CHAPTER I
TOURISM, FAST FOOD AND SERVICE QUALITY

1.1 TRAVEL & TOURISM: AN INTRODUCTION

The ever increasing travel and tourism industry has become a huge social, economic, and cultural phenomenon worldwide. Owing to the incessant advancement and intense diversification, it has grown as one of the swiftly growing sectors of economies around the world. In addition, the patterns of tourism development reflect the histories and cultures of the regions and nations marking tourism as a universal phenomenon (Robinson, Luck & Smith, 2013). Further, it promotes mutual understanding among people and expands social, economic, cultural and scientific cooperation. Moreover, the amalgamation of these dynamics has contributed in outlining tourism as the major driving force in the socio-economic progress of several economies globally.

In addition, the travel and tourism industry has steadily acquired an increasingly significant position in the global economy thereby generating employment, driving exports and engendering prosperity across the globe. As per a report published by World Travel & Tourism Council (WTTC, 2017), Travel & Tourism generated US$7.6 trillion (10.2% of global GDP) and 292 million jobs in 2016, equivalent to 1 in 10 jobs in the global economy. The sector also accounted for 6.6% of total global exports and almost 30% of total global service exports. This is also reflected in table 1.1.

Table 1.1 Contribution of Travel and Tourism in World’s GDP

<table>
<thead>
<tr>
<th>World</th>
<th>2016 (USD billion*)</th>
<th>2016 (% of Total GDP)</th>
<th>2017 growth **</th>
<th>USD billion*</th>
<th>2027 % of total GDP</th>
<th>Growth ***</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct contribution to GDP</td>
<td>2,306.0</td>
<td>3.1</td>
<td>3.8</td>
<td>3,537.1</td>
<td>3.5</td>
<td>4.0</td>
</tr>
<tr>
<td>Total contribution to GDP</td>
<td>7,613.3</td>
<td>10.2</td>
<td>3.6</td>
<td>11,512.9</td>
<td>11.4</td>
<td>3.9</td>
</tr>
<tr>
<td>Direct contribution to employment****</td>
<td>108,741</td>
<td>3.6</td>
<td>2.1</td>
<td>138,086</td>
<td>4.0</td>
<td>2.2</td>
</tr>
<tr>
<td>Total contribution to employment****</td>
<td>292,220</td>
<td>9.6</td>
<td>1.9</td>
<td>381,700</td>
<td>11.1</td>
<td>2.5</td>
</tr>
</tbody>
</table>

NOTE: * 2016 Constant prices & exchange rates, ** 2017 real growth adjusted for inflation (%), *** 2017-2027 Annualized real growth adjusted for inflation (%), **** '000 jobs

Source: Adapted from WTTC, 2017

The above table clearly depicts that the total contribution of Travel & Tourism to Global GDP was USD 7,613.3 billion in 2016 and expected to rise by 3.9 % annually to be USD
11,512.9 billion thereby contributing 11.4 percent to GDP by 2027. Additionally, it also reflects the direct contribution of Travel & Tourism to GDP over the years which has incessantly surged forward from USD 2,306 billion in 2016 and expected to be USD 3,537.1 billion by 2027. These figures primarily reflect the economic activity generated by industries such as hotels, travel agents, airlines and other passenger transportation.

Moreover, India holds a distinct place in the milieu of the travel and tourism. Culturally the country is amongst the most diverse places in the world. It is endowed with landscapes, majestic historical sites, splendid cities, vibrant cultures, people and festivities.

The travel and tourism is attributed to inflict changes in the economic, ecological, societal, and cultural structure of a country directly along with indirect and induced impacts. It is one of the largest divisions under the services sector of the Indian economy, growing at an unprecedented rate owing to economic liberalization which has given a new impetus to the industry. As per WTTC (2017), the total contribution of travel and tourism is on an upward trend as it was INR 7,642.5 billion in 2014 which grew to INR 14,018.5 billion by 2016 and is further expected to grow by 6.7% pa to INR 28,491.8 billion by 2027 with a significant contribution of 10.0% to Indian GDP. The same is reflected in the figure 1.1.

**Figure 1.1 India- Contributions of the Travel and Tourism to GDP**

Further, the figure also represents the direct contribution of Travel & Tourism to GDP which is on a continuous growth pattern from 2014 to 2016 i.e. from INR 2,478.2 billion to INR 4,809.8 billion respectively. Further, it is expected to grow by 6.8 percent to INR 9,948.5
billion by 2027. Moreover, the total contribution of travel & tourism to Indian GDP is nearly three times greater than its direct contribution. India Brand Equity Foundation (IBEF, 2014) also predicts that the total market size of the tourism and hospitality industry in India was US$ 117.7 billion in 2011 and is expected to touch US$ 418.9 billion by 2022. In addition, the data released by Department of Industrial Policy and Promotion (2017) also states that the tourism and hospitality sector is amongst the top 10 sectors in India to attract the highest Foreign Direct Investment (FDI) amounting to approx. US$ 10.14 billion. Thus, the travel and tourism is potentially a large employment generator besides being a significant source of foreign exchange for the country.

1.2 UNDERSTANDING TOURISM

The conceptual and operational meanings of tourism and hospitality have remained ambiguous and enigmatic, and have quite often connoted different phenomena or processes to different perceivers depending on their viewing angle, context or approach. Tourism today is a well-established stream. Though, it took time to establish itself as an industry. The term ‘tourism’ emanated from an amalgamation of the Latin “tornare” and the Greek “tornos”, which denotes a circle or a circular movement. Further, with the addition of suffix (an action or process) the meaning of the term tourism became the movement in a circle. In other words, it means a circular trip in which starting and ending points are same. In ancient India, especially in Sanskrit tourism is denoted by three different terms namely ‘Paryatan’ which means travelling for knowledge and relaxation/rest, ‘Deshatan’ meaning travelling for economic purpose and ‘Tirthatan’ means travel for religious motives. Though, tourism gradually received cognizance as a new human activity. Numerous authors, scholars, researchers and varied national & international organizations attempted to define the term ‘tourism’. Though, the multifarious definitions, opinions and approaches based on several characteristics have been produced but the changing nature of tourism makes it difficult to universalize a common definition. The table 1.2 given below highlights a few popular definitions of tourism.

<table>
<thead>
<tr>
<th>Authors/Organizations</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hunziker and Krapt (1941)</td>
<td>“The summation of phenomena and the relationship emerging from travel and stay of non-residents, which does not advance in their permanent resident ship as well non-engagement in any economic affair”</td>
</tr>
<tr>
<td>Burkart and Medlik (1981)</td>
<td>“The temporary, short term movement of people to destinations away from their normal place of stay and work and their activities during their stay at these destinations”</td>
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<tr>
<td>Source</td>
<td>Definition</td>
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<td>--------------------------------</td>
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<tr>
<td>Mathieson and Wall (1982)</td>
<td>“The temporary movement of people to destinations outside their usual places of work and residence, the activities undertaken during their stay in those destinations, and the facilities created to cater to their needs”</td>
</tr>
<tr>
<td>Macintosh and Goeldner (1986)</td>
<td>“The sum of the phenomena and relationships arising from the interaction of tourists, business suppliers, host governments and host communities in the process of attracting and hosting these tourists and other visitors”</td>
</tr>
<tr>
<td>UNWTO</td>
<td>“Tourism comprises the activities of persons travelling to and staying in places outside their usual environment, for not more than one consecutive year, for leisure, business and other purposes”</td>
</tr>
<tr>
<td>Tribe (1997)</td>
<td>“The sum of the phenomena and relationships arising from the interaction of tourists, and host regions of tourists, business suppliers, government, communities and environments”</td>
</tr>
<tr>
<td>World Tourism Organization (WTO) (2005)</td>
<td>“The processes, activities, and outcomes arising from the relationships and the interactions among tourists, tourism suppliers, host governments, host communities, and surrounding environments that are involved in the attracting and hosting of visitors”</td>
</tr>
</tbody>
</table>

Source: Author’s compilation from various sources

Thus, to summarize in more concise terms tourism may be delineated as a set of socio-economic services and activities carried out by or for tourists and rendered during travelling away from home such as transportation, food and beverage, accommodation, entertainment facilities, shopping, medical and other services available.

### 1.3 TOURISM VALUE CHAIN

The travel & tourism sector is a developing sector holding significant potential to contribute to the growth of an economy. Therefore, a careful management of the inter-linkages with other parts of the economy becomes imperative for the optimum exploitation of this potential.

