EFFECTS OF NEW LOGISTICS SERVICES ON RESTAURANTS' BUSINESS MODEL AND STRATEGY

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ABSTRACT

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The restaurant industry is present in every part of the world and has been a subject of significant interest for academic scholars. Despite being a more stable industry, technological innovations have started to reach restaurants as well. The purpose of this research is to study and analyze one of these innovations introduced to the full-service restaurant industry. Traditional delivery services in the restaurant industry have been acting as agents between restaurants and customers with the restaurants being in charge of the delivery. However, the food logistics service providers examined in this study offer their restaurant partners' new services such as control of the delivery process and co-marketing campaigns. More specifically, the research analyses the benefits and risks of this new service for the restaurant partners and how their business model and strategy is affected by partnering with food logistic service providers. Additionally, the effects of this new innovative service on the restaurant industry are reviewed.

The study follows a qualitative method with a multiple case research design. During the data collection phase 15 case firms were interviewed in Helsinki, Finland. In order to accomplish a comprehensive approach on the topic and ensure the integrity of the study, the author analyzed all the sub-topics of the research by considering the viewpoint of both partnering sides. The collected data was categorized and analyzed through the content analysis method.

The analysis revealed several interesting findings. The advantages of the new technology could be characterized as the most predictable findings of the study since the main objective of the partnership is quite plain. Both partnering sides agreed that increased revenue and free marketing/visibility are the main benefits of the partnership for the restaurant partners, with deviation mostly on the underlying reasons of why the partnership is beneficial to them. On the contrary, the analysis of the disadvantages and risks revealed differences between the viewpoints of the partners. Restaurant owners were mainly concerned about customer satisfaction and identified product and service quality as the main risk of the partnership. This is an interesting topic as it can be an indicator of possible misalignment of incentives between the business partners in the future. Moreover, the results confirmed the fact that this new technology has certainly affected the business model and strategy of most of the restaurants that have chosen to partner with food logistic service providers. Restaurants have modified their operations and strategy to meet the 'needs' of the new service. Finally, the new technology has provided the restaurants with a new ground to compete in and has reformed some of the traditional 'rules' of the full-service restaurant industry.

Keywords:
Restaurant industry, logistics, partnership, business model, strategy

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1. Introduction

The restaurant industry is large and present in every part of the world. It is a mixture of a product-service context and it offers a wide range and variety of products that affect nearly all of us. These factors make the restaurant industry unique and a subject of interest for academic scholars. Despite being a more stable industry, with fewer fluctuations, technological innovations have started to reach restaurants as well. Full service restaurants are not restricted anymore in offering their products only to customers who visit their restaurants; but have the chance to have their product delivered to their customers' desired place. These new food logistic service providers, who partner with restaurants, are becoming increasingly popular and are promising their customers a full service restaurant experience at their home or office.

The purpose of this research is to study how the business model and strategy of restaurants is affected by partnering with food logistic service providers and what are the effects of this new service on the restaurant industry. The study also focuses on the new opportunities and challenges that the restaurants recognize after partnering with these new service providers. In this study, restaurant owners in Helsinki, Finland were interviewed about their partnership agreement with food logistic service providers. The way restaurants react and adjust to this new technology that is available to them indicates in many cases how constructive and profitable this partnership will be for them.

In the next chapter of this study, the research objectives as well as the theoretical framework are presented. Then the literature review with relevant literature to the research is covered. The most important findings on business partnership, business model and customer satisfaction on the restaurant industry are presented. After the literature review follows an introduction to the methods and data used in the study. The results follow together with the discussion, where the results are analyzed in regards to the research questions of the study. Finally, the study is concluded with the limitations and future research proposals.

2. Research Objective

As mentioned in the introduction, this study aims to show how the business model and strategy of restaurants is affected by partnering with food logistic service providers and the overall effects of the new technology on the full-service restaurant industry. In order to understand though and present any possible business model or strategy modifications, there needs to be an in depth knowledge of how the restaurants perceive and react to the partnership. By interviewing restaurant owners, different perspectives were identified and by analyzing the advantages and challenges of the partnership the restaurant entrepreneurs reflected on how their firm's adjusted to the partnership agreement. The results revealed the main goals that each restaurant wanted to achieve through the partnership.

In order to clarify the emphasis of the study, the four main research questions are presented below. The first two research questions are, 'what are the main advantages and disadvantages/ risks of the partnership for the restaurant partner?' These research questions take into account that the data used from the interviews are the subjective viewpoints of the restaurant owners. Their interpretations of the situation might differ or deviate from reality. By understanding though how restaurants owners view this new technology, their strategic reactions can be conceptualized.

The conceptualization of the restaurant owners' interpretation of the partnership leads to the third and fourth research question of the study. 'How is the business model and strategy of restaurants affected by partnering with food logistic service providers?' This research question is examined by the already realized actions and future strategic plans of the restaurant owners. The modifications done to the existing business model, as well as the future strategic plans of the firm reveal how much the partnership has really affected the restaurants operations. Finally the findings of the third question lead to the final research questions of the study, "how is the full-service restaurant industry affected by the new technology offered to the restaurants?"

The Research Questions:

1. What are the main advantages of the business partnership for the restaurant partner?
2. What are the main disadvantages/risks of the business partnership for the restaurant partner?
3. How is the business model and strategy of restaurants affected by partnering with food logistic service providers?
4. How is the full-service restaurant industry affected by the new technology offered to the restaurants?

2.1 Theoretical Framework

The study uses four main literature streams to analyze the above mentioned research questions. These are customer satisfaction, service quality, business partnerships and the business model. Since this study focuses on the full restaurant service industry, relevant literature suggests that full service restaurant owners and managers should focus mainly on three key elements, service quality (responsiveness), price, and food quality or reliability (Andaleeb & Conway, 2006). In the specific case of this study, the parameter affected the most is service quality. Customer satisfaction is very closely linked with service quality, therefore these two literature streams are used to understand the effect the partnership has in the above mentioned themes.

Literature on business partnerships is examined in order to present the new dynamics that are created through the partnership agreement. Business partnerships definitions are reviewed, as well as the indifferent partnership motives. Motives vary in each individual case as they are closely related to the strategic goals that the restaurant wants to achieve throughout the partnership. Furthermore, specific attributes necessary for successful partnerships are scanned as they help conceptualize the risks and concerns expressed by the restaurant owners. Finally, misalignments of incentives in business partnerships are introduced in order to clarify the main reasons why partnerships fail. With more than 50% of the strategic alliances and business partnerships failing (Dyer et al., 2001; Park and Ungson, 2001; Young-Ybarra and Wiersema, 1999) this is a sub-topic of significant importance for the study.

The last part of the study's literature review focuses on the business model. Initially, the controversial topic of the business model definition is tackled while subsequently the relation between new technologies and business model adjustments is examined. By exploring the literature on the impact of new technologies in business models, the study offers a research foundation which enables better understanding of the strategic actions and future plans of the restaurant owners/managers. Just as the relevant literature suggests, innovative technology by itself has no inherent value to the firm, unless the company designs a unique business model to fully realize its commercial potential (Chesbrough, 2007).

