



Impact of Economic Recession on Brand Centricity with Special Reference to the Fast-Food Industry

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DOI: <https://doi.org/10.4038/sljmuok.v9i3.155>

ABSTRACT

The objective of this concept paper is to enumerate the diverse strategies implemented by the fast-food industry on a global scale in light of the economic downturn. Assessments and adjustments are made to the various metrics for Sri Lanka, which is now grappling with a severe economic crisis and the highest inflation rate in its recorded history. Before now, no attempt had been made to develop a generic model that a firm might adopt to assure commercial sustainability during recessions. This study provides a model or scorecard that any company can implement. In conducting research on the topic, a literature review was undertaken, measures were identified, and numerous middle and upper-level executives met and discussed in order to determine the most effective approaches a business could implement across all operations in order to contain costs and manage without closure. In conducting research on the topic, a literature review was undertaken, measures were identified, and numerous middle and upper-level executives met and discussed in order to determine the most effective approaches a business could implement across all operations in order to contain costs and manage without closure. A summary of the numerous activities requiring execution has been compiled and presented in the format of a score card, which facilitates convenient consultation. Although there was no unique model observed throughout the organization, this





research found a generic model that could be implemented to increase the likelihood of successfully managing the situation during difficult periods with low or no damage.

Keywords: *Brand Centricity, Economic Recession, Fast Food Industry, QSR*

1. INTRODUCTION

1.1. Sri Lanka and the Grundnorm

Sri Lanka is a cheerful island country in the Indian Ocean with a diverse range of wildlife and a lovely scenery that enchants tourists. The nation, a unitary democratic entity, has recently experienced challenging economic times. The country has experienced an increase in inflation to over 60% at the time this research was done, and employment taxes have increased by over 30%. (2022). The nation had a burgeoning middle class with a high literacy rate before the economic collapse. Most of the well-known fast-food chains are currently operating in the country, with a preference for people to use these as more socializing points than that of a place with cheap meals.

1.2. Current Recession in Sri Lanka and Known Causes

Sri Lanka is undergoing an unprecedented economic crisis, the rising cost of living has severely affected spending abilities due to the shrinkage of disposable income. The overall rate of inflation in February 2022, as measured by the National Consumer Price Index (NCPI), stood at 17.5 percent, and by November 2022, it had risen to 65%, with an economic growth of -8.4% as of the second quarter of 2022. The civil war that lasted three decades and ended in 2009 disrupted the Sri Lankan economy, the tourism industry, and destroyed key infrastructure facilities. (Sriyalatha et al., n.d.) Goods for the domestic market flooded in instead of boosting foreign trade. This resulted in a decline in income from exports while bills from imports increased. Sri Lanka imports \$3 billion more than it exports every year, a reason it has run out of



foreign currency. At the end of 2019, Sri Lanka had \$7.6 billion in foreign currency reserves, which have dropped to around \$250 million. (Central Bank of Sri Lanka).

The majority of reasons consistently emphasized by experts pointed to monetary policy laxity as the root cause of the domino effect that destroyed the nation's capacity to repay its secured loans. The illusory sense of security provided by foreign direct investments, which enticed the nation to fully embrace an open economy, and the excessive reliance on such investments, which led to a reduction in domestic production, subsequently engendered numerous challenges for the nation's capacity to provide even the most fundamental necessities for its citizens. In order to fulfil electoral commitments, the Sri Lankan government implemented a decision in 2019 to eliminate or lower taxes, resulting in significant tax revenue losses. Tax cuts were initiated months before the pandemic. This decision has cost the IRD (Inland Revenue Department) approximately LKR 601 billion in tax revenue (www.cbsl.gov.lk). The IRD had set a tax revenue target of LKR 570 billion in 2021, but only LKR 470 billion had been collected as of October. IRD's revenue had fallen from LKR 1,025 billion in 2019 to LKR 424 billion in 2020. These factors contributed immensely to the dire recession the country has faced since 2022.