A tourism value chain is a framework which outlines the manner in which the private sector in association with government and civil society acquire resources as inputs, enhance value through various processes (planning, development, financing, marketing, distribution, pricing, positioning, among others) and sell the subsequent products and services to the consumers (Normann and Ramirez, 1994). The value chain refers to the varied activities that are required to facilitate the experiences of tourists from conception to the actualization and even beyond (Lee and Yang, 2000). It enables the provision of the best of the resources that a destination can offer to the visitors. A tourism value chain is the amalgamation of products and services which contribute to the delivery of the tourism experience to the visitors (Kaplinsky, 2001; Wood, 2001). The same is illustrated with the figure 1.2 given below.
The figure above represents the integration of the range of productive activities or segments: accommodation, bars and restaurants, travel agencies and tourism operators, transports, and shopping which are directly or indirectly interlinked with the tourism sector (Steck et. al., 2010). The organization of the entire tourism experience encompasses all the components of the tourism value chain. Further, a transition of upgradation of tourism activities within individual segment of the value chain enriches the benefits of tourism for a country. For the enhancement of the development of the tourism industry, conditions may be created making it easier for the suppliers to (i) associate with value chains, to (ii) access the travel organization and to (iii) upgrade within individual segments of the value chain (Giuliani et. al., 2005). Additionally, conditions may be generated for the stimulation of backward and forward linkages from tourism activities to other segments of the economy. Thus, it becomes pertinent to discuss the various sectors of tourism in detail.

1.4 SECTORS OF TOURISM INDUSTRY

Owing to the development of commerce, trade, transportation, means of communication, the tourism and its associated components have subsequently transformed from social to commercial. According to Walker (2010) travel and tourism industry is broadly classified into four major sectors as mentioned below:
- Accommodation
- Transportation
- Attraction
- Food & Beverage Services

The following flow chart displays the segmentation of tourism.

**Figure 1.3 Segmentation of Tourism Industry**

Source: Adapted from S. K. Bhatnagar, 2009

The figure provided above illustrates that the tourism industry comprises of numerous components ranging from travel sector to all other allied sectors which facilitates the provision of varied products and services as necessary for the enhancement of the experience of the visitors. Therefore, the transportation sector comprising airlines, railways, cruise ships, and road travel; accommodation sector which covers hotels, motels, classified and unclassified and supplementary accommodation etc. and also an array of attractions become the component of travel & tourism industry. Moreover, all the varied sectors which facilitate tourism in some form or the other whether linked directly or indirectly also make up the ever growing travel & tourism industry. Therefore, it becomes imperative to understand them individually.
1.4.1 ACCOMMODATION

Accommodation or lodging is the largest and most ubiquitous sub-sector within the travel & tourism industry. The image of a tourist destination is characterized by the provision of accommodation as it fulfills one of the vital and fundamental needs of tourists during their travel. In addition, tourism does not thrive in the absence of accommodation (Cooper et al. 2008). Accommodation is categorized into classes or grades as per their provision of service. Classification is generally dependent on the provision of the quality of service and may be administered to all sub-divisions of accommodation but is chiefly used with respect to hotels, guesthouse, farmhouse accommodation, bed and breakfast (B&B), and camping and caravans. Hotels are considered as the primary form of accommodation but other kinds of supplementary accommodation also co-exist. It is the necessity which has contributed to the growth & development of supplementary accommodation in several parts of the world as these are designed to provide minimal services in context to food and stay (Raju, 2009; Saxena, 2008). As per The Hotel Proprietors Ordinance (1956) a hotel is an establishment which facilitates the provision of sleeping accommodation to any person who appears able and willing to pay a justifiable amount for the services and facilities provided and are in a fit state to be received. Although, a hotel may be large or small; relatively inexpensive or more highly priced; and may or may not offer food services and other amenities. Amenities may include food and beverage service alternatives, swimming pools, exercise rooms, and meeting spaces etc. Thus, it is a complex combination of factors which facilitates tourists with what they wish to experience (Hall & Page, 2009). Although, the parameters for the classification of hotels are numerous but no generic rule for classifying accommodation establishments have been instituted globally so far.

The accommodation sector in India has witnessed phenomenal growth over the years. It encompasses establishments ranging from major international brands or chains and large independent hotels to medium and small hotels. According to HVS (2017), the hotels have been growing consistently since 2007-08 from 316 hotels with 3,97,000 rooms to record 941 hotels with 1,19,219 rooms in 2016-17 with an increase of 54 hotels and 5,597 rooms from 2015-16. Moreover, a report by FHRAI (2016) states that the average room rate registered in 2015-16 was INR 5,128, the highest recorded since 2009-10 along with the occupancy which
also continued to witness a rise, recorded at 62.1% in 2016. Thus, it could be stated that the accommodation industry is a key sector in the growth of the travel & tourism sector.

1.4.2 TRANSPORTATION

Transportation is an undoubtedly an integral part of tourism as it facilitates the tourists with the connectivity from origin to the destination regions and other surrounding attractions. Also, the massive modifications in the development of tourism were marked with the transformation in the transportation industry brought about by the industrial revolution. The development of transport has been acknowledged as the major facilitator of the growth and development of tourism (Hall, 1991). A substantial co-dependence exists between the varied sectors of transport and the tourism as tourism relies on the viability and charm of a destination and a destination relies on the transportation for accessibility (Lohmann and Duval, 2011). Moreover, Hobson and Uysal (1992) also highlights that the major development of the tourism is directly attributable to the advancements in transportation. Collier (1994) states that transportation is required to fulfill three needs of the tourists in general namely:

- The transportation generating from the native place to the host area.
- The transportation between host destinations
- The transportation within host destinations

Moreover, tourism accessibility has advanced and become much commercialized and established today. Further, tourist transport can be categorized into Public or private sector transport; water/land/air transport; domestic and international transport and modes of transport. Over the years different modes of transport have acted as pivotal stimulus to the development of tourism. The following figure outlines the major modes of transport.

**Figure 1.4 Passenger Modes of Transport**

![MODES OF TRANSPORT](image)

Source: Adapted from Goeldner, R. C., & Ritchie R. J. (2012).
Cooper et. al. (1993) commends that transportation serves as the key element of the tourism not only at the destination but also enroute to the destination. The varied modes of transportation such as car travel, coach travel, rail travel, air transport, and cruises (Rodrigue et. al., 2006) are discussed below.

1.4.2.1 Modes of transportation:

I. Surface: Surface transportation covers transportation on land i.e. either through roadways or railways. It is the cheapest and the most frequently used mode of transportation by one and all. Surface transportation is broadly divided into two categories i.e. Roadways and Railways which are discussed further.

- **Roadways:** An identifiable route, way or path between two or more places is known as the road and is typically smoothed, paved, or otherwise prepared to allow easy travel though they may not be. The most common vehicle used in roadways is the automobile along with buses, trucks, motorcycles, bicycles, etc. These provide the travellers with flexibility and independence. Further, coaches (buses) are appropriate for mass tourism for short-term as well as for long-term multi-day expeditions i.e. adventure tours. Road transport is recognized as one of the safest and convenient mode for short journeys (Goodwin et al., 2004). Moreover, the up-gradation of connectivity between cities, towns and villages in the country has subsequently led to the advancement of road transportation. As per the data released by IBEF, 2016, India has the second largest road network across the world covering 4.7 million km and transports more than 60 per cent of all goods in the country along with 85 per cent of India’s total passenger traffic. It is certainly propulsive in correlating all businesses to all major world markets, driving trade, generating employment and facilitating travelling. Moreover, in accordance with the need and convenience, road transport offers complete freedom to users to transfer their vehicle enroute.

- **Rail transport:** Railways has been the prevalent form of mass public transport before the era of the automobiles (Rodrique et al., 2006). It is a frequently used mode of public transportation in the country for the passengers as well as the tourists as it is not only cheaper than the other modes but also reliable as it connects almost all important and less important places of tourism. Moreover, for
carrying passengers as well as cargo railways have been playing a dominant role across the Indian Territory. Indian Railways is one of the largest railways under single management in the world with the highest employment generator employing more than 1.3 million people. Further, it ranks second in the earning capacity in the public sector following ONGC Ltd. As per Indian Railways Statistics 2013-14, Indian railways have been divided into 17 zones which are further segregated into 68 divisions. Moreover, tourism cannot proliferate in a country in the absence of railways (Kumar and Komaraiah, 2014). In the interest of promoting rail tourism in the country the ministry for Indian railways have taken various customer oriented initiatives in respect to the provisions of services and facilities, for instance, the provision of reasonably priced tourism package to tourists, especially the pilgrims in the country. Additionally, it encourages tourism by offering diverse promotional schemes, tour packages, special trains, charter trains, luxurious trains, coaches to lure not only domestic tourists but also the foreigners. Moreover, the multifaceted magic of the real India can be experienced none other than railways. In line with this, the Indian Railways also offers various special tourist trains as tourist attractions operated under luxury segments such as Royal Rajasthan on Wheels, Palace on Wheels, Deccan Odyssey, Golden Chariot, Maharajas’ Express. These royal trains provide the tourists with a detailed picture of a particular region. The slow yet steady track takes the tourists through the lows of the Indian desert and the highs of the mountainous ranges providing a mesmerizing experience.

