

## INNOVATIONS IN THE RESTAURANT INDUSTRY – AN EXPLORATORY STUDY<sup>1</sup>

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### Summary

*This paper tends to identify managers' current innovation activities and attitudes, and also perceptions of what might become future trends and the prospective course in the restaurant industry. Additionally, this paper analyses linkage between socio-demographic profile of managers and a type of innovation they prefer/apply. Full-service casual dining restaurant managers from three different countries were interviewed in order to examine their attitudes towards innovations, and to reveal their perceptions of future trends. ANOVA was used to reveal differences between managers' attitudes towards the area of innovation. The results of qualitative study highlight five areas of innovation that could help managers create value based service and increase*

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*competitiveness. It is found that age, education level and experience of the restaurant managers affect the innovation type they apply. Additionally, this paper is the first to examine the linkage between socio-demographic profile of restaurant managers and a type of innovation they apply. It offers useful guidelines for hospitality managers.*

**Key words:** *Restaurants, Innovations, Managers' perception, Competitive advantage, Hospitality trends*

**JEL:** *Q13, Q18, Q5.*

## **Introduction**

Is innovation in the restaurant industry a bare necessity or just a popular social topic? Is it something you talk about at work? If it is, have you already done something to amaze customers and to increase competitiveness? Many entrepreneurs start their business following a traditional retail approach; usually this turns to be a beginning of the end for that particular business idea. Restaurants must develop a modern approach with customers as the focus. Therefore, the authors suggest a set of required approaches as a framework to start innovation. Furthermore, this framework is useful for a wide range of service sectors, and should help managers and entrepreneurs understand global customer needs.

The main goal of the study is to identify attitudes of restaurant managers towards innovations as an adapting strategy, and to reveal their perceptions of future trends in the restaurant sector. Moreover, this paper examines linkage between socio-demographic profile of managers and type of applied innovations, and intends to initiate a further studies and discussions that could help academics and restaurateurs to predict and adapt to dynamic market changes.

## **Literature review**

Changes in the restaurant market are constant, and mainly happen silently. These changes are driven by demographic evolution, modern buyers' needs and they are also affected by the global economic crisis. Due to the invisibility of these market changes, most retail companies miss chances to gain and/or retain competitive advantages. Companies which miss these opportunities often face a decrease in market share. The lost of the market share also reflects a decrease in number of both regular and non-regular customers, a slow speed turnover, smaller profit, further economic disadvantages and low service quality. When these companies become aware of such a situation they are usually unable to follow market demand without time-consuming in-depth research and significant investments. On the other hand, more proactive market oriented companies can benefit from adaptive concepts and well-timed business decisions. Moreover, being able to recognize a beneficial course in the market, companies will be able to maintain their market position with investments that should not be significantly higher in comparison to those previously made. Modern consumers and their constantly changing lives require a prompt response and service tailored according to their needs.

Changes are fast and in ten years' time hospitality retail companies can develop from small company to one of the world's largest restaurant chains (Taco Bell), or from a tiny coffee shop chain from Seattle to the world wide recognized company (Muller, 1999). In economic uncertainty, the best business opportunities will belong to those who can come up with new and better business ideas – ways to create, deliver and then capture value.

The restaurant sector is facing enormous and dynamic market changes. It is specific sector due to many factors that influence customers' perception of experience, and therefore innovations in this sector is a complex and multidimensional procedure.

Retail companies often make significant efforts to innovate their business activities, organizational processes, products and services in order to achieve revenue and market share growth. In accordance to this, sales management also has to change, especially in terms of sales force selection, staff training, and motivation/reward. Most retailers expanded their focus from selling products and services to engaging and empowering customers, with the ultimate goal of creating a rewarding customer experience. Some authors state that in the operations area, much of the innovations and cost savings have already been achieved, and that it is hard to be innovative unless the focus is on business model innovation. In addition, it is important to come up with innovation in areas where major competition does not act (Pohle, Chapman, 2006; Leskiewicz Sandvik, Sandvik, 2003).