Sri Lanka's foreign debt increased substantially, going from US\$11.3 billion in 2005 to \$56.3 billion in 2020. While foreign debt was about 42% of the GDP in 2019, it rose to 119% of the GDP in 2021. By February 2022, the country had only \$2.31 billion left in its reserves, yet it faces debt repayments of around \$4 billion in 2022, which also include a \$1 billion international sovereign bond (ISB) maturing in July. Tourism earned Sri Lanka \$4.4 billion and contributed 5.6% to GDP in 2018, but this dropped to just 0.8% in 2020. The overall decrease in income and the severe shortage of foreign exchange aggravated the situation of inflation in the country, forcing many of the MNCs operating in the main segments of the country to exit. In times of economic uncertainty, it is evident that businesses that can adopt agile operational methods and make fast changes will survive.



1.3. Market Before Recession, Spending Habits

Sri Lanka, with a population of 22.16 million (World Bank, 2021), has a literacy rate of 92.64% (Countrymeters, 2021) and a financial literacy of 57.9% (CBSL, 2021). Country marked an internet penetration rate of 52.6% (Kepios Analysis, 2021), marking a coherence with that of the financial literacy rate as all the national banks offer internet banking, encouraging a paperless approach to banking. The country has seen bouts of development over the years and has shifted from the gross domestic product income of spices to that of garment manufacturing, thanks to most recent foreign workers' inward remittances.

During the past few decades, food consumption patterns have evolved rapidly in Sri Lanka, with preferences ranging from “having it in,” opting for takeaway, to getting it delivered to your doorstep. This is due to minimum preparation time, modernization, urbanization, changing lifestyles, and an increase in household income - mostly due to both spouses working, long working hours, and convenience. (M. A. K. Sriyalatha & P. J. Kumarasinghe, 2021). A study conducted by Aruppillai and Godwin Phillip, 2015, to identify the impact of demographic and economic attributes on a set of consumers in a certain suburban area in Sri Lanka concluded that 48%, of the respondents consumed fast food once or twice a month, but only 2% consumed fast food on a daily basis. 10% of the respondents never consumed fast food, while 40% of them consumed it once a week from the restaurants in the study area. These authors also concluded that the coefficients for employment status and distance have a statistically positive impact, and when these variables increase, the probability of consumption will also increase.

1.4. Spread of QSR, Consumer Preferences and Behavior Trends in Other Countries

A study conducted by Islam, n.d., 2010, to identify factors related to the preferences of the consumers of fast food in Bangladesh, targeting university students, concluded that brand reputation is one of the key reasons for the students to keep coming back



for more. Proximity and accessibility, similarity in taste in any outlet, cost and quality relationships, discounts, hygiene, interior decoration and ambience, and ease of self-service were the other factors that followed through.

Referring to the research done by Aruppillai and Godwin Phillip in 2015 in the western province of Sri Lanka's Moratuwa municipal council area, it was found that consumers who are employed are most likely to consume fast food. It also stated that consumers who are single prefer to dine out rather than order takeout. Significant influences on consumer preferences were found to be age, education, and the distance between a restaurant and a customer's house. Recently, more and more people have preferred better dietary options. When people think of fast food, they frequently picture greasy burgers with fries and a drive-through with music blasting from your car. Consumers desire delicious and healthy options like salads and fruits more than ever before.