II. Air Transportation: Air transportation has been an integral fragment of the travel & tourism industry. Though, the association between air transport and tourism is a highly complex phenomenon as it is an intriguing blend of tourism accessibility, economic dynamics, and demand of low cost facilities. Owing to the advancement in aircraft technology, improvements in communications and information technology, and marketing strategies, the quality of travelling through air has considerably improved. Additionally, such an improvement ensued reduction in air fares leading to voluminous traffic, specifically on longer courses and thereby posing a positive effect on the tourism (Rey et al. 2011; Chung, Whang 2011). Globally, air transport dominates the movement of international visitors with
the development of civil aviation section in India. As per the report of TechSci Research, 2015 India witnessed a multi-fold growth in the air passenger traffic since last decade whereas lately in 2015-16, a total of 135 million passengers travelled through air.

**Figure 1.5 Air Passenger Traffic Statistics (India)**

![Indian Air Passengers Traffic](source)

Source: Adapted from Airports Authority of India, TechSci Research, 2015

Additionally, increase in disposable income coupled with the varied forces of globalization has given impetus to the growth of air transportation in India as reflected in figure 1.5. As per Airport Authority of India 2015-16, India has 90 airports which are operational classified under International Airports (17), Domestic Airports (66) and Custom Airports (7) whereas a total of 339 airports and airstrips are non-AAI as displayed in the figure 1.6.

**Figure 1.6 Segmentation of Airways in India**

![Segmentation of Airways in India](source)

Source: Adapted from Airports Authority of India, TechSci Research, 2015
However, a number of airlines operate in the country. The figure provided below presents the major airlines which dominates the Indian aviation market.

**Figure 1.7 Market Share of Major Airlines Operating in India**

For the development of tourism to many destinations, an adequate system of air services becomes essential as the growth of one industry inspires growth and progress of the other. Further, with the up gradation of the varied air facilities air transportation has become more and more safe and reliable and popular amongst tourists. Thus, a powerful synergy exists between the development of air transportation and tourism of an economy.

**III. Water Transportation:** The intentional movement over water to long distances is known as water transportation. It can be divided into two broader categories namely inland and ocean water transport. As per inland national water way authority of India (2016) there are a total 111 national waterways identified for the purpose of water transportation, amongst which 6 of them are operational as given below:

1. **NW-1 (Allahabad-Haldia Stretch)**
   The longest waterway runs across Ganga, Bhagirathi, and Hooghly river in Uttar Pradesh, Bihar, Jharkhand and West Bengal covering a distance of 1620 km.

2. **NW – 2 (Sadiya-Dhubri Stretch)**
   The waterway makes its way via river Brahmaputra in Assam state and is 891 km long.
3. NW – 3 (Kollam-Kottapuram stretch)
The waterway facilitated with navigation all the time, runs through West Coast and Champakara and Udyogmandal canals in Kerala up to 205 km.

4. NW – 68
The waterway stretches through river Mandovir in Goa covering a distance of 41 km.

5. NW – 97
The waterway runs along Sundarbans waterways via river Tons covering a distance of 654 km.

6. NW- -111
The waterway runs via river Zuari in Goa with a distance of 50 km.

Inland water transport is considered as fuel efficient, cost effective and environment friendly mode of transport. In addition, it reduces time, cost of transportation of goods and cargos, as well as congestion and accidents on highways (The National Waterways Bill, 2015). Water transportation comprises of boat travel, cruise travel, yachting or ferry travel. Further, Cruise tourism is one of the most dynamic and fastest growing components of the leisure industry worldwide as it is an experience in itself apart from facilitating travelling.

Additionally, Cruises mainly comprises of sea journeys which are concentrated largely in the Caribbean and the Mediterranean (Rodrigue et. al. 2006). It has briskly emerged as a new marketable product. Thus, India, being a land of vast stretches of pulsating coastlines, deep forests; peaceful and picturesque islands; distinctive historical and cultural heritage along with beaches and rivers which is a pre-requisite for the development of water tourism has a great potential to offer a varied array of water sports to the tourists.

Moreover, as per Ministry of Road Transport and Highways (2017), the transport infrastructure sector in India is expected to grow at 6.1 per cent in real terms in 2017 and grow at a Compound Annual Growth Rate (CAGR) of 5.9 per cent through the year 2021. Further, the development of accessibilities is also dependent on different elements like policies rules and regulation, vision, economic status of a country etc. Each mode of the above mentioned transport has an indispensable role in the development of tourism. Further, the advancement in transportation has made travel to all corners of the world possible and has brought tourism to a new level.

Thus, transportation is considered the backbone of the travel and tourism industry.
1.4.3 ATTRACTION

Attraction is one of the major constituent of the tourism industry. It is the major motivation which determines the choice and decision of the traveler to travel. Attractions are vital for a journey to take place as these are fundamental element within the whole tourism system. Indeed, it is pre-requisite for the tourism as without attractions there would be no need for tourism services (Swarbrooke, 2002). Numerous studies have discussed concept and the functionality of attraction in tourism (Gunn, 1972; MacCannell, 1976; Lew, 1987; Lieper, 1990; Vitterso et. al., 2000; Richards, 2002). Attraction includes cultural sites, archeological sites, historical buildings & monuments or scenery like flora & fauna, beach, resorts, mountains, national parks. Additionally, it includes events like trade fairs, exhibitions, sports events etc.

There are three types of attraction, which are listed below:

- **Man-Made Artificial Attraction:** The sites modified or developed by people due to human civilization such as religious sites, historical sites, Archeological sites, monuments, cultural practices, museum, parks, sports, trade, exhibitions, iconography etc.

- **Natural Attraction:** The modified natural beauty or natural resources or gifted by nature. For example, flora and fauna, deserts, mountain, dense forest, caves, waterfall, and spas, national parks, rivers etc.

- **Supplementary attraction:** These are designed and developed to enhance the charm and appeal of the natural and man-made attractions with people with a purpose to facilitate the travelling experience of the tourists with the provision of hospitality, spa or venue, services, rest house, parking loaded, communication facilities etc.

Thus, in its widest framework, attraction includes all the things which a tourist could see and experience along with services and facilities (Lew, 1987; Witt & Moutinho, 1994).

1.4.4 FOOD & BEVRAGE

Food & beverage service refers to any service rendered to gratify basic human needs of hunger and the joy of eating and drinking for the physiological and psychological satisfaction. The food and beverage service industry is one of the most vibrant service industries within India with over 25% yearly growth. According to a report published by
FICCI (2015), the F&B service market is worth INR 204,438 crore, surging upward at compound annual growth rate (CAGR) of 23-24% and is estimated to be INR 380,000 crore by 2017. Although, predominantly concentrated in the unorganized space, with the advent of foreign and Indian restaurant chains, the organized market is likely to expand quite rapidly. The sector encompasses all types of establishments that supply food and beverages for consumption, from fine dining enterprises, ethnic restaurants, fast food restaurants and institutional food outlets to catering firms, pubs and lounges. This is discussed further in detail below.

1.5 FOOD AND BEVERAGE SERVICES

The food and beverage also termed as the restaurant industry is one of the most substantial constituent of the tourism industry. Restaurants have been around in some form or another for most of the human civilization. The word “restaurant” was first used in America by Jean Baptistie, a French refugee in 1794 who came to America and opened his first restaurant. Later, it was Lorenzo who served the food industry for more than 50 years (Lundberg, 1984).

The restaurant services market has been divided into four areas namely quick service restaurants, fine dining, casual dining and cafes, bars and pubs. These days the entire milieu of the food and beverage sector has transformed from a time when only a few number of restaurants existed to a time now where consumers have an array of cuisines, locations and range of prices at their disposal.

Moreover, the Indian food and beverage industry is one of the most dynamic industries that has experienced phenomenal growth over the time and has illustrated a forward moving approach which could be attributed to the changing demographics, increase in disposable incomes, urbanization and the like.

As per National Restaurant Association of India (NRAI, 2016) the restaurant industry is expected to contribute about 2.1 % to the total GDP of India by 2021. Further, Indian food services market will grow at a CAGR of 10 percent till 2021. Further, it also identifies that the Indian food services market will grow from INR 3,091.1 billion (2013) to INR 4,981.3 billion by 2021.

The entire Indian food service market can be classified into two segments namely organized and unorganized restaurant market. The unorganized restaurant market comprises of the roadside vendors, dhabas, vans etc. whereas the organized restaurant market includes the Quick Service Restaurants (QSR), the full service restaurants, pubs, bars, clubs and lounges and the food courts and kiosks. Organized restaurants are defined as restaurants with more
than twenty seats and a restaurant menu, mainly recognized by its ambience, hygiene, quality of food and services. According to a report by FICCI-Grant Thornton (2015) the sector is largely dominated by the unorganized segment which controls 60 per cent of the market. Further, the figure below presents the market share of various organized food & beverage segments in India.