Overview of the partnership process

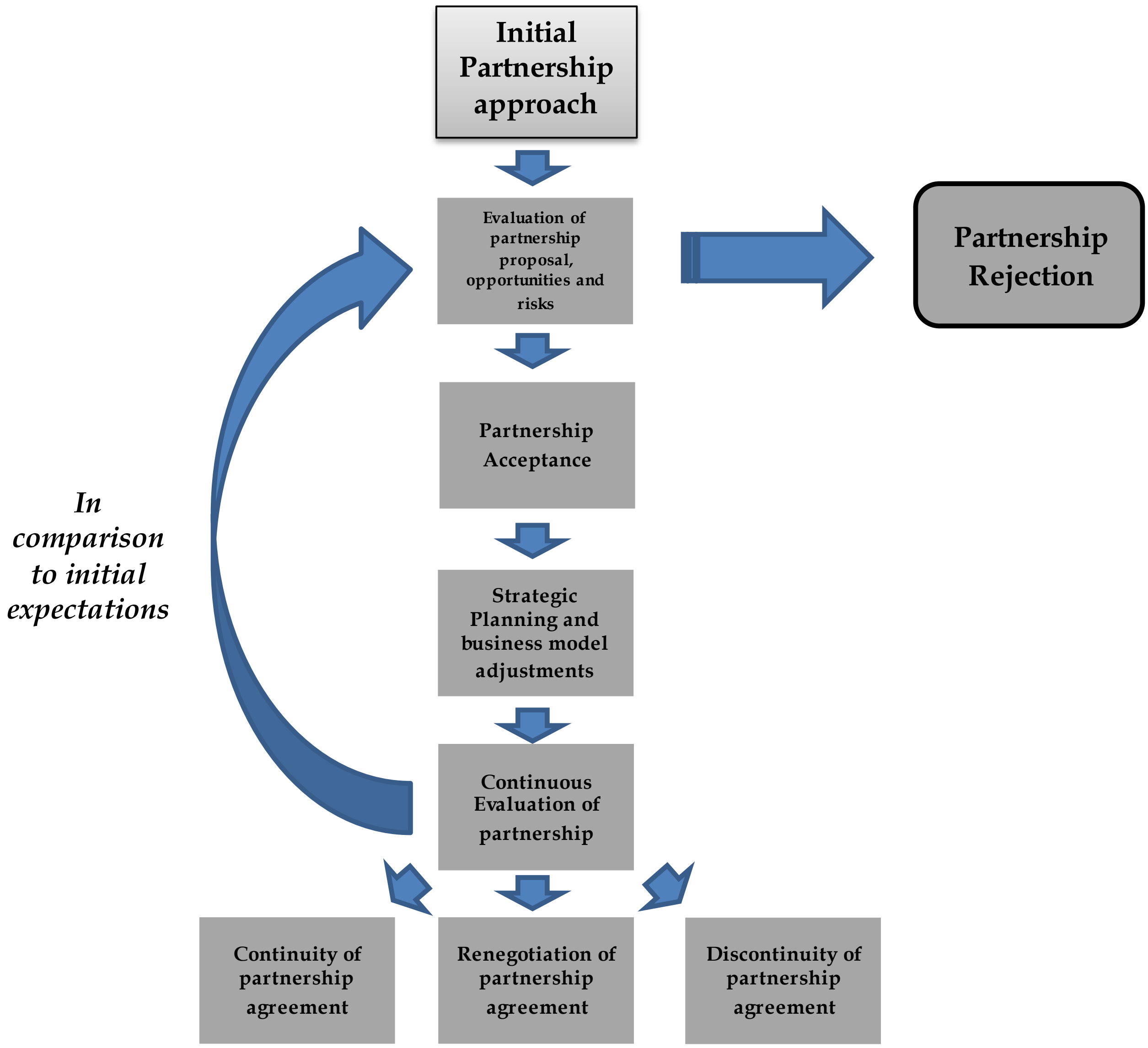


Figure 1, Overview of Partnership Process (Source: Author's Elaboration)

In the above figure, the flowchart of the business partnership process is presented in a simplified version. The figure assists in understanding the timeline of the procedure. On general level, the steps might vary as each business partnership case has its own unique timeline, but in all of the interviewed occasions of this study the sequence of events followed the above figure.

Every case in the study started with the initial partnership approach from the food logistics service provider. The food logistics firm offered a business partnership opportunity to the restaurant owner/manager. The restaurant management considers the offer; renegotiates and either accepts or declines the partnership agreement. In all of the cases interviewed in the study, the restaurant accepted the agreement. Following the partnership acceptance came the strategic planning. The restaurant owner/manager considers the new dynamics created from the logistics service and plans his strategic actions as well as modifies the firm's business model in accordance to the new technology. From this point forward, starts the constant evaluation of the partnership. This evaluation is frequently assessed in comparison to the initial expectations of the restaurant owner/manager. Finally, through the continuous evaluation the restaurant is considering its options, continuing with the partnership agreement, renegotiating or discontinuing the partnership.

3. Literature Review

In this part of the study the main theories and research objects are presented and analysed. The literature review starts with an analysis of the restaurant and service industry. A closer look at theories regarding customer satisfaction, customer loyalty and service quality follows. Moreover, business partnerships, partnership success and theories of misaligning incentives between business partners are covered. Finally, fundamental theories on the business model and its relation with new technologies and partnerships are presented.

3.1 Restaurant Industry

The restaurant industry is large and present in every part of the world. It is a mixture of a product-service context and it offers a wide range and variety of products and affects nearly all of us. These factors make the restaurant industry unique and a subject of interest for academic scholars. Academic results suggest that full service restaurant owners and managers should focus on three major elements – service quality (responsiveness), price, and food quality (Andaleeb & Conway, 2006). All of the aforementioned factors are presented below as they are affected by the partnership agreement of the restaurants with the food logistics service providers.

3.1.1 Importance of customer satisfaction in the service industry

One of the most important variables in the service industry is customer satisfaction. Customer satisfaction is at the heart of Marketing and is vital for a number of reasons (Andaleeb & Conway, 2006). Customer satisfaction according to Oliver’s (1997) terms is the consumer’s fulfilment response. It is a judgment that a product or service feature, or the product or service itself, provides a pleasurable level of consumption related fulfilment. In other words, it is the overall level of contentment with a service/product experience. Satisfied customers can promote the firm and act as marketing tools, while dissatisfied customers tend to complain to the establishment or seek redress from the frim more often to relieve cognitive dissonance and failed consumption experiences (Oliver, 1987; Nyer, 1999). If the service provider does not properly address such behaviours, it can become a risk to the firm's reputation. In extreme cases of dissatisfaction, customers may turn to negative word-of-mouth, which nowadays can be even more powerful due to the widespread use of social media. An unsatisfied customer can therefore become a threat to the company, dissuading other potential customers away from a particular service provider (Andaleeb & Conway, 2006).