Mirza Shoaib (2016) discovered that there is a favorable correlation between Pakistani consumers' preferences and pricing, tangibility, reliability, responsiveness, and assurance when doing research on consumer preferences in Karachi, Pakistan. In their investigation of perceived service quality in the Chinese market, Qin, Prybutok, and Zhao (2010) noted that reliability, recoverability, tangibles, and responsiveness had a direct bearing on consumer behavior, preferences, and intents to make additional purchases. The fast-food sector has adapted to Malaysian taste preferences and the nation is currently experiencing an out-of-this-world fast-food boom. The Muslim population's demand for "halal" food providers has had a profoundly religious impact on the Malaysian fast-food sector. Serving pork must be strictly prohibited, while serving chicken, lamb, beef, etc. should be within Islamic rites and rules. (Habib et al., 2011)

1.5. Spending Habits of Consumers During Economic Recession

According to a study conducted by Boston Consulting Group (BCG Publications, 2022), customer adherence to established purchasing patterns could be significantly





influenced by reports of economic recession and brand scarcity. The lower end of the range experienced shifts toward low-cost necessities, but those who were frugal with their spending had reduced a substantial number of unnecessary expenditures in order to better manage their discretionary money. At the lower end of the spectrum, there were transitions towards inexpensive essentials. However, individuals who practiced frugality in their spending had substantially diminished superfluous outlays to better administer their discretionary funds (Nawrathne, 2021). The lower end of the range experienced shifts toward low-cost necessities, but those who were frugal with their spending had reduced a substantial number of unnecessary expenditures in order to better manage their discretionary money. Sri Lankan consumers on the other hand displayed a similar behavior with conservative spending and preferring to opt for low grammages of the essential products enabling ease of purchases and managing the costs at a given point. Many of the spontaneous purchases had seen a stop with drastic drop in the demand for luxury goods as clearly theorized by many economists (Adam Smith, 1776).

Sri Lankan consumers similarly followed this trend with cutback on the number of meals and opting for cheaper low quality or low quantity options. Being a country that embraced fast food and using the many options available as venues to socialize, spend time and eat-out a drastic reduction was seen in these venues while forcing some such as Bread Talk to close down main branches (RIL Property PLC information to Colombo Stock Exchange via its letter dated 16 March 2021).

2. SCOPE OF STUDY

2.1. Purpose of the Study

Recessions often inflict significant setbacks on numerous firms, regardless of their source. In order to bring expenditures in line with disposable income, customers would be compelled to minimize their outings and seek inexpensive food alternatives other celebratory activities while saving for necessities. As a result, fast-food chains and small-scale open kitchen businesses would be the most severely affected,





necessitating the immediate and effective implementation of safeguards to prevent the demise of their operations. The aim and purpose of this study is to identify a general model that may be implemented by businesses in nations where experts have issued recessionary warnings. The timely actions across the functions would enable a flexible and an agile business fool proof from inevitable doom.

One of our fundamental needs is food, and fast-food restaurant chains play a significant role in the industry by meeting local demands. The demand for fast-food services has increased over the past few years as a result of people's changing contemporary lifestyles. (Nirmani, H., Gayathree, P. K., & Kumara, S. U. 2017). According to Neuman (2009), economic recessions have previously had an impact on the restaurant industry in the United States of America. Further, it is vital for industry incumbents to assess and evaluate the impact of the economic recession on the restaurant industry domain (Lee & Ha, 2012). As per the empirical study carried out by Lee & Ha (2012), there is a strong relationship between spending on food at restaurants and their disposal income. They have monitored the GDP and the sales of full-service restaurants to measure the impact.

As per the view of Diasz (2013), Brand name is the trademark, which is an intangible asset that could be illustrated as a name, a logo, a design, a color, or a feature that helps to differentiate, identify, and influence a product, service, location, category, destination, person, company, idea, concept, or sensory appeal. In contrast, there are immense investments taking place in building the brand in the current business context across the globe. Ultimately, with the branding war in the market, there will be a product manufactured in the factory, but a brand will be bought by a customer. In the competitor's perspective, a product can be copied while the brand remains unique (Diasz, 2017).

Brand loyalty is the mental state of the consumer having an attraction to the brand and being willing to repurchase or continue the usage of the same product or service over and over with satisfaction. As a result, a long-term bond is established between



the brand and the consumer, which ensures a positive relationship between brand loyalty and the repurchasing behavior of the consumer (Mowen & Minor. 2002).