**Figure 1.8 Market Share of Food & Beverage Segments**

![Market Share Of Food & Beverage Segments](image)

**Source:** Adapted from FICCI, 2015

In terms of market segments, Quick Service Restaurants (QSR) and Casual Dine-in formats account for 74 percent of the total market, while Cafés make up 12 percent, and Fine Dining, Pub Bars Clubs & Lounges (PBCL) comprise the rest as reflected in the figure 1.8.

**1.5.1 CLASSIFICATION OF FOOD & BEVERAGE SERVICES**

A wide variety of food service businesses exists to cater to the physiological and psychological satisfaction of consumers.

These are broadly categorized as mentioned below:

- Commercial food service operations
- Industrial/ Non-commercial food service operations
- Welfare catering
The above figure portrays varied category of food service catering which includes:

- **Commercial catering:**
  Commercial food service operations sometimes referred to as business-oriented food service operations primarily operate to generate profits from the sale of their products and services to consumers. These operations include hotels, restaurants, and fast food restaurants etc.

- **Industrial catering:**
  On the other hand, industrial or non-commercial food service operations operate inside of organizations and are cost-oriented that prepares and serves meals as a secondary support to educational institutions and other organizations i.e. without the intent to earn profits. These include cafeterias, canteens, armed forces, institutional catering, etc.
➢ **Welfare catering:**

Welfare, subsidized or philanthropic catering refers to food service operations which facilitate the provision of food and beverages to people to realize a social obligation, determined by a recognized authority for the welfare of people. The operations are either fully or partially subsidized by the parent organizations. It includes catering in orphanages, prisons, religious congregations, old age homes etc.

Therefore, there are wide varieties of food outlets serving an array of food choices available at the dispose of the customers to choose from and fast food is one amongst them which has incessantly gained popularity over the years. In line with this, the corresponding section is discussed further.

### 1.6 FAST FOOD

The advent of rapid urbanization accompanied with busy lifestyle and advancement in technology has notably transformed the way of life of many people which in turn have dramatically altered the tradition of cooking and eating at home. As evident, people are now more dependent on ready-to-eat meals available in the market for their daily sustenance and popular among them are fast foods. Fast food is a popular term given to food that can be prepared and served very quickly. It typically refers to food sold in restaurant or outlet with preheated or precooked ingredients, and served to the customer in a packaged form meant for take-out or take-away. However, the term “Fast Food” has been inconsistently classified across research studies.

#### 1.6.1 DEFINITIONS

Fast food has been defined in a number of ways, however a common definition or interpretation has not being universally accepted (Ball, 1992). Unfortunately there is a lack of an official government description of fast food and fast food industry.

The table 1.3 highlights a few popular definitions of fast food as given by a number of researchers and institutions.
Table 1.3 Popular Definitions of Fast Food

<table>
<thead>
<tr>
<th>Source</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bender and Bender (1995)</td>
<td>“A limited menu of foods that lend themselves to production line techniques where suppliers tend to specialize in products such as hamburgers, pizzas, chicken, or sandwiches”</td>
</tr>
<tr>
<td>Data Monitor (2005)</td>
<td>“The food and beverages meant for immediate consumption either on the premises or elsewhere”</td>
</tr>
<tr>
<td>Austin (2005)</td>
<td>“Eating places where the customers pay before eating and have an option to eat out”</td>
</tr>
<tr>
<td>Smoyer-Tomic (2008)</td>
<td>“Walk up counter services selling predominantly pre-processed and prepared to order foods”</td>
</tr>
<tr>
<td>National Institute of Health</td>
<td>“Fast foods are characterized as quick, easily accessible and cheap alternatives to home-cooked meals but tend to be high in saturated fat, sugar, salt and calories”</td>
</tr>
<tr>
<td>Macmillan Dictionary</td>
<td>“The food which is prepared and served very quickly and can be taken away especially food such as a burger”</td>
</tr>
<tr>
<td>Oxford Dictionary</td>
<td>“Fast food is easily prepared processed food served in snack bars and restaurants as a quick meal or to be taken away”</td>
</tr>
<tr>
<td>The Free Dictionary</td>
<td>“Inexpensive food such as hamburgers and fried chicken, prepared and served quickly”</td>
</tr>
<tr>
<td>Merriam-Webster Dictionary</td>
<td>“Fast food is intended as readily available for use or consumption with little consideration given to quality or significance”</td>
</tr>
</tbody>
</table>

Source: Author’s compilation from various sources

Therefore, used loosely and in a broad sense, it can be taken to mean foods are that are served quick, reasonably priced, and readily available alternatives to home cooked food. Further, the rapid pace of life, combined with easy accessibility and intense exposure to fast food advertising and marketing have been accountable to the preference of the fast foods over homemade food. Thus, it has become ubiquitous being one of the world’s fastest growing food types.

1.6.2 FAST FOOD & ITS MARKET

The fast food culture is rapidly propagating across societies owing to the increasing trend of eating out and availability of an array of gastronomic preferences across the boundaries.
Further, the fast food industry around the world has witnessed a considerable growth over the years. The fact that the restaurant industry employ ten times to what hotels employ, makes restaurants an integral growth story. Furthermore, according to the statistics released by Data monitor (2013) the world foodservice industry is expected to reach almost $992 billion in 2014, with a volume of over 586 billion transactions which represents more than 18% growth in five years. Cafes and restaurants govern the market segment by over 50% of the overall value of the industry. Regionally, Asia-Pacific holds almost 43% of the world foodservice industry market share. Global Industry Analysts (2013) reports that the global mobile food service industry is expected to surpass $2.5 billion by 2017.

Further, a report by Zion Market Research (2017) also identified that global fast food market was valued at over USD 539.63 billion in 2016 and is expected to reach above USD 690.80 billion by 2022. Thus, the fast food restaurant industry is a burgeoning industry comprising of multiple and diverse players exhibiting no traces of tapering off.

The remarkable economic growth in the previous years has not only brought changes in disposable income but also brought about socio cultural transformation as substantiated from a report published by Euromonitor (2017) which states that India is amongst the top markets in the world where eating out has become a trend. The popularity of eating out continues to advance among consumers as the fast food is one of the swiftly expanding sectors globally (Goyal & Singh, 2007). Moreover, after a slow start, the fast food industry in India recorded prolific growth over the years. It has now become one of the fastest growing economies in the world with an average growth rate of 7% over the past decade (The World Bank, 2014).

It is observed that many international chains such as McDonald’s, KFC and Domino’s Pizza, Baskin-Robbins along with local chains like Haldiram, Nirulas and Bikanerwala have evolved over the past few years with specific cuisines and product offerings.

The Economic Times (2013) states that India’s fast food restaurant chains business is expected to grow eight-fold to $5.6 billion by 2020 from $ 720 million in 2011, at a CAGR of 27 per cent which echoes that the country has come out as one of the swiftly growing fast food market in the world, gratitude to the liberalization of the laws and policies by the Government of India. This is also reflected from the table 1.4 & table1.5.
The table 1.4 reveals that the US and China are the biggest consumers in the food market proceeding neck to neck. The US is also the leading state in the consumption of fast food followed by the other major states of the world. Surprisingly, the pace of the growth of the US is negligible i.e. at 2% CAGR which reflects clear signs of maturation, whereas though currently India is not there in the race but CAGR assures that in the times to follow Indian fast food market will outrun all in the line. The table reflects the growth rate of 13% which is much higher according to the market size of the other countries in the world, thus clearly indicating that in the upcoming times the country will experience a boom in the fast food sector.

Table 1.5 Growth of Fast Food Restaurants in India

<table>
<thead>
<tr>
<th>Category</th>
<th>2011</th>
<th>2020</th>
<th>CAGR*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food Market</td>
<td>100 b</td>
<td>240 b</td>
<td>11%</td>
</tr>
<tr>
<td>Fast Food Restaurants</td>
<td>15 b</td>
<td>50 b</td>
<td>16%</td>
</tr>
<tr>
<td>Fast Food Restaurant-Chains</td>
<td>720 m</td>
<td>5.6 b</td>
<td>27%</td>
</tr>
</tbody>
</table>

*CAGR: Compound Annual Growth Rate
Source: Adapted from ET Bureau, 2013
From table 1.5, it is clear that the food industry in India is growing rapidly at a CAGR of 11% and fast food restaurant segment by a CAGR of 16%. Surprisingly, fast food restaurant chains will grow at a revolutionary pace i.e. from 720 million to 5.6 billion by 2020 at a CAGR of 27% which clearly signifies an immense opportunity of growth for fast food chain operators.

Euromonitor (2016) in their report states that fast food segment accounts for 16.3% of the total food service industry. According to the latest data revealed by ASSOCHAM (2015), the quick service restaurants (QSR) sector in India is currently growing at a compound annual growth rate (CAGR) of 25 per cent and is likely to touch INR 25,000 crore mark by 2020. Thus, the sector holds immense potential for the growth and development of the industry.