Another factor that highlights the importance of customer satisfaction is that many previous studies have found a relationship between customer satisfaction and customer loyalty (Szymanski and Henard, 2001, Bearden and Teel, 1983). Therefore quite many marketing practitioners have focused their marketing campaigns to customer satisfaction. Fornell et al. (1996) showcase in their study the University of Michigan as an example; ''The University tracks customers across 200 firms representing all major economic sectors in the USA to produce the ACSI (American Customer Satisfaction Index). Each company on the list receives an ACSI score calculated from its customers' perceptions of quality, value, satisfaction, expectations, complaints, and future loyalty''.

3.1.2 Measuring Service Quality and its application to the restaurant industry

An important parameter driving customer satisfaction in the service environment is service quality. However, it is still controversial as to ''whether customer satisfaction is an antecedent or a consequence of the service quality'' (Andaleeb & Conway, 2006). One school of thought refers to service quality as a ''global assessment about a service category or a particular organization'' (Parasuraman et. al, 1988). According to Parasuraman et. al (1985) ''instances where respondents were satisfied with a specific event, but did not feel the organization offered overall high quality'' have been reported. Therefore, because in most cases satisfaction is related to a ''specific evaluation of a service, customer satisfaction is viewed as it relates to a specific transaction'' (Howard and Sheth, 1969; Hunt, 1979; Singh, 1990). As a result cases of satisfaction over a period of time develop the perceptions of service quality (Parasuraman et. al, 1988).

On the other hand, more recent research has stated that “satisfaction is generally viewed as a broader concept ...service quality is a component of satisfaction” (Zeithaml and Bitner, 2003). From the above literature review, it can be derived that service quality has been an interesting matter to the academic society. In 1988, Parasuraman et. al. developed SERVQUAL, ‘‘a method to assess customer satisfaction for service industries, which started a stream of research on service quality measurement’’. Research based on this framework has been applied to the restaurant industry by Stevens (1995), who created DINESERV by modifying the SERVQUAL. Despite the fact that the SERVQUAL framework has been used actively in various service industries, empirical evidence for the framework has not always been very convincing (Andaleeb & Conway, 2006). More specifically, for the restaurant industry, which as mentioned before, is a mix of a product-service context and where service assessments are largely experience based, all original dimensions of SERVQUAL are not relevant and applicable (Andaleeb & Conway, 2006).

3.1.3 Customer Satisfaction and loyalty in the Restaurant Industry

As presented in the above literature review, customer satisfaction and service quality are closely linked. Although due to the nature of the restaurant industry, not all of the original dimensions of service quality measurement can be used to assess customer satisfaction. In addition to that limitation, the existing academic literature on customer satisfaction in the restaurant industry is fairly limited; making the evaluation of the service provided by the restaurants challenging.

Academic results suggest that ‘‘full service restaurant owners and managers should focus on three major elements – service quality (responsiveness), price, and food quality (or reliability) – if customer satisfaction is to be treated as a strategic variable and enhanced’’ (Andaleeb & Conway, 2006). From the results of their study Andaleeb & Conway (2006) determined that the “responsiveness” dimension of service quality was the most important to customers. Price expectation was determined to be the next most important parameter in influencing customer satisfaction. In the case where prices are not in accordance with the expectations, customer satisfaction declines (Andaleeb & Conway, 2006). Finally, the authors ranked ’food quality or reliability third in importance in their study.

Besides the three major elements that affect customer satisfaction, other researchers have associated customer satisfaction with other parameters as well. Haghighi et al. (2012) in their study “Evaluation of factors affecting customer loyalty in the restaurant industry” found that restaurant atmosphere and environment has a clear effect on customer satisfaction. Mattila (2001) indicated in his research that the top three reasons for customers to patronize their target restaurants were food quality, service, and atmosphere. Haghighi et al. (2012) also confirmed with their study the positive correlation between customer satisfaction and customer loyalty. Finally, Han et al. (2009) provided empirical evidence of the development of customer loyalty in the restaurant industry through the physical environment and customer satisfaction.

Restaurant location is a parameter that has been proven by Soriano (2002) to have a positive effect on customer loyalty but not on customer satisfaction (Haghighi et al., 2012).

In the figure below the factors that can possibly affect customer satisfaction and customer loyalty are presented.

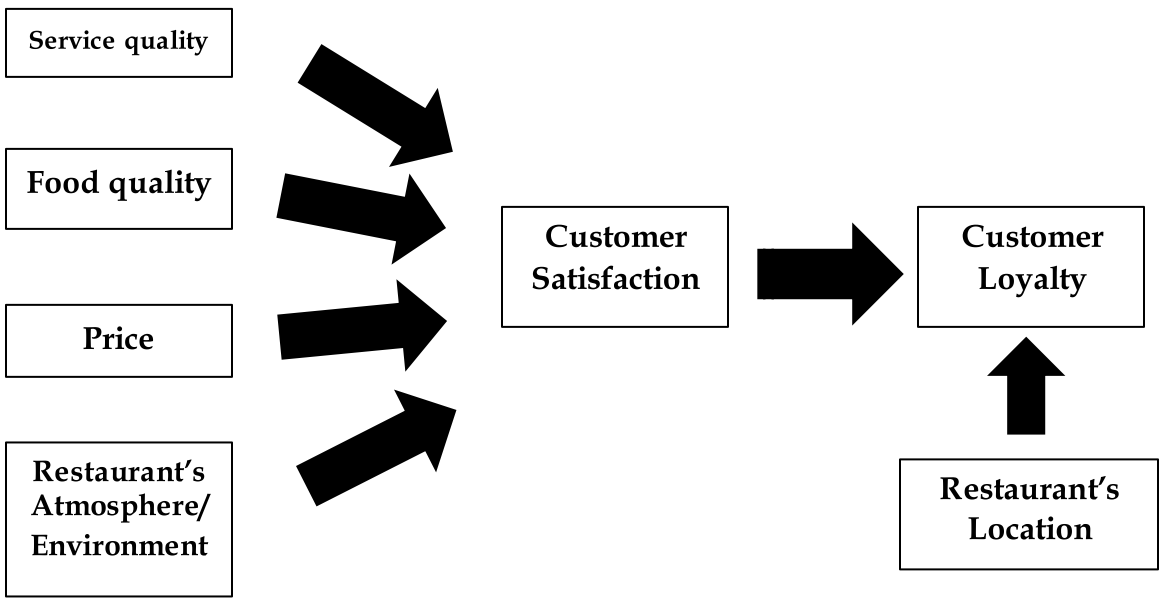


Figure 2, Factors driving customer satisfaction and loyalty in the restaurant industry (Source: Author’s Elaboration)

As it was mentioned previously, customer satisfaction can lead to customer loyalty. Han and Ryu (2009) found that enhancing customer satisfaction levels is crucial in order to increase revisit and recommendation intentions, hence increasing customer loyalty rates. Moreover, one of the obvious reasons to satisfy customers is to acquire repeat business and positive word of mouth, thereby improving a chance of firm profitability (Barsky and Labagh, 1992). Researchers agree on the fact that customer loyalty can offer firms plenty of benefits. Some of the most significant being reduction in marketing costs and increased profits (Bowen & Chen, 2001). Additionally, "loyal customers are more likely than non-loyal customers to engage in positive word-of-mouth (WOM) behaviours and spend extra money in a specific service operation" as Ladhari, Brun, & Morales (2008) found in their study.