### **Innovations: Multiple-Choice**

Innovations in business can be achieved in many ways, mainly (1) by adding novel activities (through forward or backward integration), (2) by linking activities in novel ways, or (3) by changing one or more parties that perform any of the activities (Amit, Zott, 2012). Which way a company will choose depends on its aims, the available financial, technical and human resources, the market environment and partly on government policies. However, it is advisable to involve all departments (within a company) and stakeholders in process of generating new ideas. Some of the great innovations can be based on an idea that comes from customers, employees at low hierarchical level or from suppliers. On the other hand, it is useful to follow leaders on the market and their good example of how to stay relevant among competition. Hjalager (2010) classifies innovations into the following categories: product innovations, process innovations, management innovations (innovation related to human resources, i.e. training methods, staff empowerment, etc.), and logistics innovations. Some authors (Iorgulescu, Sidonia Rvar, 2013) recognize marketing as another type of innovation in the hospitality industry which brings new perspectives in the relationship between employees and customers. However, innovation in pricing is rarely discussed although it can be a source of competitive advantage and an opportunity for value capture (Hinterhuber, Liozu, 2014).

A decade and a half ago Muller (1999) predicted three dominant trends in restaurant sector: (1) identification of restaurants as custom retailers of time and customer

experience, (2) differentiation, and (3) transformation into a knowledge-based systems. Unlike other retail sectors, restaurants are specific by many determinants. In terms of innovations, they must be approached from numerous perspectives, such as price-management, human resources, customer satisfaction management, food safety management, marketing, architecture and design, ecology, etc. They represent places where people go to eat, to socialize, to do business, and at the same time to buy a unique and a valuable experience. A key for providing a unique experience in the restaurant sector relies on *flexibility*. It means that managers must leave a traditional business models and adopt new management and supervision styles in order to develop empathy with each individual customer.

The increased adherence to the modern approach in the restaurant sector is evident. In Mexico the total share of food and beverage sales through modern style stores rose from 50% in 1999 to 60% in 2007, and it reached 65% in 2012 (Bolio et al., 2012). However, the majority of Mexico's retail workers in the food sector are employed by traditional stores. It can be a clear signal that technology is gradually replacing human labor in the restaurant industry, from street kiosks to fine dining establishments.

Innovations in the restaurant sector appear as conceptual solutions in five main areas: *Design and atmosphere* (e.g. interior and exterior appearance, colors, music, etc.), *Food and beverages* (e.g. portion size, new ingredients, allergen free, etc.), *Technology application* (e.g. PMS, POS terminals, online reservations, smart phone applications, social media, etc.), and *Responsible business* (e.g. ethics, eco-friendly packages, waste recycling, etc.).

Many authors (Hotho, Champion, 2011; Zhang, Li, 2010; Sigala, Kyriakidou, 2015) state that innovations and creativity represent crucial factors for success in a highly competitive market in the future, especially in multicultural environments (Liu, Jang, 2009). Additionally, innovation can be directed towards *human resources* (customer orientation, service climate, etc.) with emphasis on customer orientation policy. Human resources are very important to the hospitality industry, since competency of manager and employees can affect innovations and future of the company in general. This is of a high importance because perceived service quality positively influences customer continuance and loyalty.

### **Research methodology**

The study relies on research into full-service casual dining restaurant managers (n=74). Managers were interviewed in person after they had been explained how to form their answers correctly. The managers were asked to rank the most important areas of innovation by allocating the points (1=least important, 5=most important), to reveal recent innovations of their company and to forecast dominant trends in the restaurant sector in the next 10 years. Additionally, they were asked to fulfill short questionnaire in order to acquire socio-demographic data. The interviews were organized in 44 restaurants in Serbia, Slovenia and England from May 2015 to September 2015. The

data were analyzed using SPSS 20.0 software.

**Results and discussion**

In order to examine differences in managers’ attitudes, it was performed a socio-demographic analysis in the first place (*Table 1*).

**Table 1.** Socio-demographic profile of respondents

<b>Gender</b>		<b>Education</b>	
Female	4.6%	High school	50%
Male	95.4 %	Bachelor or Diploma	45.4%
		Masters Degree	4.6%
<b>Age</b>		<b>Experience in hospitality</b>	
21-30	11.3%	1-5	18.2 %
31-40	66%	6-10	61.4 %
41-50	22.7%	>10	20.4%
		<b>Professional education in hospitality</b>	
		Yes	29.6%
		No	70.4%

Source: Representation by the authors based on SPSS

The results of socio-demographic analysis reveal the following important facts: (1) most of the restaurant managers are younger than 40 years (77.3%), (2) half of them (50%) have only high school education, (3) majority (70.4%) of all managers do not have professional education in hospitality.