1.6.3 REASONS FOR GROWTH OF FAST FOOD SECTOR

The access of restaurants into a range of diverse cuisines resulted in creating a positive influence on the food & beverage industry. Subsequently, on account of easy availability and accessibility consumers became more and more experimental with different cuisines which sequentially gave rise to increased frequency of eating out. Progressively, the culture of eating out has brought about different modules across the country. Thus, multitudinous factors which have contributed to the emergence of fast food culture are discussed below:

- **Favorable Demographics**

  India being the second largest country in terms of population possesses huge potential market for all the products/services. Moreover, the inclination of the young population of India has been the major driving force for the growth of the fast food culture. Demographically around 58% of the people eating out are in the age group of 18-30 years and in the demographic pyramid, the largest segment within India (FICCI, 2015). Furthermore, the fast food restaurants have increasingly become the place for social gathering amongst youngsters. This change in the social landscape across urban India has contributed to the spur in growth of fast food restaurants in tire I and tire II cities.

- **Increase in disposable income**

  The fact that the women have joined the workforce at different levels of economy has led to the emergence of double income which has ultimately led to increase in disposable income. Moreover, the increased employment of the young Indians in sectors such as information technology has increased their standard of living and wallet size significantly. Households
with higher income have been more responsive on spending on fast food (McCracken & Brandt, 1987; Byrne et. al., 1998).

- **Paucity of Time**

With increasing work pressure, and other social activities, individual are barely left with time for cooking at home. Schlosser E. (2001) pointed out the quick service of the fast food was the most frequently reported reason for eating at fast-food restaurants. Additionally, besides taste, people prefer fast food as it instantly gratifies the taste buds of the individuals (Laroche and Parsa (2000). Moreover, fast food away from home is the only solution for many whose distances to school, colleges and work is long coupled with usually short periods of lunch time.

- **Change in Lifestyle**

Over the last decade, there have been multifarious changes in the lifestyle of consumers. Eating out has become a part of leisure. French et. al. (2001) specified that visiting a fast food restaurant meant to spend time with family and friends. The emergence of nuclear families wherein both parents are working and earning dual income in most urban households have led to the rapid changes in the lifestyle and food habits of the Indians. The changing lifestyle and work habits decides the consumer’s choice for fast food. This has resulted in an increased demand for affordable “food on the go”. Moreover, Quick meal has become the solution for the consumer with busy lifestyle (Andaleeb & Conway, 2006; Schroder & McEachern, 2005). Fast food is perceived as simple and convenient by the consumers for the reason it is available with complete set of meal with drinks with satisfactory packaging. Furthermore, the working class singles (male and female) values that fast food is reasonably priced and perhaps more efficient on their time has all together triggered the higher consumption of fast food (Schroder and McEachern, 2005).

- **Rising Number of Working Women**

The changing demographic composition of the workplace as there is remarkable growth in the percentage of working women has driven the rise in consumption of fast food. A large number of women working outside the home had less time to cook food at home. Due to this increase, working professionals hardly can spare time in the kitchen like the older generations could afford to and thus they depend on the ready to cook meals, or the take outs on their way back home, given they scarcely can provide the time in the kitchen. Therefore, the paucity of time with the women was recognized as a significant factor for elevating the demand for fast
food (Senauer, Sahn, and Alderman, 1986). Further, echoed by Byrne et. al. (1998), consumption of fast food is observed more in families where the person responsible for cooking is engaged in labour force (Byrne et al., 1998). Besides, if they have time then also they don’t desire prepare food at home as they want to break free from traditionally defined gender roles and do not want to confine themselves to household affairs.

- **Globalization**

Culture is principally a set of norms and beliefs shared by a group of people who acquire life guiding principles from them. Further, culture also assists in shaping the behavior of individuals. Interestingly, Indians are more open to new unstructured ideas and are less resistant to novel cultural values. Owing to the advent of globalization, one may anticipate new ideas, products and services emerging from practically every corner of the globe due to cultural exchange aided by internet and media spread amongst individuals. Further, in line with this, people have been exposed to western cuisine and a craving for international food is apparent from the fact that fast food is considered tasty and is easily fitting into the Indian palates.

- **Advertisement**

Advertisement of fast food has become increasingly popular with the media. Since children watch a lot of television, through bright, flashy colors and popular figures, companies can entice children to their products as they are the main targets of the intensive advertisements. Moreover, the internet has broadened the advertising possibilities for the fast food brands. Thus, the penetration of fast food in the country is clearly assisted by the globalization of the media.

- **Urbanization**

As in all probabilities, the income levels of the people dwelling in the urban areas will rise. Further, the consumers in tier II and III cities are also witnessing a rise in incomes and purchasing power as the growth of economy is reaching beyond urban areas. Therefore, increasing urbanization has induced the shift in the eating patterns of the urban Indians.

- **Varying consumer behaviour**

Changes in family structures have led to the changes in the food habits of consumers which in turn has increased the frequency of eating out and an increased preference for convenience food. Apparently, consumers are becoming more sophisticated now as they do not want to
cook food and spend their time and energy in house hold chores. Further, owing to the growing influence of western culture, the patterns of food consumption among Indian families have drastically transformed as people have started to dine out and moved on to accept wide varieties of delicacies from all over the world.

- **Economic liberalization**

As most of tariff and non-tariff barriers from the Indian boundaries are either removed or minimized with the advent of economic liberalization of 1991. It significantly helped the investments from MNC’s such as McDonalds to enter in the country under the government approved route to cash in the voracious appetite of the country.

- **Menu diversification:**

The relative popularity and acceptance of fast food in India mushroomed at the outset of the customization of fast food by multinational fast food companies to cater to the taste of Indians which consequently led to the expansion of fast food menus with indigenous dishes a desired alternative to traditional meals. Innovative new themes and menus have also been a boon for the industry. Thus, the effects of these changes have altered the tradition of cooking and eating at home. Owing to these factors fast food has become indispensable in the lives of people across societies.

1.6.4 MAJOR PLAYERS IN FAST FOOD SECTOR IN INDIA

With the emergence of Indian and international brands in the arena of fast food, the concept of QSRs has gained profound eminence in India. Further, these has also been successful in encouraging affordable eating, thus enabling to suit pockets of the people. Consequently, the market has become competitive with the players providing core menu as well as introducing variations in Indian and international foods. Apparently, numerous international brands such as Dominos, Subway, Pizza Hut and KFC flooded in the country with the entry of McDonald’s in 1996. These international players have established themselves strongly in the Indian market and typically prefer to operate through the franchise model so as to expand rapidly with minimal capital investments. Interestingly, an array of players confined to specific regions (e.g. Jumbo King, Fast Trax, etc.) focus on the provision of customized Indian or international cuisines to cater the Indian palate. On the contrary, Indian players
have been keen on focusing on multiple cuisines rather than on a single cuisine or product category like international brands. Further, in the context of menu, Indian QSRs like Haldiram’s, Bikanerwala, etc. offer vegetarian food in contrast to which international players like McDonalds, Dominos, KFC, Subway, etc. offer both vegetarian and non-vegetarian products. Moreover, the chain format is marked with their growing presence as an array of outlets extended over various cities in India. Additionally, to resist the competition, most of the players are modifying their offerings in terms of flavors, pricing, services, etc. to fulfill the propensities of consumers as reflected in the opening of pure vegetarian restaurants in certain parts of the country, offering no beef-based products, establishment of individual cooking sections for vegetarian and non-vegetarian food, introductions of local flavors in the menu, provision of home delivery services. For instance, Subway offers mint, chili and eggless mayonnaise for strict vegetarians as toppings and offers chicken instead of beef in deference to distinct religious sentiments.

Additionally, players are also expanding their horizons at various terminals viz. malls, office complexes, airports, highways, etc. through varied formats such as drive-through, and express formats. The figure 1.10 given below reflects the market share of major fast food brands operating in India.

**Figure 1.10 Market Shares of the Major Fast Food Brands Operating in India**

![Market Share Pie Chart]

Source: Adapted from CRISIL Research, 2013
Further, the table 1.6 provided below lists the major players in the Indian fast food industry.