3.1.4 Revenue Management in the Restaurant Industry

Customer satisfaction is undoubtedly one of the most important success parameters in the restaurant industry, yet maximizing efficiency is of outmost importance in order for restaurants to increase their profit and remain competitive. One way for restaurants to increase their efficiency is through revenue management. Revenue management in general is the practice of maximizing a company's revenue by optimally choosing which customers to serve (Bertsimas and Shioda, 2003). In other words it can be defined as selling the right seat to the right customer at the right price and for the right duration. The determination of "right" entails achieving both the most revenue possible for the restaurant and also delivering the greatest value or utility to the customer (Kimes, 1999). Revenue management has been used extensively in the airline, hotel, and car rental industries. As Kimes et. al. (1998) suggest, the application of revenue management has been most effective when it is applied to operations that have the following characteristics: relatively fixed capacity, predictable demand, perishable inventory, appropriate cost and pricing structure, and demand that is variable and uncertain.

Although those attributes are generally found in some form or another in the full service-restaurant industry (Kimes et. al., 1998) the new logistics services offered to the restaurants affect those attributes and create a new ground for restaurant owners and managers. The relatively fixed capacity of a restaurant for example, which can be measured by seating, kitchen size, menu items, and staffing levels, (Kimes et. al., 1998) is one of the parameters affected the most. For restaurants which partner with food logistics service providers, seating is not a limiting factor for the firm's revenue anymore as customers can order online and eat at their desired place. As it can be logically understood, the aforementioned changes have a chain effect on multiple operational aspects of the company and affect the decision making process of the restaurant owners and managers in regards to how efficiency and increased profits are achieved. Therefore, the implications of these new logistics services should be considered by restaurants which actively implement revenue management.

3.2 Business Partnerships

Over the past two decades, business partnerships have become an increasingly attractive way of improving a firm's competitiveness. Forming strategic alliances with suppliers and customers allows firms to focus on their core activities of providing quality products and services (Kannan and Tan, 2004). Despite the fact that the word partnership has been expounded by managers and academic scholars to mean any business-to-business relationship, it is still the most accurate term for ''closely integrated, mutually beneficial relationships that enhance supply chain performance'' (Lambert and Douglas, 2004). According to Lambert, Emmelhainz, and Gardner (1996, 1999) a partnership is ''a tailored business relationship based on mutual trust, openness, shared risk and shared rewards that results in business performance greater than would be achieved by the two firms working together in the absence of partnership''.

3.2.1 Partnership Advantages

But what really drives firms to form alliances and business partnerships? Brouthers et al. (1995) state that alliances are formed due to the lack of internal resources. Nowadays, it's quite common that lacking resources are caused by inadequate technological capabilities. This can drive firms which are seeking to achieve 'immediate' competitive advantage to form business partnerships with partners who offer new technologies (Vyas et al., 1995). Despite the technological-edge that a business alliance might offer, there are plenty more of leverages that a firm can benefit from when forming a partnership.

Over the years, academic literature has supported the important advantages that firms can gain through business partnerships. These include cost savings, reduction of duplication of efforts by the firms involved (Herbing and O'Hara 1994; Whipple, Frankel, and Frayer 1996; Zinn and Parasuraman 1997), enhancement of operations and prestige (Anderson and Narus 1991; Spekman 1988), stability in unstable markets (Fram and Presberg 1993) as well as profitability, reduction of purchasing costs, and increased technical cooperation (Ailawadi, Farris, and Parry 1999; Han, Wilson, and Dant 1993).

Financial motives in business partnerships result mainly from cost saving through a reduction in the purchase price of products and services (Hendrik and Ellram, 1993). They can also be a sub-product of sharing business risk such as joint investment capital (Magrath and Hardy, 1994). Other financial motives include joint planning and coordinated information sharing leading to a reduction in inventory (Cooke, 1994).

Technological motives for business partnerships have also been verified by many scholars in the past, suggesting that firms tend to ally with others, either with their suppliers or customers, in order to enhance their abilities to compete in an environment which is characterized by rapid technological evolution (Sambasivan et al., 2013). Besides the obvious advantages, the potential partners should also examine the possibility that there may be some potential outcomes from a partnership, such as word-of-mouth advertising (Tuten and Urban, 2001), that are not as obvious as the ones mentioned above.

In conclusion, every business partnership is unique and there are many different parameters that can initially drive two firms to form a partnership. The potential benefits associated with partnerships are in reality unlimited. So as it can be logically derived, there are major differences between partnerships and specifically between business-to-business partnerships and more casual buyer–supplier relationships (Tuten and Urban, 2001). Despite these facts, there are certain qualities that need to be present in order for a partnership to succeed.

3.2.2 Partnership Success

Academic literature suggests that the success of business partnerships is depended on some specific attributes. According to Mohr and Spekman (1994) and their model of partnership success these attributes include commitment, coordination, interdependence, and trust. Whipple and Frankel (2000) identified five key factors that influence success; buyer response, trust, senior management support, ability to meet performance expectations, clear goals and partner compatibility. When these attributes exist in a partnering relationship, the partnering businesses recognize their interdependence and are committed to work towards a beneficial relationship (Mohr and Spekman, 1994).

Trust must be present for partners in order to share critical information to manage the alliance and for each partner to believe its long-term needs will be met (Moore 1998). The importance of trust in partnerships has been noted in many academic studies (Anderson and Narus, 1990; Day and Klein, 1987; Dwyer et.al, 1987; Frazier, Spekman, and O'Neal, 1988; Salmond and Spekman, 1986). Williamson (1985) states that, other parameters being equal, exchange relationships featuring trust will be able to manage greater stress and will display greater adaptability. Finally, Andresson and Narus (1990) point out that once trust is established, firms learn that joint efforts will lead to outcomes that are greater than what the firm could achieve on its own.

