

# Chapter One: Introduction

## 1.1. Background

Brand longevity is among the classic challenges facing companies globally as technology and business trends evolve. According to Wasim (2022), the average lifespan of American companies is at 11.5 years and close to a half of these start-ups rarely last past 12 months. The majority of those that survive the first year hardly make it past five years and very few lasting more than a decade (Wasim, 2022). Viguerie, Calder, and Hindo (2021) provides insights into the long-term decline of corporate longevity. They noted that the current reports show that the longevity of a S&P 500 company was 30- to 35- years in the 1970s on average but the number reduced to 15- to 20- years in the last ten years. (Viguerie, Calder, & Hindo, 2021). Similar statistics are evident within the foodservice industry with a majority failing before their tenth anniversary (Ozimek, 2017). Based on these trends, there is a growing need to study companies that managed to overcome the existing challenges and remain operational for more than ten years.

The study proposes the exploration of Starbucks, Burger King, and Paul which remained operational for decades after their launch. Starbucks opened its first store in Seattle and expanded to multiple countries such as China, Egypt, Lebanon, and Mexico (Theses, Clements, & Clements, 2019); it currently runs more than 33,000 stores and earns over \$24 billion in revenue. Burger King began its franchise in Miami and grew steadily to become a multinational burger chain as well (Don Daszkowski, 2018); it earns around \$20 billion annually. Lastly, Paul Bakery began in France and grew steadily for over 130 years to become a global brand (McAllister, 2021); it has over 750 bakeries in different countries and operates in five continents. It is realistic to assume these three companies faced ups and downs over the years but remained operational with millions of customers. A multifaceted case study of these three organizations would reveal key factors necessary for brand longevity.

These companies are part of the larger foodservice industry and particularly, the quick-service restaurants (QSR). According to the U.S. Department of Agriculture (2023), foodservice outlets are service organizations that provide meals and snacks for immediate consumption away from home. USDA (2023) notes that the foodservice industry grew tremendously in the post-pandemic era (COVID-19); The industry supplied \$2.11 trillion worth of food in 2021-2022 compared to \$1.81 trillion in the pre-pandemic years (2019-2020). These high figures indicate that the industry is an essential component of the socioeconomic fabric of modern society. The idea of longevity of foodservice industries develops from the need to diversify and promote healthy competition. Maze (2020) adds to the argument noting that Ruby Tuesday and Quiznos shows signs of decline as the companies reduce the number of stores worldwide. Some branches operate temporarily to save on cost. Maze (2020) notes that these brands collapse over time due to economic depression. Ruby Tuesday and Quiznos are ‘younger’ compared to the three mentioned companies but seem to decline with a few years. While many food start-ups are driven by entrepreneurial passion, more needs to be done to understand what structural elements of business are overlooked and what should be avoided to understand the elements associated with brand longevity.

Different scholars and prominent leaders propose different perspectives and theories behind Brand longevity. For instance, Jinlong Wang, CEO OF PizzaExpress, notes that strategies and leadership approaches enabled the company to survive the COVID-19 crisis (Hiking, 2020). Daniel Campos from Harvard University explores the approach used by McDonald; He notes that the organization responds quickly to the rapidly changing consumer behaviour especially during the Pandemic (Campos, 2021). The company also incorporated personalization technology to attract more customers and provide diverse services as needed. These insights reveal that companies employ a myriad of techniques to remain relevant, develop, and overcome challenges.

Given the different factors mentioned that may determine brand longevity, the study proposes the use of dynamic capabilities theory to extract and synthesize qualitative data from company leaders and role models on brand longevity in the foodservice industry. The theory explores the different tactics used by companies to gain a competitive edge and remain relevant in an everchanging

environment. This research study will provide a view of the foodservice industry because presently, the researcher leads a large group of eight global-branded franchises. Nevertheless, the researcher remains deeply curious about the key attributes of the best enduring brands and the bold moves that leaders have made over the years to ensure these brands remain dominant and market leaders.