**Table 1.6 Major Players in the Indian Fast Food Industry**

<table>
<thead>
<tr>
<th>Name</th>
<th>Cuisine</th>
<th>Parent Company/ Master Franchisee</th>
<th>Origin</th>
</tr>
</thead>
<tbody>
<tr>
<td>McDonalds</td>
<td>Burgers</td>
<td>Hard Castle Restaurants</td>
<td>USA</td>
</tr>
<tr>
<td>KFC</td>
<td>Chicken</td>
<td>Devyani International</td>
<td>USA</td>
</tr>
<tr>
<td>Pizza Hut</td>
<td>Pizzas</td>
<td>Devyani International</td>
<td>USA</td>
</tr>
<tr>
<td>Dominos</td>
<td>Pizzas</td>
<td>Jubilant Foodworks</td>
<td>USA</td>
</tr>
<tr>
<td>Sagar Ratna</td>
<td>Multi</td>
<td>Sagar Ratna Hotels</td>
<td>Delhi, India</td>
</tr>
<tr>
<td>Barista</td>
<td>Coffee</td>
<td>Barista Coffee</td>
<td>India</td>
</tr>
<tr>
<td>Subway</td>
<td>Sandwiches</td>
<td>Subway Systems India</td>
<td>USA</td>
</tr>
<tr>
<td>Tacobell</td>
<td>Tex-Mex</td>
<td>Yum Restaurants</td>
<td>USA</td>
</tr>
<tr>
<td>Costa Coffee</td>
<td>Coffee</td>
<td>Devyani International</td>
<td>England</td>
</tr>
<tr>
<td>CCD</td>
<td>Coffee</td>
<td>Bean Coffee Trading</td>
<td>India</td>
</tr>
<tr>
<td>Nirula’s</td>
<td>Multi</td>
<td>Nirula’s Corner House</td>
<td>Delhi, India</td>
</tr>
<tr>
<td>Haldiram’s</td>
<td>Multi</td>
<td>Haldiram Snacks</td>
<td>Delhi, India</td>
</tr>
<tr>
<td>Bikano Cafe</td>
<td>Multi</td>
<td>Bikanervala Foods</td>
<td>Delhi, India</td>
</tr>
<tr>
<td>Om</td>
<td>Multi</td>
<td>Om Sweets</td>
<td>Delhi, India</td>
</tr>
</tbody>
</table>

Source: Adapted from CRISIL Research, 2013

Thus, the potentiality of the fast food sector have generated tremendous interest in established world class chains, Indian corporate chains and non-chain restaurants to venture into this bubbling segment.

**1.6.5 EMERGING TRENDS IN FAST FOOD SECTOR**

The fast food sector industry is subject to several trends which plays an influential role in the growth and success of the business operation. A trend is usually defined as a prevailing tendency of inclination, a style or preference, a line of development over time of statistically detectable change. The table 1.7 below provides insights into the emerging trends that are most likely to influence future of fast food sector.

**Table 1.7 Emerging Trends in Fast Food Sector**

| Digital menu boards for better demographic targeting | The provision of digital menu boards in the restaurants portraying menus as per the time of the day will serve as an advantage to target the demographics in a better way. For instance, in the morning, the boards could feature the breakfast options for commuters whereas in the evenings, the items could appeal the adolescents. Moreover, such advancement will not only prognosticate the customer turnover but will also enhance the dining experiences of customers leading to profitability of the establishment. Additionally, such menu boards could be |
deployed to trace the prominent option so as to access the other domains.

**Touch screen ordering and transactions at the table**
The ordering of the food along with the billing transactions will be facilitated right at the table-equipped with digital touch screen devices thereby administering the accuracy concerns of the customers leading to their delightment as well as prove to be economic to the management from the staffing and training perspectives.

**The table as an information and entertainment center**
The tables equipped with the digital devices will serve as information and entertainment centers to the customers. The novel transformation will provide customers an access to all the necessary information about the menu items as well as play games and participate in contests. On the other hand, the management could assess the order and entertainment preferences of the customer to know them better.

**Integrated digital training platforms**
The integrated digital training and education systems provided through classrooms and mobile channels will aid in addressing high employee turnover in the quick service restaurant industry. Further, all the desired information such as usage of equipment will be imparted to the employees via text, video, and audio, thus, making it easier for them to retain.

**Intelligent drive-thru**
To facilitate the association between customers and the establishment, QSRs will connect the mobile devices of the customers to the drive-thru window. It will improve the communication between the two ends regarding promotions, varied menu options and loyalty programs. At the drive through spot, the customers could simply swipe the loyalty card enabling the management to track, encourage, acknowledge and reward the loyal customers.

**Automated inventory management**
QSRs will have automated inventory racks to manage multiple stores in multiple locations so as to know when and what to order always.


Thus, such advancements will transform the QSR from a simple dine out experience to one that can rapidly adapt to customers’ preferences and entice them to remain loyal.

### 1.7 SERVICE QUALITY IN FOOD & BEVERAGE SERVICES

The blueprinting and mapping of services have received ample attention both in the literature and in practice. The concept of service has been the prime area of debate and research amongst the academicians and intellectuals (Judd, 1964; Rathmell, 1966; Hill, 1977;
Lovelock, 1983; Gronroos, 1994, Grove et. al., 2003; Edvardsson et. al., 2005). The concept of service refers to the framework which details the benefits and value delivered by the service to the customers. Further, it illustrates and represents the needs and requirements of the customers to be fulfilled as well as the way they are to be fulfilled in the form of the content of the service and design of the service package, delineated in terms of the ‘core and the supporting services’. Moreover, it is a comprehensive account of the needs and expectations of the customers and the manner in which how it is to be achieved (the service offer).

A logical composition of ideas and opinions as to the conceptualization of services can be drawn from the ‘classic’ service literature. In the literature several approaches and styles have been employed to define (or at least identify) the concept of service as represented in tabular form below.

Table 1.8 Approaches to Concept of Services

<table>
<thead>
<tr>
<th>Approach</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exclusion</td>
<td>“Identifies services based on what services are not, are not like, or are all except for”</td>
</tr>
<tr>
<td>Quasi conceptual</td>
<td>“Describes services through characteristics”</td>
</tr>
<tr>
<td>Implicit process</td>
<td>“Elucidates services as activities or performances”</td>
</tr>
<tr>
<td>Outcome-based</td>
<td>“Addresses the process or nature of services”</td>
</tr>
<tr>
<td>Experience-focused</td>
<td>“Conceptualizes services through the customer’s experience associated with the service delivery”</td>
</tr>
<tr>
<td>Value-focused</td>
<td>“It centers around the benefits created and realized, but focuses on the immaterial aspects of outcome; typically also notes experiential aspects through co-creation or value in use, and instead of clear-cut definition emphasizes a logic or perspective”</td>
</tr>
<tr>
<td>Institutional</td>
<td>“Focuses on the institutional structure of provision of service through analysis of mechanisms allowing tradability of services between institutions and includes resource perspective”</td>
</tr>
</tbody>
</table>

Source: Adapted from Brax (2013)

Gronroos (1990) states that service is an act or activity, necessarily immovable and intangible, which occurs during intercourse between the customer and the service personnel and/ or resources and/ systems of service facilitators so as to provide solutions to the problems of customers and subsequently does not result in the possession of any external object. In addition, an elementary service is the outcome of the servuction system i.e., the interaction between physical support, personnel and the customer (Eiglier & Langeard, 1975). Moreover,
service production may or may not attach to physical goods (Kotler and Armstrong, 1999). Judd (1964) postulate services as the transactions “where the purpose of the transaction is different than the transfer of ownership (and title, if any) of a tangible commodity”. Additionally, service encompasses all the commercial activities where the principal output is neither a product nor a construction. Harris (2000) noted customer service as anything done for the customer intended to enhance his/her experience. Lovelock and Wirtz (2004) states goods as well as services render services wherein tangible goods may be seen as the support or medium in service provisions.

Thus, the definitions and the construct of services are remolded time and again owing to numerous factors, such as evolving competitive environment which influence the customer’s valuation of the service. Therefore, it could be concluded that the definition of service is perspective in nature and the generalization of a definition of service is not possible.

1.7.1 THE CONCEPT OF QUALITY

Over the years, the world at large realized the importance of quality. Though, the notion laid its foundation with the appraisals of the artists, and gradually transformed to quality control frameworks in the varied organizations (Garvin, 1988). Quality is an abstruse and indefinite construct expressed with imprecise attributes such as goodness, beauty or excellence’ (Crosby, 1979). Quality originally was associated with tangible products and was supported by “zero defect” (Crosby, 1979) and “fitness for use” theories (Juran, 1988). Subsequently, the notion extended lineally and its applicability received extensive acceptance to all the components of the production channel, be it products or services.

In other words, the constituents of the complete production or consumption affair were taken into account. In addition, Feigenbaum (1991) postulated the quality of a product or a service is ‘the total composite characteristics of marketing, engineering, manufacture, and maintenance via which product and service will satisfy the needs and expectations of customers’.

Moreover, the concept of quality though exceptionally elemental to organizations has been intellectualized by several academicians from disparate angles but could not achieve consensus principally due to its subjective nature.

