


Chapter 63

Disruption and Innovation Trends in the QSR Industry: Perspectives Drawn From India

Gaurav Nagpal

 <https://orcid.org/0000-0003-1957-7865>
*Birla Institute of Technology and Science, Pilani,
India*

Srutadipta Roy Choudhury

*Birla Institute of Technology and Science, Pilani,
India*

Tanmay Singh

*Birla Institute of Technology and Science, Pilani,
India*

Kanika Dawar

*Birla Institute of Technology and Science, Pilani,
India*

ABSTRACT

The QSR (quick service restaurants) industry in the emerging economies such as India is undergoing a wave of disruption and re-engineering. Many global brands in QSR food servicing have resorted to technology and innovation in one or more aspects of their value chain in order to maintain leadership positions in a market that is facing some fast-growing competition from various channels, especially with the penetration that service aggregators like Zomato, Swiggy, and Uber Eats have managed to gain. This study aims to establish a general direction towards which the QSR industry is progressing in India by examining not only the current trends in India but also the trends that are prevalent worldwide and which have the potential of diffusion to emerging economies like India.

The Indian Food and Beverage industry is undergoing a wave of disruption and re-engineering driven by multiple factors, viz. the machine learning and artificial intelligence taking the front seat, the changing food habits of the consumer, the aggregation of demand and supply using technology, the tightening food safety norms, the increasing competitive intensity in the industry and the ever-innovating supply chains and processes.

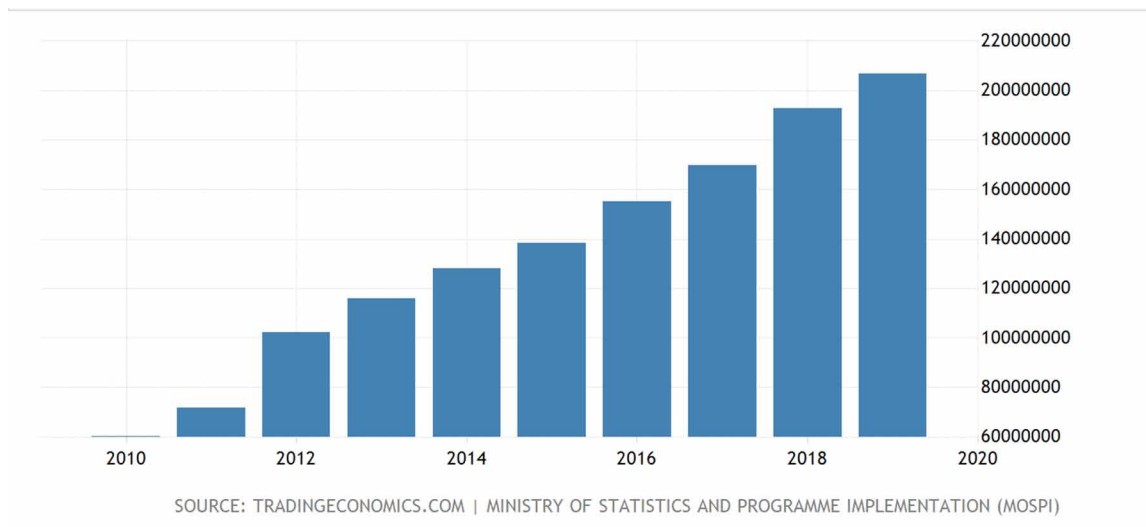
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Many global brands in food servicing and Quick Service restaurants (QSRs) like McDonald's, Domino's Pizza, KFC and Pizza Hut have resorted to technology and innovation in one or more aspects of their value chain in order to maintain leadership positions in a market that is facing some fast-growing competition from various channels, especially with the penetration that service aggregators like Zomato, Swiggy and Uber Eats have managed to gain. This study aims to establish a general direction towards which the QSR industry is progressing in India by examining the trends that are prevalent worldwide. The study also discusses in brief the implications of Covid-19 for this industry, and the lessons to learn from this crisis.

INTRODUCTION

India has been characterized as the fifth-largest country in the World in terms of nominal GDP and the third-largest in terms of purchasing power parity. Nearly 60% of India's GDP is driven by domestic private consumption and continues to remain the world's sixth-largest consumer market. According to 2017 PricewaterhouseCoopers (PwC) report, India's GDP at purchasing power parity could overtake that of the United States by 2050. India ranks second globally in food and agricultural production. As depicted in Figure 1, Disposable Personal Income in India increased to 206 INR Trillion in 2019 from 192 INR Trillion in 2018.

Figure 1. Disposable Income in India
Source: tradingeconomics.com



The key drivers of F&B industry in India are increasing consumer expectations on transparency, increase in consumer preference for plant based food, and increasing conscience towards health and wellness. These drivers combined with the potential of the Indian economy, gives the F&B industry enormous opportunities for growth and success.

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