## **1.2. Research Problem**

This research aims to answer questions such as how successful foodservice brands manage to evolve while keeping fundamental aspects intact and consistent, and how diversification can be minimized to progress forward-thinking strategies instead of volatility. Effective change management can revolutionize modern foodservice businesses when deployed alongside innovative leadership and progressive organizational cultures (Ewenstein, Smith, & Sologar, 2015). It allows managers to identify the measures required to realize the objective and simultaneously show which areas need extra attention because of the individual inadequacies of workers and executives.

This study is meant to explore the importance of leadership and culture, entrepreneurialism, and a sense of purpose that cannot be negated in the foodservice sector. These three factors are central to progress and play distinct roles in foodservice companies' day-to-day and long-term management. For instance, entrepreneurialism generates fresh ideas, spurs innovation (Gheribi, 2018), and sets trends by harnessing employees' abilities and solving big and small problems (Balocco et al., 2019). In this context, foodservice companies should consider rewarding workers for creativity in creating advantages such as cost-saving. A sense of purpose shows why foodservice firms should achieve their objectives instead of how. It is the foundation upon which successful systematic and routine operations are built. Lastly, leadership and organizational culture are essential catalysts for systematic advancement in one direction and a mission component. Effective leadership and an enabling organizational culture inspire dedication, commitment, and success (Zheng, Yang, and Mclean, 2013). Autocratic styles encourage conflict that extends to workers' attitudes and workplace environments. Ultimately it is necessary to explore the underlying ways that companies evolve, navigate change and ultimately seek to gain a competitive advantage that keeps them always the market leader.

Therefore, the purpose of the research will be:

- To develop a strategic insight into leadership approaches through boom times and crisis periods.
- To analyse the approach to change management that allowed the firm to navigate moments of significance.
- To define how competitive strategies have materialized through leadership's specific intent to drive performance.

### **1.3. Research Questions**

**RQ1:** How have incumbent companies maintained their competitive advantage and change management processes to fulfil their company's longevity?

**RQ2:** How do global brand leaders position the company for longevity by adapting their core offering and innovating?

**RQ3:** How do successful leaders integrate longevity in organizational culture?

### **1.4. Novelty of Research and Benefactors**

The current study is unique because it will fill in a gap in qualitative studies in the available literature. Qualitative studies offer a more in-depth evaluation of issues that make it possible to grasp the nuances of an inquiry more intricately. Still, the available literature evaluating the longevity of brands in the foodservice industry gravitates towards quantitative studies. The three brands to be focused on are also highly visible in the region and have been operational for a significant period. Additionally, the current study will benefit from access to leaders at the top levels of the respective brands, significantly improving the insight available in the study. Access to top leaders also guarantees greater authenticity of the information.

On the other hand, the value and usefulness of this research cut across several areas. First, it benefits the International and Indonesian business society by inspiring existing leaders to *future-proof* their company. This is especially relevant to start-up companies and even the researcher's existing company. It helps inspire the next generation of leaders by showing them how to achieve short and longer-term aspirations. Second, the study helps to develop a deeper understanding of the disciplines of leadership and strategic competitive advantage in the specific field of global foodservice. The research also purposes to be a catalyst for future studies to delve further into the *how and why* of long-lasting foodservice brands. It will also benefit current students of business. Business students could gain immense knowledge from the insights of the interviewed business leaders to assist them in management and executive roles in the future.

### **1.5. Research Objectives/ Theory Gap**

The classic theories of Schumpeter's perfect competition, Porter's Five Forces Framework, Porter's generic strategies, the resource-based view of Barney, and Penrose's alternative resource-based view are all relevant to this study's attempt to zero in on the branded foodservice industry. Nevertheless, Porter's generic strategies model has been the focus of far more than criticism. There is considerable evidence that many companies consciously operate a hybrid (Wanjiku, 2017) strategy combining low cost with differentiated products or services instead of being stuck in the middle. The resource-based school has fundamentally questioned the view that generic strategies cannot be the basis of competitive advantage. The model has suggested that organizations must develop unique firm-specific core competencies that will allow them to outperform competitors by doing things differently and better (Hamel, n.d.; Kor & Mahoney, 2004; Peteraf, 2007; Prahalad, 1999). This research attempts to overlap how these traditional theories are linked to organizational culture and leadership skills in today's foodservice industry. It will evaluate how the theories apply to the leadership and organizational culture facets of the business to influence the longevity of brands.