According to the view of Ding and Tseng (2015), Brand Experience is attributed to the mindshare of the consumer along with their experience of the particular brand. Barkus, Schmitt, and Zarantonello (2009) explain that brand experience is related to the sensory experience of the consumer pertaining to the particular brand and is mediated through five sensors of the consumer. At the same time, the brand's sensory experience will be stimulated to influence everyday buying decisions (Daisz, 2009). To further strengthen this view in the fast food industry in the Sri Lankan context, according to the research carried out by Dissabandara and Dissanayake (2020), they emphasize the importance of focusing on the customs of the land and the cultural preferences of the country when executing the sensory marketing strategies by the global brands for the purpose of consumer retention and targeting new customers in the fast food industry in Sri Lanka.

When describing the bond between the Brand Trust and the consumer, trust plays a vital role in building the brand image before it reaches the customer (Kabadayi & Aygün, 2007). According to Ballester and Aleman (2001), a trusted brand should deliver its value to the consumer consistently, even at crucial times and in crisis situations, through its production, selling process, service, and marketing advertising campaigns. As Kabaddi & Aygün, (2007) proposed in their literature, consumers will make frequent purchases of the trusted brand with the commitment of strengthening their affection towards the trusted brand.

As per the study carried out by Song, Han, Ariza-Montes & Perlines (2022) their theoretical model emphasizes the positive relation between the brand trust and the consumer's revisit intention in the food service industry. Further they have stated that Brand Trust of a product or service is the vital factor which influences the repeat purchases of loyal customers. Purpose of this study to determine the impact towards the brand centricity during the prevailing economic recession in the Quick Service Restaurant (QSR) industry in Sri Lanka.





The current unprecedented times have caused much disruption in all industries, causing loss and, in its wake, loss of employment. As in most such critical times, along with the impactful times comes the silver lining in the gray cloud if the right planning and opportunity are sought. Thus, the research would be a pathway for businesses to identify the right plans and what to do in recession times. The changes made to the business model will enable the companies to survive and, if managed well, expand, and grow in other directions. The fundamental questions therefore any business would have in these perilous times would be;

- How best can fast food chains survive in recession climates in Sri Lanka?
- What best strategies can they adopt in times where inflation is high?
- What best aspects need to be watched to formulate sustainability in the operations?
- What best model or score card should be formulated to ease the burden of management of these companies to bring out their best?

2.2. Methodology of the Study

The primary methodology used in this study is literature-based research, which examines the goals and various recommendations made by multinational corporations in order to match Sri Lankan needs. To determine what works best, the authors have examined the quantitative and qualitative evidence gathered in various nations. The findings have been examined, and if indicated, their applicability and practicality have been confirmed with the local units listed. Although the fast-food industry has been the main emphasis, where appropriate and those that can be used by any organization in general have been noted. Overall, the best fit model is created with the flexibility to further adapt to various industries, something that every organization may be aware of and adhere to in the case of a recession.



3. LITERATURE REVIEW

Adam Smith, in his greatest book, *The Wealth of Nations*, identified prodigals and projectors, where he attempted to explain the cause of recession in so many words without an exact reference to the same (Adam Smith, 1776). On the other hand, we are in dire need of what the greatest theorists such as Bentham saw differently, insisting that the governments did not have any control over these financial shapers but should focus on macroeconomic policies to control inflation. A direct hit on what the recession entailed even at this stage was kept silent. His pronounced and more insistent policy came about from arguments that projectors are in fact innovators who are required in a country for economic growth. A more classified and concise version of what recession is coming about in early 1974 in the article by *The New York Times*, of the Commissioner of the Bureau of Labor Statistics, Julius Shiskin, where he classified that the definition of a recession required a quantitative approach that was accessible and usable by the masses, which indicated that:

- In terms of duration – Declines in real gross national product (GNP) for two consecutive quarters; a decline in industrial production over a six-month period.
- In terms of depth – A 1.5% decline in real GNP; a 15% decline in non-agricultural employment; a two-point rise in unemployment to a level of at least 6%.
- In terms of diffusion – A decline in non-agricultural employment in more than 75% of industries, as measured over six-month spans, for six months or longer.