Communication behaviour is another factor identified in the Mohr and Spekman model that contributes to the success of a business partnership. This factor includes the quality of communication, information sharing, and participation between the partners. Communication quality also includes the accuracy, timeliness, and credibility of the information shared, while information sharing refers to the extent to which critical information is exchanged among the partners. Communication processes underlie most aspects of organizational functioning; therefore it is critical for organizational success (Kapp and Barnett, 1983; Mohr and Nevin, 1990; Snyder and Morris, 1984). Therefore, as it can be logically concluded in order to achieve the benefits of a partnership effective communication between partners is essential (Cummings, 1984). Finally, communication and proactive information exchange form another tactic to boost trust among partners (Thomas and Trevino, 1993)

The final factor described in the Mohr and Spekman model is the type of conflict resolution technique used by the partners. The authors identify joint problem solving, persuasion, smoothing, domination, harsh words, and arbitration as possible techniques, but highlight that the most successful partnerships will rely primarily on constructive resolution techniques such as joint problem solving and persuasion. In some partnerships, conflict resolution is institutionalized and a third party is used which has been proven to be helpful in some cases with beneficial outcomes for the partnering firms (Andrerson and Narus, 1990).

Although the Mohr and Spekman model covers the attributes regarding a successful partnership, it doesn't identify the factors associated with the initial formation of the partnership. These parameters determine both the formation of the partnership directly, and they ultimately lead into the evaluation of partnership success (Tuten and Urban, 2001). Partners need to develop joint mechanisms for evaluating the partnership based on characteristics of a strong relationship, performance indicators, and communication flows (Tuten and Urban, 2001). On their model Tuten and Urban emphasize the importance of good communication as a proactive way to avoid conflicts or to ensure that partnership expectations continue to be met, instead of focusing on problem solving techniques.

3.2.3 Partnership Disadvantages and Risks

Besides the aforementioned business partnership benefits, there can possibly be disadvantages from a partnership agreement as well. As in the case of partnership benefits, the disadvantages of the partnership vary in accordance to each unique case. Common partnership disadvantages include resource costs, unequal power, lack of control, accountability and impact upon other firm services (McQuaid, 1994, Sohn 1994).

Many different reasons can result in increased resource costs, for instance they can occur from staff time in discussions and making agreements, and in delays to decisions due to consultation with partners (McQuaid, 1994). Moreover, operational inefficiency and lack of coordination can increase resource costs for the partners. As Lam (1997) suggests quite often despite a keen desire to learn, partnering firms fail to achieve effective learning and knowledge transfer in business alliances.

It's common in partnerships to have unequal distribution of power. There are different types of power, with the greatest power generally resting with those controlling the resources (McQuaid, 1994). Although it's normal for partners to have unequal power distribution this can lead to accountability issues as no single partner feels fully accountable for the actions of the partnership due to the split between responsibility and control (McQuaid, 1994). Additionally, McDonald (1999) in his study 'The importance of power in Partnership relationships' confirms that unequal power within partnerships can create a serious barrier to success.

Lack of control over the partners operations is also a common risk in business partnership agreements (Sohn, 1994). As relevant literature suggests, control is a key source of confidence in partner cooperation. (Das et. al., 1998) The main purpose of control is to ensure that the partner doesn't behave opportunistically (Das et. al., 1998). Moreover, control over the partnership is closely related with confidence and trust which as previously mentioned are key elements for the success of a business alliance (Moore 1998).

Finally, another drawback that concerns partners is the diversion of time and resources from their other priorities and obligations (Alter and Hage, 1993). This can cause reduced independence for the firm in making decisions about its own activities (Bardach, 1996). In other words, the partnership might draw resources from other mainstream services that the firm offers or confuse the services in the minds of users resulting in the reduction of their effectiveness (McQuaid, 1994).

3.2.4 Misalignment of Incentives in Business Partnerships

Many researchers have projected that more than 50% of the strategic alliances and business partnerships fail (Dyer et al., 2001; Park and Ungson, 2001; Young-Ybarra and Wiersema, 1999). But why is the success rate so low for alliances when the potential benefits are so many? Smith and Barclay (1997) showed in their study that in the United States, only one in five organizations has guidelines for maintaining alliances. In other words, firms recognize the need to develop business partnerships, but once implemented, these same firms do not fully understand how to manage or maintain these relationships. Overcoming those high failure rates of strategic alliances requires a better understanding of the factors involved in their establishment and maintenance.

According to Tuten and Urban (2001) if the initial expectations of the partnership are not met then the agreement between the two sides is dissolved. As the authors mentioned in their study 'The factors causing organizations to enter into partnerships may also be thought of as representing benefits the organizations hope to gain, in practice these benefits may not be realized in the same way or at all. In other words, there may be a difference between expectation and reality'. These differences between the expectations might be crucial for the sustainability of the partnership.

Moreover, Tuten and Urban (2001) reported in their study that in cases where partnerships require significant change in the corporate culture from one of the partners it may be extremely difficult, if not impossible, for the potential partners to implement these changes. Thus, given this fact, these partnerships face more difficulties due to the differences in the corporate culture and trust between partners becomes a more important parameter for the success of the cooperation.

The first and most basic corporate culture issue that firms might face in a partnership is the language barrier (Elmuti and Kathawala, 2001). It is important for companies that are cooperating to be able to communicate and understand each other clearly, otherwise the planning and implementation of joint operations might be challenging. In addition to language barriers, Steensma et al. (2000) indicated that national cultural traits directly influence strategic alliance formations. In other words different cultures value results differently, something that can cause issues when measuring the performance of a business partnership. Daniels and Radebaugh (2001) presented an example on the matter, "US companies tend to evaluate performance on the basis of profit, market share, and specific financial benefits. Japanese companies tend to evaluate primarily on how an operation helps build its strategic position, particularly by improving its skills"

As mentioned above trust and independence are considered key attributes in the success of a partnership (Mohr and Spekman, 1994). Lacking one of these characteristics can be detrimental to the partnership's future (Elmuti and Kathawala, 2001). Trust in a business partnership includes reliability, honesty and fairness (Tuten and Urban, 2001). Independence on the other hand, provides balance of power. Unequal power within partnerships can create serious barriers to success (McDonald, 1999).

3.3 Business Model

In recent years, the business model has been the focus of substantial attention from both academics and practitioners (Zott et al., 2011). Despite this overall surge in the literature on business models, Zott et al. found in their study that scholars do not agree on the business model definition. The authors conducted a 'broad and multifaceted review of the received literature on business models' during the period 1975-2009 and observed that researchers frequently adopt 'idiosyncratic definitions that fit the purposes of their studies but that are difficult to reconcile with each other, which results to the hampering of the cumulative progress'.

Considering the fact that there isn't one generally accepted business model definition; the most suitable choices for this particular study are analysed and presented below. According to Zott et al. (2011) three concepts arise when considering business model definitions. E-business model archetypes, business model as activity system, and business model as cost/ revenue architecture (Zott et al., 2011). In other words, the concept of the study dictates the definition given to the business model. The objective of this research is to identify the dynamics between the business partnership formation and the business model of the restaurant partner. Therefore the most appropriate business model definition and literature stream for this study views business model as an activity system. The main purpose of this literature stream is to explain new network and activity system–based value creation mechanisms and sources of competitive advantage (Zott et al., 2011).

According to Richardson (2008), ''the business model explains how the activities of the firm work together to execute its strategy, thus bridging strategy formulation and implementation''. Following a similar mindset, both Shafer et al. (2005) and Casadesus-Masanell and Ricart (2010) perceive the business model as a ''reflection of a firm's realized strategy''.