Efficient internal resource utilization to attain competitive advantage is especially useful in the foodservice sector. Organizational culture in the foodservice industry stands out in different ways.

The range of variables associated with restaurant operations compels managers to pursue precision in implementation to engineer the quintessential dining experience (Gregory, 2017). The situation is further complicated because the foodservice industry is one of the only sectors that transforms raw foods that are also highly perishable into finished goods and then retails those products, all in one environment. This makes it a secondary and tertiary industry simultaneously, a quality that demands having qualified employees in the right place. According to Fietz (2021), the value of organizational culture lies in putting as many suitable people in the right roles as possible and viewing employees as strategic and core resources to minimize turnover, which is markedly high in the foodservice sector. Organizational culture also encourages the development of empowerment initiatives and self-managed teams to maximize profitability and success. Low employee turnover improves team cohesion over time (Zheng et al., 2013). Organizational cultures that discourage bureaucracy forge positive associations between foodservice companies and employees, provide fair and competitive wages, and foster a culture of commitment through social gatherings and teambuilding sessions (Zheng et al., 2013). Employees, therefore, become precious internal resources for any entity in the foodservice industry. The interaction between organization structures, leadership, and employees is significant in determining an entity's competitive advantage and longevity.

### **1.6. Significance of the Study / Research Gap**

The theme of the current study centered on the element of the longevity of entities in the foodservice industry. For a restaurant start-up with few employees, the average lifespan is about 3.75 years (Luo & Stark, 2014). After operating for about five years, most foodservice companies are either mature or facing imminent closure. In other words, there are new organizations in the market with fresher ideas than the old restaurants. Luo and Stark (2014) believed that there is a powerful sense in focusing on longevity for foodservice businesses. Nearly every foodservice business is beyond the average lifespan (Luo & Stark, 2014). However, achieving such a milestone required various strategies, including investments in technology, fresh ideas, strategic staffing, and appealing to a specific market niche. Attaining longevity in itself is thus a significantly challenging endeavour most businesses are unable to overcome.

One of the biggest challenges facing foodservice businesses' longevity is minimal research on strategies that can help them exist beyond the median lifespan. There is a research gap in technology, staffing, innovation, and market niche. Inadequate research denies businesses the type of data they require to support business decisions (Luo & Stark, 2014). In the modern business environment, data plays a significant role in guiding business decisions and reducing potential failures in the market. Without data, businesses cannot develop accurate forecasts or plan effectively for their operations. However, the research appears delayed because most of the current restaurant technologies are in their early stages of development (Ngouapegne & Chinomona, 2018). More time is needed to verify their efficacy in various business environments. This study is necessary because it will search for the available insights on the longevity of restaurants, consolidate it, and then present it on a platform where current and future restaurants can access it.

Before the coronavirus pandemic, consumers decided where they would dine according to the best options, they felt like having at any one time. At the same time, restaurants treated food delivery services like a pleasant bonus, something extra to attract new clientele. Today, however, consumers consider entirely different factors, such as quick order processing and delivery, hygiene, dynamic carry-out choices, and safety. This shows that the foodservice industry has undergone a shift in such a way that companies whose digital positioning is solid and strategic are profiting from COVID-19 more than those still stuck in the old dining routines. Nevertheless, shifts in the foodservice landscape have always existed. With every change, the longevity of some companies is constantly threatened. This has been evidenced by the numerous foodservice outlet closures that came with the onset of the COVID-19 pandemic.

This study aims to show how companies such as Starbucks, Burger King, and Paul Bakery have enjoyed longevity for decades and even centuries in the latter's case, amidst the ever-shifting environment in the foodservice sector. However, the ultimate objective is to provide strategic lessons that companies in the foodservice and other industries can implement to succeed. These lessons' cores are change management and innovative leadership, allowing businesses to identify shifts in consumer trends and preferences and adapt accordingly. It is expected that the outcomes of this research will

demonstrate how some executives and employees still favour familiarity and traditionalism. Business leaders must successfully implement changes to give their companies a head start and maintain a competitive edge by overcoming familiarity and traditionalism. The restaurant industry is one of the most dynamic globally, and hence, it requires leadership that is equally innovative and transformational (Herrera, 2016). The very nature of the foodservice sector demands and compels change as frequently as hourly and resists any developments that alter its attitudes and operational methods. However, the foodservice industry is not as knowledgeable and competent in change implementation (Tuomi & Ashton, 2022). This study will demonstrate that change management in the foodservice industry is a more complex undertaking because it revolves around proactive management of the human resource component rather than technology. The proactive management of human resources in change management in the foodservice industry forms a critical aspect of attaining competitive advantage.