If we go by the above, a clear indication is evident that the Sri Lankan economy has nosedived into a deeper recession than what the original definition entailed. (Central Bank Annual Reports, 2020-2021). The World Bank asserts that the covid -19 had shocked the world with a global recession of enormous magnitude that is expected to spread across the world, making its mark in several industries. The baseline forecast



predicted a 5.2% increase in global domestic products, which in turn caused a domino effect that threw millions into poverty, (World Bank, 2020).

As a result of the recession's spiraling impact on industrialized and leading nations, trade between those nations will naturally decline, resulting in the closure of firms and an increase in poverty in developing and impoverished nations. The situation is therefore cruelly felt in those nations that had been developing and had witnessed the economic boom, where many of the lifestyles they were used to having been severely disrupted. With the division of the world's economic creators brought on by Russia's invasion of Ukraine, the situation is also not expected to get much better. According to the OECD, the slow growth will persist well into 2023 with a muted recovery, which will have an impact on the growth of the smaller economies.

It is a common misconception that the fast-food sector doesn't suffer during economic downturns because consumers switch to and look for more affordable food options outside of walk-in and dining-in restaurants in the US and Europe. (2022, QSR Magazine) In terms of fast food, particularly the branded varieties like McDonald's, Pizza Hut, and BreadTalk, developing nations observe a tendency in the other direction. Consumer spending on these brands and QSR has recently been on the decline as a result of the recent US recession and economic activity closures, as well as the necessity to tighten budgets in other affluent nations. The Madison Review of the US predicts a drastic decline in McDonald's sales in the year 2020, which snowballed into a decline. These are trends that has been seen hand in hand in current QSR of Sri Lanka as well.

QSR Magazine notes in August 2022 that brands are getting ready for a recession with many changes as the world slips into a global recession in the USA, where fast food leads and McDonald's remains the benchmark for general QSR behavior.

Many of the studies that have been completed, link the centricity of customers to that of the products, while consumer behavior has been identified as paramount to the success of the constant decision-making process of purchasing and repeat purchases



of products. Further, it is also established that people continue to purchase those products and services that they perceive as having the greatest utility. (Samuelson and Nordhaus, 2000). However, where the product is fast food and many options make substitution possible, a perfect landscape is available to practice brand attachment, or, as the authors feel, brand centricity. On the other hand, Brand equity has been linked as an integral element that creates quality, brand loyalty, brand awareness, and brand association, whether it is real or perceived (Aaker, 1991). This then is the key that glues the customers to the respective product, which in turn logically makes the customer get attached to the brand. Where the product is monopolized, the consumers will have little or no choice, hence, the centricity towards the brand in this context would be lopsided. On an equal playing field, the consumer will enjoy the brand psychologically and develop an emotional attachment to it. (Bloemer and Kasper, 1995; Bloemer and Lemmink, 1992; Bowen and Chen, 2001). This then can be concluded as the brand centricity and the attachment that a customer makes psychologically and emotionally that will tantamount to in turn the brand centricity. This will enable the customer to be retained even when the price increases to a particular point. This will create price inelasticity to some extent even when inflation increases product prices. As identified by Michael Niyamekev et al., brand passion, brand love, and brand pride positively affect brand loyalty in restaurants, which in turn creates a centricity towards the respective brands.

It is an inherent requirement and a well-spelled-out implied condition of the social contract between the citizens and the executive to ensure that food accessibility for the citizens does not reduce at any point in time in a country. In a recession, the government's focus is on ensuring that food insecurity is well addressed, and measures are instilled to ensure the general bounce back of the food supply chain (Eghartner and Booms 2020).