Many experts sought to define quality using their unique perspectives, few of which are presented below in table 1.10.
Table 1.9 Definitions of Quality

<table>
<thead>
<tr>
<th>Source</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crosby (1979)</td>
<td>“Quality is conformance to requirements.”</td>
</tr>
<tr>
<td>Parasuraman et. al. (1985)</td>
<td>“Quality is zero effects- doing it right the first time.”</td>
</tr>
<tr>
<td>ISO (9000)</td>
<td>“Quality is a degree to which a set of inherent characteristics fulfills the requirements.”</td>
</tr>
<tr>
<td>Goetsch &amp; Davis (1997)</td>
<td>“Quality encompasses every aspect of your business and is actually an emotional experience for the consumer.”</td>
</tr>
<tr>
<td>(Lewis (1989), Moore (1987) and Creedon (1988))</td>
<td>“Quality is consistently meeting or exceeding customer’s expectations.”</td>
</tr>
</tbody>
</table>

Source: Author’s compilation from various sources

Thus, there are numerous definitions of ‘quality’. Therefore, these have been segregated into five broad categories which are discussed below.

Table 1.10 Approaches to Quality

<table>
<thead>
<tr>
<th>Approach</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>The transcendent approach</td>
<td>The approach states that as a product or service have incomparable properties and individuals acknowledge quality only through recurring experiences i.e. partly the results of individual rather than the shared experience. In addition, it is subjective in nature. Moreover, it is known as an epiphenomenon as it could not be stated in absolute terms. The approach is not suitable for practical application for the determinants cannot be identified in advance. Thus, quality could only be stated in reference to either comparators or attributes.</td>
</tr>
<tr>
<td>Attribute-based approach</td>
<td>The approach conceptualizes quality as objective in nature for it is the direct outcome of the features or attributes of a product and is dependent on the measurement of the tangible aspects of a service. However, pragmatically, the identification and the quantification of the attributes of service are quite challenging. Higher service quality is achieved by consistently conforming to the expectations of the customers. Further, the “product-based” perspective perceived quality as absolute and measurable. However, it was discerned ineffective with respect to evaluation of the subjective characteristics.</td>
</tr>
<tr>
<td>The manufacturing-</td>
<td>The approach emphasizes on the significance of the management and control of quality from the manufacturers or suppliers where quality is</td>
</tr>
</tbody>
</table>

31
### User-based approach

The approach recognizes the subjective nature of quality. It focuses on the fulfillment of the needs and requirements of the customers. Perhaps, the approach is suitable for organizations which are labor-intensive i.e. services involving high contact with the customers such as hotels and restaurants. Moreover, the approach incorporates the “supply-led” approach as the demands of the customers are taken into account at the design stage of services whereas the extent of conformance is assessed at the transformation stage. Such an approach has its own casualties because perceived quality is highly subjective and is not a reliable indicator of actual quality.

### Value-based approach

The approach connotes quality in terms of value and price i.e. “affordable excellence”. In other words, “Quality” is the “cost to the producer and price to the customer”. The approach focuses on fulfilling the expectations of the customers in terms of quality, price, and availability. In simple terms quality is assessed as the difference between a customer’s investment in acquiring or consuming a product relative to the enjoyment, benefit or satisfaction derived from it. The approach is a version of the user-based approach as the customer makes the determination of value.

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Source: Adapted from David A. Garvin, 1988 & Gabbott et. al., 2006

However, numerous academicians and scholars have attempted to conceptualize the concept of quality but as of today there’s no one uniform definition of quality chiefly due to its very nature & characteristics as mentioned below:

- Quality is objective as well as subjective in nature and can only be at the same time and can only be generalized to a restricted extent;
- Quality encompasses various attributes amongst which some can be evaluated and others could only be assessed;
- Quality may mean a technical-efficiency level and any departure therefrom (condition);
- Quality incorporates properties some of which are discerned deliberately and others which are perceived unintentionally by the customer.
Quality is a multi-faceted concept. In the most generalized way the it can be defined as ‘the inclusion of all specified features and characteristics as defined for product or service and its capability to fulfill the needs and requirement of user while using it’. Additionally, quality is a broad and pervasive philosophy (Powell, 1995; Sousa and Voss, 2002) and is far extensive in implementation. Moreover, it’s a style of managing business processes for the assurance of complete satisfaction of customer at every stage, internally as well as externally (Oakland, 2000).

1.7.2 EMERGENCE OF SERVICE QUALITY

The fact that quality is instrumental in expanding the market share and return on investment (Anderson and Zeithaml, 1984; Phillips, Chang, and Buzzell, 1983) and in decreasing the expenditure of manufacturing and enhancement of efficiency (Garvin, 1983) has been validated by varied research studies. Moreover, in the era of technology where comparisons of price of the products and services are instantly available on the web, the provision of quality in services becomes even more crucial in retaining and enticing customers (Jiang and Rosenbloom, 2005). Primarily, due to the intangible nature of services (Bateson, 1977; Berry, 1980; Lovelock, 1981; Shostak, 1977), it becomes challenging for the businesses to comprehend the manner in which consumers perceive services and appraise service quality (Zeithaml, 1981). Further, the assurance of consistency in the behavior from service personnel (i.e., uniform quality) is arduous, especially the services involving high labor content owing to its heterogeneous nature (Booms and Bitner, 1981). In addition, what an organization means to provide may be completely distinct from what the customer encounters. Furthermore, most of the services are inseparable in nature (Carmen and Langeard, 1980; Gronroos, 1978; Regan, 1963; Upah, 1980) implying that where the participation of consumer is intense and the inputs of consumer becomes crucial to the quality of service performance. The literature on services suggests three underlying themes:

- Service quality is more challenging for the consumer to assess than the quality of goods.
- The perception of service quality results from an assessment of consumer expectations as against the actual service performance i.e. the extent to which the service delivered meets the expectations of customers. In addition, provision of
quality service demands consistent conformance to the expectations of the customers (Lewis and Booms, 1983).

- The measurement of quality is not exclusively dependent on the outcome of a service rather also incorporates appraisal of the process of service delivery.

“Quality” is a multi-dimensional phenomenon which cannot be ensured without the determination of its salient attributes. Moreover, the utility value of these determinants is dependent on the corresponding circumstances. Sasser, Olsen, and Wyckoff (1978) conferred three distinct facets of service performance i.e. levels of material, facilities, and personnel. Thus, the trichotomy implicit that the apart from the outcome, service quality also involves the manner in which the service is delivered. The same is illustrated in various researches on service quality.

Further, two types of service quality were proposed by Gronroos (1990) which are discussed below:

- *The technical quality:* The Technical quality denotes the tangible outcome of the service encounter i.e. what the customer is actually receiving from the service which is often ascertained by the consumer in an objective manner. It involves five aspects namely the technical capability and knowledge of the personnel, technical competence, computerized systems, and the quality of the machines.

- *The functional quality:* The functional quality involves the interaction between the provider and recipient of a service and is often discerned in a subjective manner i.e. the manner in which the service is delivered. A count of seven dimensions are associated with functional quality namely “behavior, attitude, accessibility, appearance, customer contact, internal relationship and service aptitude” (Akhtar, 2011).

- *The corporate image:* The corporate image signifies the consumers’ perceptions of the service organization. It has an immediate and absolute relation with the quality of service of an organization (Gronroos, 1990; Lehtinen and Lehtinen, 1991). The image is dependent on “technical and functional quality; price; external communications; physical location; appearance of the site; and the competence and behaviour of service firms’ employees”.


Lehtinen and Lehtinen (1982) suggested that service quality is the outcome of interaction between a customer and elements in the service organization which further has three dimensions as described further.

- **Physical quality**: The tangible aspects of the service (e.g., equipment or building),
- **Corporate quality**: The image and profile of the organization,
- **Interactive quality**: The interaction between the personnel of the organization and the customer as well as the interaction between customers.

Furthermore, for the assessment of the determinants of quality, it becomes fundamental to separate the quality related with the process of service delivery from the quality connected with the outcome of the service. It is appropriate as it takes into accounts the various determinants of quality. Moreover, the significance and value of each determinant of quality is reliant on the nature of the service. Though, service quality is generally elucidated as the overall evaluation of a service by the customers (Eshghi et al., 2008), or the degree to which a service matches the needs and expectations of customers (Asubonteng et al., 1996; Parasuraman et al., 1991).