Led by their experience and feedback from customers, the managers ranked the most important areas of innovation in the restaurant sector. The results are shown in *Table 2*.

**Table 2.** Managers’ perception of the most important areas of innovation

<b>Innovation areas</b>	<b>Points allocated (average)</b>	<b>Rank</b>
Design and atmosphere (e.g. interior and exterior appearance, colors, music, etc.)	25.8	3
Food and beverages (e.g. portion size, new ingredients, allergen free, organic food, etc.)	35.4	1
Technology application (e.g. PMS, POS terminals, online reservations, smart phone applications, social media, etc.)	23.2	4
Responsible business (e.g. social responsibility, eco-friendly packages, waste recycle, etc.)	18.0	5
Human resources (customer orientation, service climate, etc.)	29.6	2

Source: Representation by the authors based on SPSS

The results are somewhat as expected regarding *Food and beverages* (Ranked as No. 1), and surprising regarding *Technology application* (Ranked as No. 4) and *Responsible business* (Ranked as No. 5). *Human resources* were ranked as No. 2, and *Design and*

*atmosphere* as No. 3. Changes in *Food and beverages* area are global, constant and dynamic. According to the research conducted by the specialized internet site Restaurant.com, 64% of restaurants noted an increased demand for healthy options, and 80% said that they would add healthy menu items in future, as well as new items (85%) (www.qsrweb.com). Other studies also support the fact that the major changes demanded are within the *Food and beverages* area. Best (2014) emphasizes some of the major trends: smaller-flexible portions, new tastes, local food – usually named hyper-local or micro-local, vegetarian options, probiotics enriched food, and gluten free dishes.

The last two areas of innovation on the list could reflect a poor manager's profile in terms of education and experience. In previous studies (Ivkov et al., 2014) it is found that restaurant managers do not perform research on customer needs often enough and appropriately. Moreover, they struggle with product or service innovation.

### **Design and atmosphere: Is it just a package?**

During the interviews some of the answers were: *“Design of a restaurant is the first thing that draws customer attention and we try to make it unique by periodical refurbishments”*, *“We noticed that many customers who come for breakfast, brunch or just a coffee and drink, asked for newspapers and TVs. Recently we have installed two TV sets and a newspaper stand by the door”*. One of the managers said: *“We sell a splendid view from our restaurant, and that is what plays a significant role in making customers happy. We cannot innovate much regarding the exterior design but we adapt interior to the seasons and special occasions”*.

A study conducted by Wall, Berry (2007) revealed the increase in importance of the customer's perception of restaurant design and surroundings, while Chen (2011) finds design innovations as key for service quality improvement and further development in the restaurant industry. Being innovative in the area of design and atmosphere has a positive effect on customer behavior (Ryu, Han, 2010, Heung, Gu, 2012), while physical environment and design are positively correlated with the customer's perception of price level, service quality and thus loyalty (Ryu et al., 2012; Han, Ryu, 2009). Most of the interviewed managers (82%) agreed that pleasant atmosphere positively influences customers' mood and profit: *“Waiting staff say that many customers discussed our new interior design and that they are delighted, some of them are regulars now”*. Additionally, they agree that music is the key element for a great atmosphere and dining experience (86.3%): *“Playing adequate music can be a trigger. I have received some compliments regarding relaxing smooth jazz and lounge music and I believe it might affect their willingness to order and pay more and intentions to visit us regularly”*.

### **Food and beverages: High standards or being picky?**

The top rated innovation area in the restaurant sector offers the widest range of possibilities to innovate (73%) and it is the best way to differentiate retail establishment among competitors (84%): *“We do listen to the market demand and that is why we have*

*more dishes that come in two sizes”, or “We noticed that some customers ask for sauces and dressings to be served aside, so we now ask each customer how they like it”. Other respondents indicate: “Our customers do not spend much time in the restaurant; they want quick meal during their break. For that reason, we offer a variety of salad meals and ready-to-eat dishes”, “Healthy options are gaining popularity, but such meals are still not profitable enough to be a central theme in our menu. However, we can prepare such meals if ordered in advance”. The majority (75%) of the respondents noticed an increased number of customers’ special requests when ordering a food or drinks. For example, they ask for: “Pancakes without whipped cream on top”, “No olives on pizza”, and “Mashed potatoes instead of chips”, or to have “Caesar’s salad with extra parmesan cheese”.*