These difficult times also offer a new dynamic and a pushed opportunity to recreate and rethink the ways in which the business carries out its activities (Graddy-Lovelace 2020, Power et al 2020). Over the last six decades, a recorded approximation of 400



economic crises have hit over 200 countries, directly impacting consumer behavior and changing lifestyles (Duquenne and Vlontzos, 2014, Dutt and Padmanabhan, 2009). As the first peaks of economic hardship hit, the lowest end of the wage spectrum would cut down on food and the necessary nutrition with the reduction of meals to one from the standard three, and the falling of the middle class to lower ends would impact the higher bracket of fast-food eaters (WFP-World Food Programme, 2012). This is especially determinant in the developing countries where fast food chains are frequently visited by the middle-income earners while the higher brackets have a tendency to utilize the services of those of the walk-in restaurants. (Gayani Patabedige, Saman Yapa, 2016).

While the US and Europe saw a shift towards limited menu fast food chains in the recession while sales declined, the highest rate of growth in outlets was noticed in these segments as opposed to the walk and dine in segments. (Kyuho Lee, Inhyuck HA, 2012). This is mainly due to the fact that these countries have a larger segment of the low-income population as users of fast-food services. Where income is reduced, the tendency is to increase access to fast food or van food with ready to eat streetside menus.

Hong, 2001 argues that service quality is the most powerful factor that determines the survival of the suppliers in a fast-food industry. He further argues that the service quality is what the customer assesses as the value and satisfaction that are provided by the product. Service quality is intertwined with customer satisfaction, which is constantly assessed by the customers (Oliver & Bearden, 1985). Service quality thus includes the pricing of the product, where the customer assesses if the value received for the monies paid is justifiable as per the satisfaction one receives in spending and utilizing the food. Price, therefore, being a collateral, does not stand to contribute to the levels of satisfaction derived by the consumers.

3.1. Findings from Different Parts of the World





Country	Findings	Fast food Chains	Source
Greece	Preference for private label foods Prefers to reduce quantity and buy smaller packages Reduction in consumption of snacks Price over quality	Limited to a region and Consumers accessing Fast food in any restaurant of the region.	Food Consumption Patterns in Times of Economic Recession. Available: Glykeria Theodoridou, Efthimia Tsakiridou, Nikos Kalogeras, Konstantinos Mattas
Sri Lanka	Price is a highly attentive factor. Mostly these QSR serve a middle-class clientele. Quality is equally important to the consumers	Pizza Hut McDonalds KFC	Consumer Satisfaction of Multinational Fast-Food Outlets with the service quality and other influencing factors in the western province of Sri Lanka. Gayani Patabedige, Saman Yapa 2016.
Egypt	Value created to customer created loyalty	Fast food restaurants	The role of customer orientation in creating customer value in fast food restaurants. Mohamed Youssef, Kazan Volga, 2022
USA	Disposable income was a major predictor for sales of fast-food restaurants. Growth of limited service restaurants in USA was higher than the others in economic recession	Limited menu fast food restaurants	How does the economic recession affect the restaurant industry. Kyuho Lee, Inhyuck HA, 2012
USA Texas	Service quality was rated high by customers for purchases of fast food which included value for money. Food quality was seen as a high requirement for customer satisfaction in limited menu chains	Limited menu fast food chains	Service Quality, Customer satisfaction, and behavioral intentions in fast food restaurants Hong Quin, Victor R Prybutok, 2009



USA/UK	<p>Introduction of self-ordering Kiosks to cut down on manpower consumption,</p> <p>Absorbing part time workers reducing permanent staff labor costs</p> <p>Changes in Menu to standard reduced portions to increase affordability</p> <p>Shut down of units not meeting a threshold in income</p> <p>Incentivizing via special discounts for the follow up visits</p> <p>Reduction in the ingredients to suit the budgets of consumers. E.g reduction in cheese layer, lettuce etc</p>	<p>Limited menu restaurants</p> <p>McDonald's</p>	<p>How to make it in a downturn John Quelch</p> <p>Strategies for successful organizational downsizing</p> <p>Kim S Cameron.</p>
Nigeria	<p>Brand switch by Consumers in economic recession to more affordable ones where loyalty is questioned</p> <p>Reduction of impulsive buying behavior</p> <p>Strict adherence to a shopping list and price sensitivity of choices</p>	Fast Food restaurants	Economic Recession and its effect of consumers buying behavior
Myanmar	Making the cold heatable ready to eat food available under brand in modern trade channels so that these could be purchased and heated when necessary	Bread Talk	



