

Innovation Management in the Restaurant Industry

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Pizza Hut had to redefine its way of doing business

- Trial re-name to Pasta Hut (UK) in 2008-09
- Move restaurants up-market/healthy
- Express outlets
- Home delivery

How things change: Pizza Hut literally owned the eat-out pizza market in the 1980-90s

But the market changed, and then came along

What happened to the 'pizza' in Pizza Hut?

Ad from Straits Times in Singapore, 2011

Domino's

Domino's – who redefined the pizza market.

Taking it from an eat out market to an eat in market....

New Service/Product Lines - Starbucks

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New Competition



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Why Innovation?

Innovative organizations are:

- more competitive
- produce higher revenues and profits
- deliver substantially higher increases in firm value (2-3% annually) and annual increases in market share (1-3%)

Innovative firms don't have to compete strictly on price

- Better image - Branding
- Increased loyalty of customers - an increase of just 5% in customer retention returns 25%-125% to bottom line profits.

Innovation?

No matter which business you are involved in, **Innovation** is **IMPORTANT!**

Innovation and Success

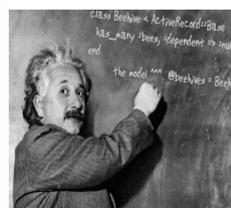
- Success rate of service innovations: 58% (Griffin, 1997)
- Not only small firms have problems with innovation management
- To have a great idea is not sufficient
- Some creativity and a high degree of professional innovation management

The Innovative Challenge

- Innovation is one core competence that every organization needs (Drucker, 1999)
- Hospitality organizations have two choices: succeed at innovation or fail as a company (Cooper und Edgett, 1999)



What is a New Service? What Exactly is Innovation?



- New-to-the-world service
- New service line
- Addition to an existing service line
- Improvements and revisions to an existing service
- Repositionings
- Cost reduction (Cooper and Edgett, 1999)

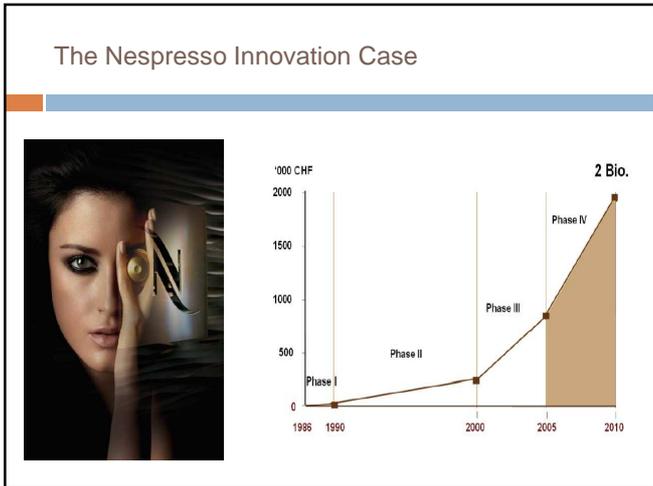
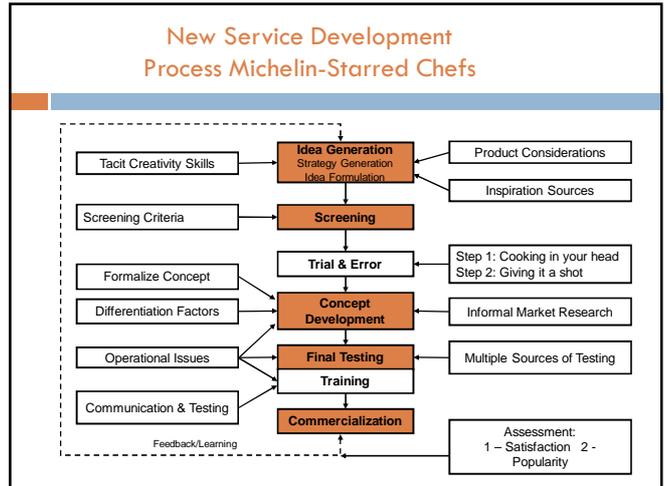


The Nespresso Innovation Case

Nespresso is not just a coffee.
It is another dimension in the world of coffee.

It is a genuine experience that combines perfection and pleasure, simplicity and aestheticism.

Nespresso delivers the Ultimate Coffee Experience

- ### Innovationsprozess QSR
1. Category development
 2. Idea generation
 3. Screening
 4. Concept test
 5. Screening
 6. Prototypes
 7. Screening
 8. Concept refinement/development
 9. Screening
 10. Test market
 11. Final pre-launch screening
 12. Launch
 13. Evaluate performance
- 
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Successful Innovation Management

So what is the 'secret' of successful hospitality innovations?

First Robot Restaurant Opened in 2010




Zhang Yongpei opened his restaurant in Shandong province hoping that his robots will prove to the world that China is on the global front line of technological development. Inspired by space exploration and robot technology, each of these seven robots costs nearly USD\$6,000 each, and they are wired to perform a specific duty within the restaurant.

Source: <http://www.telegraph.co.uk/news/newstopping/howaboutthat/8220797/Chinese-restaurant-hires-robot-waiters.html>

Inamo Asian Restaurant - (UK) have developed an interactive table top menu



Projectors beam the menu onto the top of the table

Customers order off the table



McDonald's 'Build Your Burger' Trial

Customers at some **McDonald's** restaurants can now use a tablet to build their own customized burgers with a menu of 20 new mix-and-match fixings, and receive more personal attention from employees.



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Concerns of Sustainability

- Strategic planning and control of sustainability
- Trends
- Awareness of consumers



Ultraviolet (China) offers a unique 'Immersive Dining' experience



'Surround-sound meets food'



Conclusion

- Having an innovative idea is not the important aspect; rather, converting the idea into a service is critical
- More restaurants are looking into innovation as a weapon in the increasingly competitive environments in which they operate

Conclusion

- The innovation process offers a framework – but different business and organisation's will use it in very different ways
- Completely new ideas are often rare – constant improvement and evolution is often more likely than a complete revolution.
- Success in restaurant innovation is not the result of competence in one aspect; it is a combination of having many factors in place and doing many things well
- “There are no easy roads to successful innovations” and concerns of sustainability will have significantly more impact