized kitchen or multi-brand kitchen under on operational central kitchen.

7) Resilience in Supply chain:

Knut Alicke (2021) Covid-19 pandemic led to supply chain disruptions, scarcities and eventually sharp inflation in the supply chain market. The QSRs with an intention to combat with the supply's disruptions adopted regional or local supplies option which not only helped in reducing the cost but also overcome delays in material supplies. They also preferred long term contract with reliable suppliers with locked pricing. This benefitted with low risk of non-availability of supplies. The QSR also developed a multi suppliers' network for increasing the probability of supplies. They also intended for vertical integration which involved owning of parts of supply chain like storages and logistics. Many QSR used Artificial Intelligence for predictive analytics which helped in determining real-time demand forecasting.

8) Health and Hygiene reliance:

Singh, R (2021) The QSR were compelled to follow the norms to combat the spread of Covid-19. It was of paramount importance to showcase the same in front of their customers to build trust in them. Hence a strategic visible safety protocol was espoused that included Staff wearing mask, display of sanitation liquid and tool in customer areas, display of vaccination declaration of the employees, frequent thermal checkup. SOPs for maintaining hygiene in the premises was been drafted and religiously followed. Staff were trained for hygienic practices and supervised to maintain it. This transparency helped in creating trust for wellbeing amongst the customers which led to sustainability.

9) Digital Loyalty Programs and Promotions

Atif Ali Gill (2021) The QSR had a standstill in footfall due to the pandemic and treat to infection by the customers. Post Covid-19 new normal were implied slowly the customers were turning up, but strategies were required to motivate them to visit the QSR. For this, the digital approach was utmost important for the community outreach. Hence an aggressive a digitally run loyalty programs were launched which not only helped to reach the customers but also to retain them. Personalized offers were provided through digital apps as per the preferences or demand of the customers. The customers were motivated to order through mobile apps for which they were provided with rewards or points to redeem on their future orders. This resulted in high purchase frequency. Gamification was an innovative approach of loyalty program, where customers were awarded points through their performance in video games.

10) Financial Management

Aaradhya Anurag Badal (2024) Financial restructuring was done through cost optimization, which involved cost optimization done through reducing complex menu items, efficient inventory management and reducing labor expenses without compromising the quality. The QSR practiced reduced energy use especially during slack period this facilitated in to cuts in utility bills. The owners of QSR did negotiations with the shop owners to defer payment schedules or they negotiated with them for reducing the rent during low-income periods. In various countries, the government offered

stimulus packages, tax postponement or subsidies to maintain cash flow. Debt management was done through refinancing schemes or by levitation of fresh capital.

3. DISCUSSION AND RECOMMENDATIONS:

The Covid-19 pandemic postured an unprecedented challenges Infront of QSR industry which not only disrupted the traditional QSR operation model but also significantly impacted the customers behavior. Covid-19 has been more favoring for the QSR as lot of consumers were been diverted to QSR for their food requirement. It became one of the most progressing sub segments of the Food Service industry. Cloud Kitchen that was considered as a gimmick turned in to reality post Covid-19 as it requires least capital expenses in comparison to brick-and-mortar restaurants. The industry needs to shift to part-time and gig economy model for manpower optimization. They must strictly adopt multi-skilled manpower strategy. The QSR should also prioritize local supplies to reduce food mile and embrace digital supplies inventory management. They need to develop a contingency fund through monthly recurring savings that will be a big funding source during the pandemic. The study has emphasized the importance of adaptability, innovation and technological integration to remain sustainable and resilient in business especially during pandemic period and post pandemic period.

They need to develop SOPs for applicable enhanced protocols hygiene and safety. They need to insist on contactless ordering, delivery and payment systems. Comprehending the customers behavior trends the QSR need to shift towards healthy and immune-boosting menu products during the pandemic and post pandemic period. The QSR They need to focus on customer-centricity and loyalty building. It is of utmost importance to maintain a healthy and strong bonding with the customers with after sales relationship through apps, messages by luring them with reward points, promotion offer, birthday and anniversary offers etc. Digital integration is a must for better branding and positioning of the QSR in the market. This helps in better recovery and future growth during pandemic crisis.

In short, QSR must understand and adhere to strategic agility, continuous upgradation and innovation, efficient financial management, technological advancement, stakeholder collaboration and continuous customer outreach and engagement to remain sustainable during disruptive global events like pandemic, terrorism, etc. These lessons learnt during Covid-19 pandemic have helped the QSR industry to draft a blue print for managing the future crisis due to pandemic by reinforcing robust, sustainable and future ready business models.

CONFLICT OF INTERESTS

None.

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