Sri Lanka	Moving food items to special seasonal menu to increase affordability	Bread Talk	Practical Insight Bread Talk SL
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Pricing directly affects consumer purchasing behavior when considered in conjunction with the decline in disposable income brought on by the recession, as is abundantly clear from the study described above.

4. CONCLUSION

It is thus evident that for any QSR to survive, strategies need to be adopted well in time to face the recession. As seen from the above findings depicted in table 3.1 across the world where recession is anticipated many measures has been implemented to combat the consumer reductions with similar or comparable operational restructures. As per the analysis of the authors the strategies adopted seem to largely fall into two categories of initiatives.

1. Increasing affordability with control on portion sizes, types of products
2. Cost initiatives to manage internal operations.

While no one strategy is seen as yielding higher results over the other, some chains seem to have adopted a combination of the two. The type of strategy and the category are best seen as varying with the level of development of the country. Most developed countries see an increase in consumption of fast food where the recession is high due to these becoming more affordable and economic than cooking, while in underdeveloped countries where fast food is seen as a luxury and social epitome, consumption reduces as people prefer cooking at home rather than eating out.

Though the easiest in any form for a QSR would be to relook at the menus and cut down on the varieties, thereby decreasing the costs, this can have the long-term effect of consumers preferring to switch in search of variety. While it can be argued that it is best to maintain the varieties while reducing the quantity while still maintaining affordability, this can also run the risk of reputational damage. Hence, the subtle balance between the play in menus coupled with the internal cost management initiatives would seem to be the best fit for aiding the survival of the fittest in these



times. The introduction of localized products that enable the use of locally available ingredients would assist in reducing imports or substituting for those products that would naturally see an attrition due to external conditions. This, while bringing in variety, also drives the closeness of the brand to the hearts of the citizens of the country.

4.1. Recommendations for Sri Lanka

It is pertinent to note that when recommendations are made, it is the middle class of the country that accesses the services of the QSR more. As identified by Table 3.1 though many initiatives and strategies are adopted these had been based upon the locality or consumer palette of the respective country. As discussed in detail under 1.5 the consumer trends of Sri Lanka fits to many of the trends identified in Table 3.1 thus recommendations made here are in line with the identified literature depicted in the literature review with consideration to the details identified by interviews conducted with the staff of the current QSR senior staff. The QSR services do not simply offer a meal for value but are rather seen as a place to socialize and a place for a family outing. The units that serve them are equipped, and the ambience is created for these purposes.

Recommendations that can be advocated on overall are.

- Cost focus - Cost redefinition by introduction of Kiosks over manpower. Self-serving units that will enable the reduction of the manpower in the outlet.
- Product focus - Convert to user centric, Menu changes that bring in affordability to the consumers.
- Product focus - convert to more cultured tasting new products while phasing off the imported ingredients other than the core ingredients
- On demand Menu - segregate the higher cost items as seasonal specials while more affordable portions are service while the price consciousness is maintained

- Hosting parties on location upselling the menus/food items
- Channel redefinitions - create freeze up food where consumers can purchase from the MT channels and heat up for use at home. This will increase affordability while keeping the brands alive.
- Redefine route to consumers - partner with the existing delivery channels and pool resourcing the call centers to bring in cost orientations.

Review of the many strategies and the need in countries also brings out the need to develop a framework that companies can adopt when they are aware the country is bound to go through a recession. Thus, based on the review, the authors have concluded the scorecard “Recession Pitfall Scorecard for Fast Food Industry” that QSR businesses can follow when a recession is inevitable.