Another interesting definition to the business model was given by Margaretta (2002) on her published article at Harvard Business Review: Why business Models matter. On her study she mentions ‘’business models are stories that explain how enterprises work. A good business model answers Peter Drucker’s age old questions: Who is the customer? And what does the customer value? It also answers the fundamental questions every manager must ask: How do we make money in this business? What is the underlying economic logic that explains how we can deliver value to customers at an appropriate cost?”

Finally, quoting the study of Zott et al. 2011, although there are ‘conceptual differences among researchers in different silos and in some cases even within the same silo, there are some emerging themes’ when it comes to business model definitions. These themes show that business model is a new unit of analysis distinct from the product, industry, or network that it is centered (Zott et al. 2011). This is an important fact as it confirms that findings made on business models studies from different industries can be beneficial for studies done in firms that are competing in different business environments. To sum up the literature review on what the business model really is, other emerging themes include that business models emphasize on a ‘system-level, holistic approach to explaining how firms do business as well as that business models seek to explain both value creation and value capture’ (Zott et al. 2011).

3.3.1 Business Model and New Technologies

After reviewing relevant literature on the business model and understanding that it is a complex term with multiple interpretations, the focus on this part of the literature review is on how new technologies affect the business model of a corporation. In the technology and innovation management field, the business model is mainly viewed as a ‘‘mechanism that connects a firm’s innovative technology to customer needs and/or to other firm resources’’ (Zott et al., 2011). According to Teece (2010), ‘’the business model is conceptually placed between the firm’s input resources and market outcomes, and it embodies nothing less than the organizational and financial ‘architecture’ of the business”.

New technologies can have a strong impact on the business model of the company. Calia, Guerrini, and Moura (2007) in their study present how technological innovation can trigger changes in the company's operational and commercial activities; which as a result cause major reforms in the business model of the firm.

Scholars have gone as far as stating that innovative technology by itself has no inherent value to the firm (Chesbrough, 2007a, 2007b), unless a company designs a unique business model to fully realize the commercial potential of the new technology included in its products and services. Considering these facts, its becomes clear that in the case that a company is willing to include an innovative technology in its services or products, the firm should also be ready to adjust its business model accordingly in order to realize the entire potential benefits of the new technology.

3.3.2 Business Model and Partnerships

As it was mentioned previously in the literature review of business partnerships, partnership agreements tend to affect the operations of the partnering firms (Tuten and Urban, 2001). The effects of the partnership vary according to each unique case and can be either advantageous or harmful for the partnering firm. Therefore it's significantly important for firms to be aware of the fact that the partnership might require operational changes. The company should also be mindful of the modification level that is required and how feasible and manageable these changes are, since relevant literature suggests that significant changes in the corporate culture from one of the partners may be extremely difficult, if not impossible, for the potential partners to implement (Tuten and Urban, 2001).

The effects of the partnership agreement on the business model of the partnering firms are also related to the type of partnership. Koza and Lewin (2000) in their research categorize strategic alliances in to three main categories, learning alliances, business alliances and hybrid alliances. Business alliances for example link companies with strong exploitation intents, but with limited or no exploration intent. In contrary to learning alliances, which join companies sharing strong exploration interests (Koza and Lewin, 2000). The authors in their study conclude that different types of partnerships require unique management. This can be linked to the previously mentioned argument that the effect of every business partnership is unique on the business model of the partnering firm.

3.4 Summary

The literature review provides a description, summary, and evaluation of the previous academic works in relation to the research problem that is being investigated in the study. The author has attempted to relate the literature review as accurately as possible to the research questions. Themes that might not seem to be directly related to the research questions were also presented as they have an effect on the results of the study.

The literature regarding business partnership advantages provided a solid foundation for the first research question of the study. The available academic literature on the benefits of business partnerships is rich and suggests that firms can realize plenty of advantages from partnering. This provided the author a base to support the findings of the study. Despite this fact though, most studies conclude that it is difficult to generalize on the findings as each partnership agreement is unique and the benefits can vary greatly (Tuten and Urban, 2001), something that was clearly considered in this study as well. Besides the literature on partnership advantages, attributes that affect partnership success were also presented as they are a key component to ensure the realization of the partnership advantages.

The second research question of the study tackles the partnership disadvantages and risks. The past academic literature on the topic is scarce as the risks and disadvantages of a partnership agreement are closely related to each unique case. According to previous literature common partnership disadvantages include resource costs, unequal power, lack of control, accountability and impact upon other firm services (McQuaid, 1994, Sohn 1994). Many of the aforementioned risks are relevant to the study, but crucial topics related to this research such as final product and service quality have only briefly been studied in the past. Therefore, the limited literature affected the author's ability to compare the findings of the study with previous literature on the topic. Literature on possible misalignment of incentives between partnering firms was also scanned, as it is closely related to partnership failures.

In the third research question the business model and strategy modifications are examined. The controversial topic of the business model definition is addressed in this part of the literature review in order to build a framework that matches the specific needs of the study. The academic literature on the field helped the author evaluate the findings of the research and understand the extent and significance of the modifications. Additionally, the previous academic findings assisted in connecting the business model and strategy adjustments to the previous research questions of the study.

The last research question of the study connects all the aforementioned themes and attempts to provide a holistic view on the effects of these new logistics services on the restaurant industry. In other words, it aims to generalize the individual findings and present them on the industry level. Academic literature on the restaurant industry combined with literature on customer satisfaction, loyalty and revenue management is examined in order to enhance the understanding of the impact of these new logistics services to the competition and structure of the full-service restaurant industry.

To sum up, the literature review is a fundamental part of this research. Apart from creating a conceptual framework for the study it also guided the empirical work of the author. Review of previous literature helped in identifying the research gap in the field and formed the main themes of the research. Moreover, it shaped the concept for the interview questions by showcasing the key data needed for the study. Finally, it helped the interconnection of independent findings and themes of the research resulting in the creation of new insights on the academic field.

4. Data and Research Method

As the purpose of this research is to study how the business model and strategy of restaurants is affected by partnering with food logistics service providers, a qualitative research approach was the most appropriate selection. Multiple case firms were interviewed in order to have a comprehensive and holistic view on the topic; hence this paper uses a multiple case study. Moreover, as this specific research field hasn't been studied on the past the study follows an inductive exploratory approach.

In the following parts the data collection, content analysis and research data are presented. The section concludes with an overview of the restaurant case firms and the food logistics service providers.

4.1 Data Collection

Open ended interviews were the most appropriate method of data collection. They allowed the collection of rich and non-restricted data. Semi-structured interview themes, with predetermined questions, allowed the interviewees to express their ideas and beliefs on the matter without guiding them to obvious or generic answers.

The data collection can be divided into two main themes. On the one part, interviews with restaurant owners/managers and on the other part interviews with managers from the food logistics service provider. On overall, 16 semi-structured interviews were conducted.