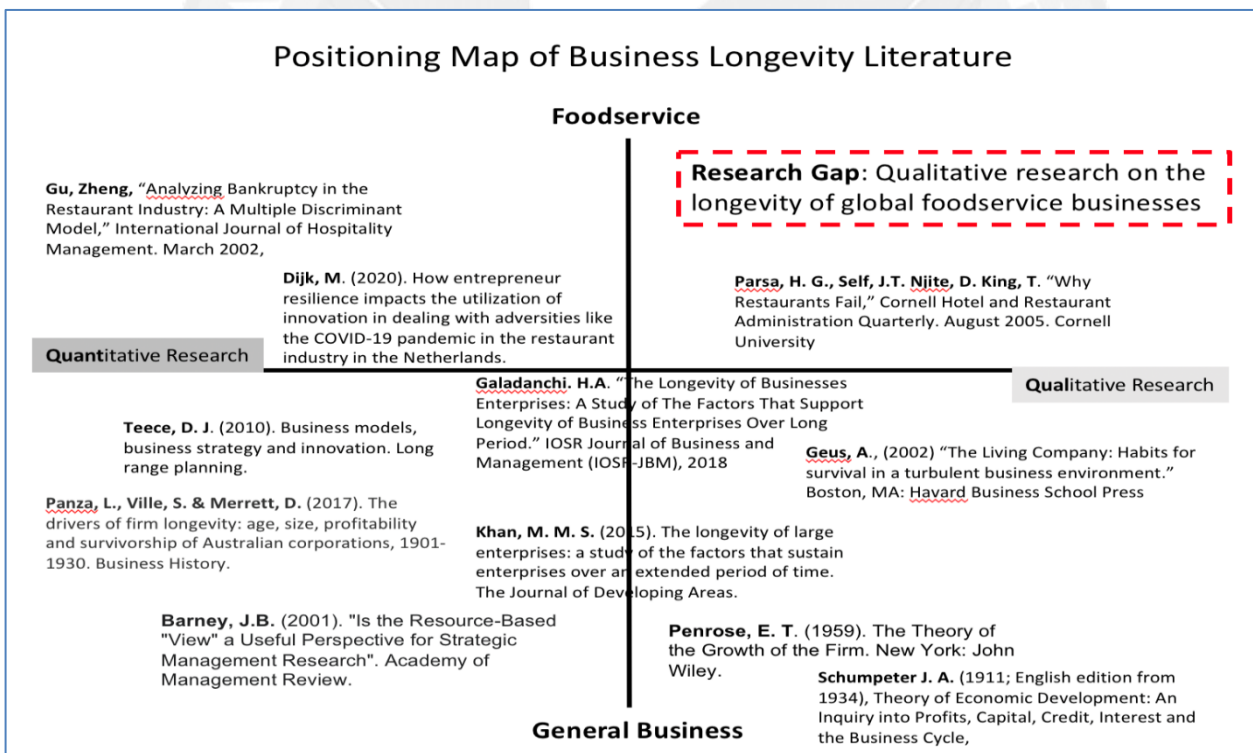
There has been significant work on competitive advantage and branding, but it is usually not extensive in *branded foodservice*. It is possible that the food and beverage industry has not previously explored the competitive advantage in the technology, finance, or manufacturing industries. Notable scholarly works include *How Brands Become Icons*, broadening the concept of branding (Kotler & Levy, 1986) and *global branding* (Cayla, 2017). Nonetheless, all are very general. Foodservice franchising has also been studied to ascertain what factors can grow the business; however, this approach has been inclined towards customer-driven factors. This research is conceived from a strategic leadership viewpoint, which looks at how leaders, boards, and selected companies have driven growth and overcame crises in the last 50 years. It looks into how companies such as Starbucks, Burger King, and Paul have adapted to market shifts and sustained their operations through the market changes to maintain substantial longevity as widely recognized brands.