Innovations are mainly conditioned by customer’s food preference and eating habits. The dynamics of modern life caused seismic changes in the restaurant sector, i.e. more and more meals are consumed away from home. Knowing this, restaurants are trying to attract specific market segments often by differentiating their offer: “healthy food”, “low calorie food”, “sugar free refreshments”, “organic food”, etc. Some good initiatives came from food suppliers: “*We offer now organic tomato and lettuce at discount prices”, “Why don’t you try wholegrain rye bread; other restaurants seem to be satisfied”.* Severe competition forced some restaurants to go even further with innovations, so they base their offer on raw food or blood-type dietary recommendations. The National Restaurant Association (NRA) from the USA conducts a survey among chefs to create a culinary forecast named “What’s Hot”, which reveals that some of the major trends in the last years and for 2015 are local food, hyper-local sourcing, healthy menu items, sustainability, etc. (Riehle, 2015).

It is evident that customers prefer to customize their meal, and according to the responses of 77.3% of the managers, restaurant staffs usually do not have problems meeting such requirements.

As for the beverages, the respondents agree that local wines are one of the major trends (91%), followed by fresh juices (79.5%), local spirits (66%), and aromatized teas and coffees (48%): “*Last year we had frequent requests for decaffeinated coffees and now when we have it, we sell only few such coffees a month – we should have reacted faster”.*

### **Technology application: Share, like...**

This area of innovation has become a must (80%). The Internet has become very important channel for business transactions and activities. Technology is more used for innovation of the service delivery process than to service or product itself: “*We receive around 30% of reservations online”, and “We offer our customer to follow us on Facebook, Twitter, Youtube, Foursquare and Instagram”;* others also mentioned *Pinterest, Google+, and Flickr.* All sampled restaurants are equipped with property management system (PMS) but none of them with touch-screen menus or a wireless

ordering system: *“There is still no need to install a wireless ordering system, if we grow bigger in next year or two we probably will”*. The managers were asked about applications for smart phones and some responses were: *“We are not thinking about it at the moment since we are focused on social media”*, *“It comes handy for customers who regularly visit restaurants but they still represent a small market share, and some customers do not have smart phones. Therefore, we would like to upgrade our website and to link it with customers’ profiles on social media networks”*.

All managers agree with the fact that customers are more demanding and have less tolerance. They seek additional information about meals, ingredients or allergens, or simply want to know more about the food they order. We proposed implementation of Quick Response Code (QRC) in the menus and on restaurant websites. By scanning the code a customer would be able to obtain additional information about menu items (ingredients, allergen info, nutritive and energy information, etc.). The majority of the managers (70%) positively reacted to the idea: *“It could be a good shot, it can be time saving”*, *“I believe it can upgrade the quality of our service and affect customers’ satisfaction”*, *“I know our waiting staff sometimes have to go to the kitchen to check with chefs before giving an answer to the customers, it could be useful”*. On the other hand, some responses were negative towards it: *“Guests usually do not ask those types of questions, and when they do, staff can deal with it”* or *“I do not think guests really care about nutritive information, they go for taste and satisfaction instead”*.

Technology application in the restaurant sector is mainly associated with service delivery innovations. Tremendous development of social media and smart phone applications has brought a new chapter on how to do business in the restaurant industry globally. These innovations can help restaurateurs to create stronger bonds with customers (Piccoli et al., 2001).

### **Responsible business: Much more to be learned!**

Innovations can help restaurateurs to reduce food, materials and energy waste, and also to help others and become recognizable for green practice and social care. Results of the research conducted by NRA reveal that recycling has become a regular activity for 65% of restaurants, 51% of customers are willing to pay an average of 10% more at restaurants that recycle, and 85% of customers are willing to sort fast food recyclables when disposing of them. The study also predicts an increase of those numbers (NRA, 2011). Interviewed managers have little experience with recycle; they mainly recycle used cooking oil (52%) and glass bottles (27%): *“At the moment we cannot afford cooling containers for biological waste and we simply throw it away”*, *“Yes, we do recycle used cooking oils, it is an easy way to earn additional money and to take care of the environment”*. Regarding the cost savings, some respondents noted: *“We have switched from table cloths to recycled paper mats, in terms of the costs it is better option for our restaurant”*, or *“For take away food we now use recycled paper bags”*. Social responsibility is only visible through rare charitable donations (34%).