Below is presented the main interview theme that was followed during the interviews with the restaurants owners.

1. *Interview introduction and general information on the case company*
2. *Partnership timeline, first approach, negotiations etc.*

3. *Advantages that the food logistics service offers to the restaurant*

4. *Disadvantages or risks identified; caused by the food logistics service providers*

5. *Partnership cooperation challenges*

6. *Strategic thoughts or plans on how the restaurant will fully realise the potential benefits from the partnership*

7. *How has the business model and operations of the company been practically affected by the partnership*

Next is presented the interview theme with the managers from the food logistics service providers.

1. *What's your position and main duties at the firm?*

2. *What are the main advantages/benefits that you believe food logistics services bring to their restaurant partners?*

3. *Do food logistics service providers expect any changes from their restaurant partners' regarding their daily business operations? More specifically, does the partnership require changes at the business model of the restaurant partner?*

4. *What do you believe drives restaurants to join food logistics service providers? Do you believe that they are able to identify all of the possible outcomes of the partnership?*

5. *Have you identified any risks that your offered service could bring to its restaurant partners?*

6. *Restaurant owners have identified service and product quality risks as the main risks of signing a partnership with food logistics service providers. What is your opinion on that? Do you believe that it's rational concern? (Clarification, food delivered in bad quality, slow delivery etc.)*

7. *Customer Satisfaction is possibly the most important parameter in the service industry. Which are the key operational points in the industry that your firm competes in order to achieve customer and partner satisfaction as well as sustainability?*

8. *How do you see the industry of online food delivery in the future? Do you believe competition will be fiercer?*

All the interviews were recorded and transcribed. Summaries with the key points of each interview were created.

Case Firm	Number of interviewees	Tittle of interviewees	Duration of interview	Area
Restaurant 1	1	Firm owner	40 min	Helsinki, Finland
Restaurant 2	1	Firm owner	29 min	Helsinki, Finland
Restaurant 3	1	Firm owner	24 min	Helsinki, Finland
Restaurant 4	1	Firm owner	28 min	Helsinki, Finland
Restaurant 5	1	Firm owner	36 min	Helsinki, Finland
Restaurant 6	1	Firm owner	22 min	Helsinki, Finland
Restaurant 7	1	Firm owner	19 min	Helsinki, Finland
Restaurant 8	1	Firm owner	21 min	Helsinki, Finland
Restaurant 9	2	Firm owner; manager	26 min	Helsinki, Finland
Restaurant 10	2	Firm owner; manager	25 min	Helsinki, Finland
Restaurant 11	1	Firm owner	16 min	Helsinki, Finland
Restaurant 12	1	Firm owner	20 min	Helsinki, Finland
Restaurant 13	1	Firm owner	21 min	Helsinki, Finland
Restaurant 14	2	Firm owner; manager	28 min	Helsinki, Finland
Food Logistics Service Provider	1	CEO	16 min	Helsinki, Finland
Food Logistics Service Provider	1	Account Manager	21 min	Helsinki, Finland

Table 1, Interviews

Note: The duration of the interview may vary due to the fact that all the interviews were semi-structured and some entrepreneurs analysed the matter to a larger extent.

4.2 Content Analysis

As the main topic of this qualitative research hasn't been studied in the past, the study follows an exploratory approach. It seeks to build theory from the collected data therefore it pursues an inductive reasoning. The inductive approach is recommended in cases where there is not enough former knowledge about the phenomenon or the knowledge is fragmented (Lauri & Kyngas 2005).

In order for qualitative research is to yield meaningful and useful results, it is imperative that the material under scrutiny is analysed in a methodical manner (Stirling, 2001). In this research the data was analysed by using content analysis. According to Krippendorff (1980), content analysis is a research method for making replicable and valid inferences from data to their context, with the purpose of providing knowledge, new insights, a representation of facts and a practical guide to action. Another reason why content analysis was chosen as the most suitable data analysis method for this particular study is the fact that it provides flexibility in terms of the study's research design (Harwood & Garry, 2003).

Three major phases are present in the content analysis of this research, data reduction, data displays, and conclusion drawing/verification (Miles & Huberman, 1994). During the first phase categories were created. These categories were divided according to the research questions of the study and presented the main themes of the research.

A. Benefits of the business partnership
B. Disadvantages/Risks of the partnership
C. Partnership Issues
D. Business Model modifications due to the Partnership

All the above mentioned categories were also subcategorised, as all the themes were examined from both the side of the restaurant partner as well as the side of the food logistics service provider. Considering these facts 8 thematic categories were created.

Following the concept categorization, every interview was summarized in relation to the aforementioned themes. This helped in displaying the collected data in a clear and organized way. By summarizing the data, comparison was also simplified helping in the identification of reoccurring and related themes as well as different perspectives on the same topic. To summarize, content analysis promoted organized and efficient data management which allowed drawing and verification of conclusions.

4.3 Research Data

The research data used in the study can be divided in two main categories. The data collected from the restaurants and the data collected from the food logistics service providers. Below follows an analysis on the main parameters used during the data collection phase.

4.3.1 Restaurants

During this data collection phase of the research 14 semi-structured interviews were conducted. All the interviews were face-to-face with restaurant owners or decision making managers competing in the full service restaurant industry. The interviewed firms in the study were chosen through a set of criteria that would reassure the integrity of the research. First of all, all of the firms interviewed had official partnerships agreements with at least one food logistics service firm. In addition to that, all the interviewed firms had an active partnership agreement of at least 3 months at the time of the interview. This benchmark was used in order for the interviewed companies to have a descent time period to evaluate and form an opinion on the effect of the partnership on their restaurant's operations and business model.

Another important criterion was that in all of the interviews the owner of the firm was present during the time of the interview. This was one of the single most important parameters in order to reassure that the information from the conducted interviews would be homogenous as well as valid. In the cases where the owner wasn't involved very actively on the day-day business operations, the decision making manager was present as well at the interview accompanied by the restaurant owner. From these facts, it can be logically derived that the available firms for interview were narrowed down, as it is much more challenging to schedule an interview with the firm's entrepreneur than with employees working at the restaurant.

Finally, all the interviews share another common feature; they were conducted in Helsinki, Finland. This specification is mentioned as a feature as it isn't exactly a criterion on the research. Firms operating in Helsinki were chosen mainly for practical reasons. Approaching them was relatively easier and face-to-face interviews could be planned. Face-to-face interviews were preferred as they enabled better interaction with the interviewee resulting richer data collection. Furthermore, Helsinki is the main city of operations in Finland for both of the food logistic service providers covered in the case.

4.3.2 Food Logistics Service Provider

Interviewing the decision making managers of the food logistics service provider allowed for a more comprehensive and holistic approach on the study. Semi-structured face-to-face interviews with predetermined themes were conducted in all of the cases. Two interviews were done on total.