4.2. Recession Pitfall Scorecard for Fast Food Industry (QSR)

Notes to the Scorecard

Scorecard spans and captures across the organizational key functions and metrics to watch out for when a recession is nearing, or inflation is increasingly impacting the fast-food industry. This model is generic and can be used across any industry globally where the conditions and consumer cultures remain similar.

When a country or industry is going through hardships, a dire need arises to relook at what the mandate of senior management is and what aspects need to be retracted back under senior management from those of middle management to ensure sustainability and a controlled view is brought to the company. The authors are strong believers in empowerment; however, they are of the view that desperate times call for hard measures where control of the organization can be under strategic control. Hence the need to bring employee engagement, opportunity seeking, and process constructs are advocated to be kept under the senior management till the times are normalized or company stabilized to hand same back to the middle management.



1. It is imperative that all resources across the organization is activated therefore the need to form teams or groups that oversee following activities is advocated,
2. A revenue assurance team consisting of functional experts across the organization who should have the mandate to ensure specific tasks and specific reporting is made the scope.
3. Innovation team that would work across the organization to collect ideas and work with the revenue assurance team to ensure implementation and monitoring.
4. Opportunity Seek hit team - this team will ensure the external market watch and bouncing off ideas to be in line with the changes that occur in the external environment.

4.3. Recession Scorecard for Fast Food Industry (QSR)

Management Level	Elements	Key observers	Clarity
Strategic Level	Strategic Constructs	<div>Short term KPI & Monitoring mechanism</div> <div>Financial score card Customer score card Product Score Card Innovation score card</div> <div>Overview of Emergency perf groups</div> <div>Revenue Assurance Action</div>	In recession the strategic direction and monitoring process needs to change to establish KPI as less as 3 months and running so that alignments and turnarounds are quick
	Process Constructs	<div>Emergency perf group to oversee and report on process remap</div>	Where company is seeing dangers in external environment the process control needs to transfer to senior level so that cost elements can be watched
	Innovation Constructs	<div>Borderless Innovation Centre- Ideas upward flow</div>	Establish teams that can collect any ideas across all functions and evaluate for implementation
	Debt and Capital management	Extend low-cost loans and pay off higher interest costs Seek special funding facilities for SME Renting of resources for pooling to other non-competitors	Fundamental requirement of establishing a revenue assurance and business planning unit from the existing team members
	Opportunity seeks	Re-use of resources e.g., location Partnerships Expansions New market interventions New potential routes to market	Its fundamental that a team be appointed to watch the developments of the external environment with competitors, global mandate to help in input of decision making
	Employee engagement and management	<div>Retention empowerment Job restructure/enlargement Head count management</div>	
Middle Management	Product Constructs	Portion control Ingredient restructure Identification of special occasion products Package products New lower cost products	Re structure of products to be efficient and cost effective
	Cost Constructs	Identify at least 5 constructs from each function And monitor	Identification of the essentials that is required to be monitored and up flow of the input once a week
	Resource Pooling	Partnerships/JV Parent support in share service center set up	This becomes a fundamental requirement for all support services to seek synergies amongst the group company or outside parallel suppliers or non-competing industries. E.G call center pooling, cleaning staff pooling
	Customer engagement	Loyalty programs On spot wins to attract and sustain	Schemes need to be dynamic

Source: Authors' work

4.4. Future Research Direction

The above research was carried out with the intention of proposing a survival model for the fast-food chains in the country. However, this did not consider the non-branded limited fast-food chains that span the country and are accessed by the masses. While the current branded chains are finding it difficult to operate, the opportunity exists for the local brands to come up with similar variations of food, which is a separate field of research that can be used in the future.



Further, the model created by the authors, while being generic, was used only for the limited fast-food chains in the country. This can be further applied to other industries to ensure improvements and that the model stays dynamic for use in any business or industry.

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