Since the modern consumer is more educated and recognizes the importance of sustainable development as a concept of the future restaurant sector, restaurateurs should pay more attention to this issue (Gössling et al., 2011; Hu et al., 2010), and social responsibility (Baraban, Durocher, 2010), especially because some researchers found positive effects on energy consumption (Hu et al., 2010), the customer's readiness to pay more for "green" restaurants (Chau et al., 2010), and on operational tasks which implies profit increase and higher customer satisfaction (Horng et al., 2013).

### **Human Resources: A smile is not enough!**

Innovation can be directed toward human resources with emphasis on customer orientation policy. Benefits of customer orientation are recognized by many authors (e.g. Kim et al., 2005; Chow et al., 2006). Furthermore, it is found that human resources are very important to the hospitality industry, and also that competency of manager and employees can affect innovation in a certain way (Ivkov et al., 2014). In this regard, one of the managers commented: *"A smile and kindness make the people beautiful. Our staff is beautiful indeed. We recognize the importance of our employees and we even point out on our website that we have a smiling staff"*.

Restaurants can implement innovation in the human resources area to obtain competitive advantage. In particular, service orientation must be present in the company in order to deliver quality service to the customers (Kim et al., 2003; Pizam, 2011). Regarding quality service, Gill (2008) states that good relationship between manager and employees (particularly the role of trust) is the key for success of the hospitality organization. Additionally, supporting communities are a great environment for innovation ideas (Björk, Magnusson, 2009).

During the interviews a certain lack of creativity among the managers in terms of human resource innovations was noticed. Although stimulation of creativity enhances innovation (Çokpekin, Knudsen, 2012; Rickards, Moger, 2006), less than half of the managers (43%) practice on-site training, and only 32% of them organized official performance improvement trainings for staff. Innovation can be achieved through motivation policy: *"Motivation is a delicate process; money is not always a right choice. I have noticed that employees are more willing to stay overtime and work harder after receiving official bonus or good tips", "Our idea is to retain our employees and we want them to be happy working in our restaurant. For every organized event they receive additional payment"*.

The main reason managers do not organize training is the lack of money and a cost-saving policy (91%). Those who do organize state: *"I know that investment in our employees is the investment in service quality and a way how to improve customers' satisfaction", "I found it necessary for kitchen staff to know food hygiene procedures, and it can cost us much more if something goes wrong due to untrained staff"*. Those managers (23%) who organized sommelier training for their employees reported an increase in wine sales: *"You must know what you sell in order to sell it", "It is not just a wine – it is an experience. Having sommelier in our restaurant allows us to customize*

*service more precisely”, “Local food and wines are global trends; we must innovate and follow those trends”.*

The majority of the managers are willing to accept trainees in the team (86.3%) and to shape them to their needs: *“This is how I see innovations in our company. I like young educated people who are ready to learn. We train them and if they are good we offer them part-time of full time jobs”, “Sometimes is better to work with someone with no or little experience and to teach him or her to work by defined standards. They usually fit in the team quickly” or “New talents and fresh ideas are welcome”.*

Damanpour, Aravind (2012) state that a competitive advantage built on human resources cannot be easily imitated by others and therefore represents a base for good innovation and sustainability of company growth. A positive correlation between empowerment of employees and customer orientation and performance outcome and service quality is recognized by other scholars (Kim et al., 2005; Chow et al., 2006, Kato et al., 2015). Furthermore, Mansfeld et al. (2010) suggest a targeted human resource acquisition and better selection of employees for successful innovation teams. During the interviews, different attitudes towards areas of innovation were noticed, and therefore ANOVA analysis was performed to reveal those differences (Table 3).