Many studies look at secondary studies and sometimes interview employees of companies to identify factors that led to specific phenomena. Nevertheless, a unique aspect of the study will be the high-level insights from renowned international brand CEOs that are typically out of reach of the average outsider that cannot access these senior people. Senior leaders write books on their



experiences to explain how they led their respective companies upon their retirement. However, the current inquiry intends to use their tacit knowledge and unearth deeper insights and events that have ultimately shaped their firms' evolution to maintain dominant market share today. The study anticipates that the top-level executives' insights will generate a more in-depth understanding of how brand longevity was attained for Paul, Burger King, and Starbucks. Existing literature often fails to include the perspectives of top executives in studying brand longevity, but the present study will look to address this gap.

Figure 1: Research Gap in the Literature



Source (Author, 2022).

### 1.7. Research Framework

Explanatory research is best suited to approach this subject. Noor (2008) described three possible forms of research design: exploratory, descriptive, and explanatory. However, descriptive studies cannot explain why an event has occurred and are more appropriate for a relatively new or unexplored research area (Noor, 2008). Therefore, alternative research designs such as an explanatory approach are advisable in situations of much descriptive information. The qualitative approach of semi-structured interviews will enable sufficient details to understand the social phenomena that answer the research question of retail foodservice brands' longevity.

### **1.8. Nature of the Study**

This study is an international exploration of well-known global brands and the decisions and actions taken by their senior leaders from their country of origin. This study represents food brands originating in the USA – one from the East Coast and one from the West Coast – plus a longstanding European brand. The reference to Indonesia will be limited to how these global brands have achieved longevity and ensured a broad international appeal across the continents in which they operate. This would encompass the ethnographic approach, which entails exploring the culture in three selected companies that have endured over 50 years in business: Starbucks (50 years), Burger King (67 years), and Paul Bakery (132 years). These companies have been selected as the researcher has direct access to their senior leadership and can approach them to obtain consent for primary data collection. The researcher can utilize the existing private reports that each brand has commissioned so that the information sourced will be important secondary data.

### **1.9. Definition of Terms**

**Foodservice:** Foodservice is defined as all food and drink for immediate consumption on the premises or in designated eating areas shared with other foodservice operators, or in the case of takeaway transactions, freshly prepared food for immediate consumption. Foodservice is restricted to selling food and drink in specific foodservice channels such as restaurants and hotels and excludes vending machines (Deloitte, 2020).

**Global Brands:** Global branding denotes the management of a brand in different regions of the world to increase its strength and recognition in the markets in which it operates (Cayla, 2017). This strategy may also be called global branding or international branding.

**Strategic Competitive Advantage:** A firm is said to have a competitive advantage when implementing a value-creating strategy not simultaneously being implemented by any current or potential player (Jay, 1991; Sigalas, 2015).

**Longevity:** Business firm longevity is the continuity of the firm beyond the career span of its founders. The longevity of an organization can be attributed to the enhancement of the firm's self-renewal process, which raises measures to initiate changes to address recent problems (Galadanchi & Bakar, 2018). Krell (2000) defines a firm's longevity in two facets; firstly, firms are like living things, and therefore human life theories are applicable across firms. Secondly, firms need to pinpoint traits ensuring sustainability and longevity.

#### **1.10. Outline of the Paper**

Of the five chapters, the introduction allows the reader to have a high-level and contextual view of the field of interest and the challenges of that industry and specific area of interest. Chapter two provides a good understanding of existing literature around the theme; this existing work will be commented on and critiqued as to its relevance or connection to new research related to the paper theme. Chapter three looks at the chosen research methodology and why it best suits the theme, specifically adaptations of Yin, and multiple case study investigations. Chapter four dissects the findings and looks at various concepts to support the theme of the study. Lastly, chapter five examines the implications, recommendations, and future opportunities occasioned by the findings.