Parasuraman et al. (1985) defines service quality as the discrepancy between the perceptions of services provided and the expectations customers hold from the service organization. The author’s measure service quality on the basis of disconfirmation model (Oliver, 1980) which proposes that service quality is a function of the differences between expectation and performance. Further, the overall service quality is evaluated on five underlying dimensions namely “tangibles, reliability, responsiveness, assurance and empathy” which can be evaluated by obtaining measures of expectations and perceptions of performance levels for relevant service attributes. The expectations are influenced by “personal need, word-of-mouth communication and past experiences” whereas perceptions are influenced by attributes of the service delivery process. Further, service quality is the difference between customers’ expectations for service performance prior to the service encounter and the perceptions of the service received (Othman and Owen, 2002; Asubonteng et al., 1996). Additionally, Gefan (2002) confers service quality as subjective in nature. It is the consumer’s comprehensive opinion of the effectiveness of the establishment (Park et al., 2004). Thus, the quality that a consumer perceives in a service is a function of the magnitude and direction of the gap between expected service and perceived service (Parasuraman et al., 1988).
1.7.3 MEASUREMENT OF SERVICE QUALITY

Service quality is considered as the genuine delineation of the prime interest of the customer. The perception of consumers’ results from the comparison of expectations formed before experiencing the service with the actual experiences. Parasuraman et. al. (1991) acknowledged that expectations ("what services should be") are usually not realistic. In accordance, expectations were redefined in prognostic terms i.e. the outcome desired from a superior service. The expectations of the consumers serve as the standards against which service experiences could be appraised. The concept expectation embodies several elements such as desired service, adequate service, and a zone of tolerance which lies between the desired and adequate service magnitude. Owing to the heterogeneous nature of services, consumers acknowledge that the service encounters varies from one place to the other as well as with the same provider from one exposure to the other (Lovelock, 2001). Moreover, the degree to which the customers find this variation as acceptable is called “the zone of tolerance” (Lovelock & Wirtz 2007; Berry and Parasuraman, 1991). The “perceived quality” lies along a continuum where “unacceptable quality” lies at one end while “ideal quality” lies at the other end and the points in between presents the various gradations of quality. The three key possible outcomes of “quality” are:

- Satisfactory quality: Customer’s expectations are exactly met.
- Ideal quality: Perceived quality is higher than customer’s expectations
- Unacceptable quality: Perceived quality is lower than customer’s expectations

Therefore, every experience of service should either be valued as satisfactory or ideal by the customer. However, it is not realistic to focus on the points that may lie in between these three degrees as quality is not an objective phenomenon and not possible to engineer beforehand. Customers perceive quality in a subjective manner i.e. what is perceived as good quality for one person may be less acceptable for the other. Moreover, to be competitive it is necessary to establish marginally higher levels of “satisfactory” and “ideal” quality than those of the competitors which require a thorough comprehension of the generic determinants of service quality as they are complicated in nature. For instance, people not only buy meals, but also buy experiences (e.g. ambience, entertainment and memories) in restaurants. The research revealed that irrespective of the genre of service, consumers used primarily similar parameter for the assessment of service quality. It is thus essential for service providers to
integrate customer expectations into a quality improvement process, and to take into account the cause-and-effect relationship among the outcomes of these measures.

However, the complex notion of service quality has been attempted to be quantified with the development of a measurable scale termed SERVQUAL which is discussed further.

### 1.7.4 THE SERVQUAL MODEL

The marketing academicians Parasuraman, Zeithaml, and Berry (1985) attempted, proposed, developed and iterated a conceptual framework to quantify service quality by a measurable scale termed SERVQUAL. The model tries to depict the effectiveness of the attributes of the service organization which subsequently influences the experiences of the customers.

Additionally, the model reflects the interaction and linkages between the activities of service establishment as considered apt for the delivery of a satisfactory level of service quality. These linkages described as “gaps” or “discrepancies” signifies the obstacles to achieving a satisfactory level of service quality (Shahin et. al., 2010). Correspondingly, the distinct “gaps” which are likely to affect the perception of service quality were discerned and are described further:

- **Consumer expectation – management perception gap (Gap 1):** The gap appears due to the apprehension of imprecise or wrong conceptions about the expectations of customers by the management which may account to reasons such as improper market/customer focus, multiple layers in management, and a wrong orientation in marketing research or lack of the upward communication.

- **Service quality specification gap (Gap 2):** The gap concerns the inefficiency of the management to interpret the expectations of the customers into the service quality specifications i.e. the facets of service design. The gap emanates from the poor commitment to service quality, standardization of the task and absence or irrelevant goals.

- **Service delivery gap (Gap 3):** The gap emerges from the lack of understanding of the roles and positions by the employee’s reason being the absence of adequate assistance to the contact personnel, the problems associated with process, or variability within the performance of the personnel. In other cases, even employees know their roles but they are not able to perform their task well due to lack of team work and inappropriate supervisory control system.
- **External communication gap (Gap 4):** The expectations of the consumer are often tailored by the external communications of an organization. A pragmatic approach to establishing expectations encourages a positive apprehension of service quality. Therefore, it becomes imperative for an organization to ensure that the marketing and promotional pursuits outline the service provisions in a realistic manner.

The gaps discussed above lead to a fifth gap (Gap 5) i.e. the discrepancy between customer expectations and perceptions of the service received which is stated as service quality.

**Figure 1.11 Service Quality Gap Analysis**

The above discussions infers that perceived service quality is dependent on the magnitude and direction of Gap 5 i.e. the gap between expected and the perceived service. It is considered as the true measure of service quality as it is what the SERVEQUAL model highlights on.

Although, service organizations attempt to satisfy the diverse needs and expectations of customers but their perception of service delivered is not reliant only on the service but also
on external influences such as word of mouth communication and the presence of competition.

- **The gap between customer expectations and employees’ perceptions (Gap 6):**
  This gap relates to the misconceptions arising from the customer expectations and the corresponding false or mistaken perceptions of the employees.

- **The difference between employee’s and management perceptions (Gap 7):**
  The gap can be reduced if managers and employees hold good/effective communication to resolve the problem.

Jeffrey Disend (1991) correlates the above discussed gaps and highlights that poor service results when the gap or difference between the expected and the perceived service is large.

Further, the examinations of the Parasuraman et. al. (1985) research revealed a total of ten dimensions which the customers use to build their expectations about and perceptions of services received which are mentioned below in table 1.11.

**Table 1.11 Dimensions of Service Quality**

<table>
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<th>Dimension</th>
<th>Description</th>
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| **RELIABILITY** | It connotes the consistency of performance and dependability i.e. performing the services right the first time and reflects integrity. It encompasses:  
  • Error-free transactions;  
  • Proper and correct maintenance of records;  
  • Delivery of the service at the specified time. |
| **RESPONSIVENESS** | It incorporates the willingness of employees in the provision of service. It incorporates:  
  • Prompt and timely service;  
  • Immediate posting of the transactions. |
| **COMPETENCE** | It reflects the adequacy of the related abilities to act effectively at varied positions and circumstances. It portrays:  
  • Knowledge and skill of the personnel;  
  • Management of the establishment. |
| **ACCESS** | It involves easy accessibility i.e. enhanced connectivity. It denotes:  
  • Ease of access of the service as the service facility;  
  • Acceptable waiting time for delivery of service;  
  • Convenient operating hours. |
| **COURTESY** | It signifies politeness, consideration and geniality of the contact personnel. It involves:  
  • Helpful personnel; |
| COMMUNICATION | It means effective communication in an easy and understandable language with the customers which implies an adjustment considering the demographics of the customers. It covers:  
• Proper and appropriate explanation of the services;  
• Providing assurance to the customers in respect to problems. |
|---------------|----------------------------------------------------------------------------------------------------------|
| CREDIBILITY   | It encompasses trustworthiness, integrity and reliability i.e. keeping up with the concerns of the customers. The items include:  
• Name and image of the organization;  
• Persona of the contact personnel. |
| SECURITY      | It involves the displacement of insecurity and the provision of safety.  
It involves:  
• Physical and Financial security;  
• Privacy. |
| UNDERSTANDING THE CUSTOMER | It involves a sincere attempt to anticipate and understand the requirements of the customer.  
It encompasses:  
• The provision of individualized attention;  
• Acknowledging the repeat customer. |
| TANGIBLES     | It exhibits the visible and the palpable confirmation of the service. It includes  
• Visible facilities at the establishment;  
• Appearance of personnel;  
• Physical depictions of the service. |

Source: Adapted from Parasuraman, Zeithaml, and Berry, 1985

However, later the components were abridged into five generic dimensions namely “Reliability, Assurance, Tangibles, Empathy and Responsiveness (RATER dimensions)” wherein the dimensions “Reliability, Tangibles and Responsiveness” remained definite but the other elements were integrated into two comprehensive dimensions i.e. “Assurance and Empathy”. A more recent version of SERVQUAL takes into account the three contexts i.e. minimum and desired service expectations, and the perception of service performance. Parasuraman, Zeithaml, and Berry (1994) appraise the three-fold structure as suitable for the purpose of reestablishment of expectations into desired and minimum expectations and the zone of tolerance which denotes the extent to which the performance of the service would be acceptable by the customer (Boulding, Staelin, & Zeithaml, 1993).
As apparent that various fast food restaurants offer similar or undifferentiated products, service quality serves to be the major discriminator between superior/inferior product or service. Therefore, the quality in services is critical to gain competitive edge, as well as it ensures consistency with brand loyalty and customer retention initiatives. Grilbert et. al. (2004) also stresses on that the service quality measurement need to be done frequently to obtain an accurate level of service quality. Measurement of service quality is essential for a fast food restaurant to evaluate and maintain the performance of the brand and enhance competitiveness.
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