**Table 3.** ANOVA analysis according to age, education and professional experience of the respondents

Innovation areas	Means - Age			F-value	LSD Post hoc test
	Age group 1 21-30	Age group 2 31 - 40	Age group 3 41-50		
<i>Design and atmosphere</i>	4.8571	4.4583	4.0769	3.349**	1,2>3
<i>Technology application</i>	4.4286	4.3750	3.6923	7.512*	1,2>3
Innovation areas	Means - Education			F-value	LSD Post hoc test
	High school	Bachelor or Diploma	Masters Degree		
<i>Human resources</i>	4.1046	4.3618	4.4482	4.722*	1<2,3
<i>Responsible business</i>	4.3077	4.5000	4.8571	3.442**	1<2,3
Innovation areas	Means – Experience in hospitality in years			F-value	LSD Post hoc test
	Group 1 1-5	Group 2 6-10	Group 3 >10		
<i>Human resources</i>	4.1429	4.5714	4.5833	3.628**	1<2,3

\*p<0.01, \*\*p<0.05

Source: Representation by the authors based on SPSS

The results represent significant differences between age groups regarding the *Design and atmosphere* and *Technology application*; between the managers with different education level regarding *Human resources* and *Responsible business*; and between the managers with different hospitality experience level regarding *Human resources*. Furthermore, the results indicate that the older respondents (over 41 years) are less likely to innovate in the area of *Design and atmosphere* and *Technology application* than younger respondents. In other words, younger restaurant managers (up to 41 years) recognize the importance of technology use and a pleasant restaurant atmosphere for delivering quality service. These findings suggest that age of the manager affects their decision in terms of innovation area. Particularly, younger managers are more likely to implement technological innovations and to pay attention to restaurant design.

Additionally, the results reveal that managers with higher education and broader experience give significantly higher marks to the innovation areas of *Human resources* and *Responsible business*. The findings correlate with other studies (Chow et al., 2006; Dinu, Tăchiciu, 2009) which emphasize the importance of employees in the service sector.

### Traditional vs Modern approach

Based on the interviews conducted, and extensive literature analysis, the comparison of traditional and modern/required approach for the restaurant sector is presented in Table 4.

**Table 4.** Comparison of traditional and required restaurant business approach

<b>Traditional approach</b>	<b>Required/modern approach</b>
Sales oriented	Customer oriented
Lack of external communications	Strong external communications (websites, social media, mobile phone applications, etc.)
Selling meals and drinks	Selling experience
Reactive activity and product based experience	Proactive thinking and value based experience
Not interested in market research	Anticipation of market changes and trends
Almost constant menu items	Fast changing menu items
Lack of social responsibility	Social responsibility
Unsustainable development	Sustainable development
Standardization of services	Customization/personalization of services
Manager in focus	Team in focus
“If you do not like do not buy it” philosophy	“Tell us how you like it” philosophy
One or few people included in development of a new product or service	All stakeholders included in development of a new product or service
Almost none after-purchase customer care	After-purchase customer care

Source: Representation by the authors based on literature review and personal experience

Our research suggests that most of the examined restaurants still have a lot of traditional approach elements incorporated in business activities and policies. By switching to the modern approach, companies can become market leaders and positively affect profits and customer satisfaction. However, switching to modern approach does not mean necessary abandoning all traditional values, but offering them in a different way.

### **Future seen by managers**

Prior to asking for future trends and predictions, we wanted to examine on what managers ground their opinions and strategic decisions. Two main categories were experience and competitors' advances. Moreover, none of the interviewed managers read published scientific papers related to hospitality industry, and only 16% of them occasionally check online results of relevant surveys conducted by Chamber of Commerce or similar institutions. This situation can be overcome by more frequent market research and a constant desire to learn since education positively affects attitudes towards innovations (Quazi, Talukder, 2011; Jaspersen et al., 2005) on In other words, managers have to find a way to reach out to customers and get necessary feedback – to create a relationship. If not, it can affect profit, future sales and company reputation.

Answers regarding dominant trends in the restaurant sector in the next 10 years are classified into the categories:

- Customized service (New value based experience): 86%
- Focus on local food and wine: 84%
- Social media to connect and communicate with customers: 80%
- New and healthy menu items: 75%
- Technology application: 66%
- Quick service/Fast food: 64%
- Menu for kids and families: 61%
- Staff education: 48%
- Waste recycle: 27%

Few restaurateurs mentioned the problem of customers who smoke due to law restrictions, and those who come with kids and babies: *“We have to work out how to attract smokers; they represent a huge market share and we want them back”, “The problem is that families often come with young kids and babies and at the moment we do not have adequate menu items for them. I believe that we can make a significant step forward if we innovate in this field”*.

### **Conclusion**

Innovations serve to help survive on the market, to improve processes and products and to upgrade business concepts. Despite the uncertainty of the return of investments, severe competition leaves no choice.

The results generally indicate a lack of creativity and innovative ideas among the managers. The main reason for that could be found in absence of professional education, a low level of general education, a young age, and lack of experience. Additionally, managers do not conduct surveys among customers often enough.

Most restaurants struggle with being innovative and have difficulties coming up with fresh ideas continually, especially ones that customers are willing to pay for. Therefore, managers must consider the significance of staying competitive by prompt response to customers' demand. It would be very useful for organization leaders to stay informed about the global trends through scientific papers and similar published researches.

The success of innovation lies in a corporate culture where every employee can think big and express creativity, and in the involvement of other stakeholders, especially customers, in the process of innovation. Finally, in the highly competitive and dynamically changing restaurant sector, managers' proactive behavior and ability to create a unique experience with personal signature on it will be crucial. Being able to offer value based customized service may define who will stay competitive and profitable.

### **Implications and limitations of the study**

The results of the study are interesting for practical reasons. From a theoretical point of view, these results seem to show that the personal profile of a manager, particularly age, education level and experience, are associated with the type/area of innovations. Studies that examine linkage between socio-demographic characteristics of restaurant managers and the area of innovation are scarce in the literature. Additionally, it would be interesting to examine attitudes of more female restaurant managers and the reason of small number of female managers in the restaurant industry in the first place.

From a practical point of view, it is suggested that socio-demographic profile of managers can indicate and predict the direction of current and future business activities, and therefore the owners should watch who they employ. Most importantly, managers should conduct surveys among customers regarding their expectations on regular basis in order to create practical strategies to improve their service to the customers (e.g. ability o customize dishes) and increase profits. Positive correlation between aforementioned marketing activities and business success was found by many authors (Agarwal et al., 2003; Sin et al., 2005; Leskiewicz Sandvik, Sandvik, 2003). Moreover, they should stay well informed about the trends within the industry by following relevant publications or through contact with faculties, educational centers and similar institutions and associations and facilitate the innovation process in that regard. Before beginning major innovation programs, managers may need to think about internal capability, staff training and collaboration with external partners (faculties, suppliers, distributors, customers etc.).

Several social implications can arise from applying innovations in the restaurant industry. Promotion of healthy menu items might affect public health and therefore quality of life Food, materials and energy waste reduction, as a part of environmental

issues, could help restaurateurs to become recognizable for green practice and social care.

Although this study offers valuable insights into managers' attitudes towards innovations, it still has some limitations. First, the study was conducted only with full-service casual dining restaurants and the generalization of the results to other hospitality outlets or service industries may be limited. Second, attitudes may vary across cultures and therefore future research is needed to examine these findings.

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## INOVACIJE U RESTORATERSTVU – ISTRAŽIVAČKA STUDIJA

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### Rezime

*Ovaj rad nastoji da identifikuje trenutne inovativne aktivnosti i stavove menadžera, a takođe i percepcije o tome šta može da postane budući trend i budući pravac u ugostiteljstvu. Osim toga, ovaj rad analizira vezu između socio-demografskih profila menadžera i vrste inovacije koje oni preferiraju / primenjuju. Menadžeri restorana za večeravanje sa prvoklasnom uslugom iz tri različite zemlje su intervjuisani kako bi se ispitali njihovi stavovi prema inovacijama, kao i da se otkrije njihova percepcija budućih trendova. ANOVA test je korišćen kako bi se otkrile razlike između stavova menadžera prema oblasti inovacija. Rezultati kvalitativne studije naglašavaju pet oblasti inovacija koje bi mogle pomoći menadžerima da stvore uslugu zasnovanu na vrednosti i povećaju konkurentnost. Utvrđeno je da starost, nivo obrazovanja i radno iskustvo u restoranu menadžera utiču na vrstu inovacija koju oni primenjuju. Osim toga, ovaj rad je prvi rad koji istražuje povezanost socio-demografskih profila menadžera restorana i vrste inovacije koje oni primenjuju. Takođe, rad nudi korisne smernice za menadžere u sektoru ugostiteljstva.*

**Ključne reči:** *Restorani, Inovacije, Percepcije menadžera, Konkurentna prednost, Trendovi u hotelijerstvu*

**JEL:** *Q13, Q18, Q5*

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