By interviewing the managers of the food logistic service provider the study offers opinions from both sides of the business partnership. It's important that both views are presented as it may reveal the different perspectives that the firms have on the partnership agreement. This contributes in providing more accurate and rich results. Comparing the differences between the benefits realised by the restaurant owners and the benefits realised by the managers of the food logistics company, can reveal possible misalignment of incentives between the two business partners. The same comparison can be applied in the main risks that have been identified by the restaurant owners. Similarly, in case the management team of the food logistics company doesn't realize the possible risks that are present to the restaurant owners, the partnership might be at risk.

Finally, the food logistics service provider has to be aware of the fact that the partnership's success might require changes in the business model and corporate culture of the restaurant partner. This is a topic of great importance in this specific research as relevant literature has proven that it may be extremely difficult, if not impossible, for partners to implement successfully significant changes in their corporate culture (Tuten and Urban, 2001). Hence, trust and interdependence are considered key attributes in the success of a partnership (Mohr and Spekman, 1994), especially in the early stages when firms are still modifying their operations to fit the business partnership agreement. These facts explain why both sides of the business partnership are interviewed in order to understand each partner's perspective and view on the matter.

4.4 Overview of Case Firms

As mentioned previously, all the case firms included in the research are competing in the full service restaurant industry. Below follows a table of all the case companies with further information that is relevant to this field of research. In the table 2, parameters that affect the study are presented. These include previous entrepreneurial experience of the restaurant owner, previous experience on the restaurant business as well as the ratio of revenue earned through the partnerships to total revenue.

Case Firm	Experience in the restaurant industry (years)	Previous Entrepreneurial experience	Ratio of sales through partnership to total sales (%)	Active Partnership (months)
Restaurant 1	25	Yes	10%	7
Restaurant 2	10	Yes	15%	5
Restaurant 3	2	No	5%	4
Restaurant 4	10	No	15-20%	8
Restaurant 5	10	No	10%	14
Restaurant 6	3	Yes	20%	10
Restaurant 7	20	No	15%	12
Restaurant 8	5	Yes	5%	6
Restaurant 9	2	No	30%	15
Restaurant 10	8	Yes	10%	11
Restaurant 11	1	No	30%	3
Restaurant 12	3	No	15%	12
Restaurant 13	4	Yes	<5%	3
Restaurant 14	2	No	35%	6

Table 2, Description of Case firms

Previous entrepreneurial experience is reported in the research in order to showcase the possible differences of the restaurants' reactions to the partnership. Previous experience in starting one's own firm typically generates positive effects (Davidsson & Honig, 2003; Delmar & Davidsson, 2000). Moreover, individuals with former entrepreneurial experience have the opportunity to learn from their past mistakes and avoid them in subsequent entrepreneurial endeavours (MacMillan, 1986). Therefore this parameter is important to be reported in order to understand the differences on how this new offered service is perceived from the restaurants.

Previous experience in the restaurant business is reported for similar reasons. Many scholars have argued that the survival and success of organizations is fundamentally shaped by the pre-entry experiences of their founders (Stinchcombe 2000, Klepper 2001, 2002, and Helfat and Lieberman, 2002). Former experience in the restaurant industry is a parameter that has the probability of affecting the way the restaurant owner/manager reacts to the business partnership; therefore it's important that it is presented as a separate variable.

The ratio of revenue through the food logistics services to the total revenue is reported in order to present the importance of the partnership to the company. As it can be logically derived, in the case where the restaurant has a large percent of its total revenue generated through the partnership agreement, the more willing the restaurant owner will be to modify its firm's business model in order to meet the new customer demands. This is one of the most crucial parameters, as it demonstrates the importance of the partnership to the company.

All the previously mentioned parameters are important as they affect the way the restaurant owner/manager handles the partnership agreement. Previous entrepreneurial experience, in addition to experience in the restaurant industry provides a head start or advantage to the restaurant as most of the relevant literature suggests that previous experience typically generates positive effects (Davidsson & Honig, 2003; Delmar & Davidsson, 2000). Therefore, in order to make the study as well grounded and justifiable as possible, it is essential for these parameters to be included in the research as they have a considerable impact on the results of the study.

4.5 Overview of the food logistics service providers

In order to create a deeper understanding of the topic, the food logistics service providers are briefly presented in this part of the research. Smart logistics services cover all services that facilitate the movement of goods within cities. As it was mentioned previously, all the interviews were conducted in Helsinki, Finland. There are two food logistics service providers in Helsinki who cooperate with full-service restaurants. These firms are case firm A and case firm B. All of the restaurants interviewed had an active partnership agreement with either one or with both of the aforementioned firms. It's very important for the study's integrity to classify the competitors carefully as there are many firms competing in the food logistics industry but only these two specific firms deliver food from full service restaurants.

Case firm A is a company headquartered in Germany. It's part of an online food delivery ecosystem of a larger company with operations in 36 cities worldwide. The firm's business model is based on partnering with full service restaurants. Case firm A is different from traditional online food ordering services. Traditional services act as an agent between restaurants and customers, as the restaurants are in charge of the delivery. Firm A, on the other hand, operates the delivery for the restaurants, thereby easing and simplifying the process for the restaurants. Customers can visit the webpage or the smartphone application of the firm and choose the restaurant they want to order food from. The restaurant partner receives the order, prepares the food and the logistics service provider assigns one of its own carriers to pick-up and deliver the food. The food logistics firm receives a commission from the food value as well as a delivery fee from the customer. Firm A mainly uses bicycles for the food transportations and on rare occasion's cars.

Case firm B is a Finnish company headquartered in Helsinki, with business operations in 3 different countries. The company's business model is mainly similar to A Firm's as it forms partnerships with full service restaurants. Firm B currently has over 600 restaurant partners in Europe. Besides food delivery, firm B offers pick-up service as well, meaning the customer can place his order online and pick it himself from the restaurant avoiding the waiting time. Firm B also uses bicycles and cars for the food transportation.

Apart from their main business operations, both companies offer their restaurant partners visibility on their webpage. Co-marketing campaigns can also be included on the added partnership benefits for the restaurant partners.

To sum up, as technology becomes more multidisciplinary and dynamic in nature, firms are relying on other firms to attain the technological knowhow necessary to compete (Hagedoorn, 1993). This trend seems to be growing and has reached industries that traditionally used minimal technology, such as the full service restaurant industry. Restaurants that wish to exploit new opportunities are partnering with companies that possess this innovative technology. Through this new technology, the restaurants are offered a new ground to compete in. This can change the balance of the competition as well as the business model of the company.

5. Results

Following the content analysis on the collected data, the results are presented in this part of the study. As mentioned previously, there are 3 main themes in the research and the results are presented in accordance to them. Both sides of the partnership were interviewed but as the study focuses on the effects of the partnership on the restaurants, all the following results are centred on that specific topic. First are introduced the advantages of the partnership for the restaurant partners as realised by both partnering sides. The next theme focuses on the disadvantages/risks for the restaurant partners. Similarly, the opinion of both sides is elaborated. Finally, the effects of the partnership on the business model and strategy of the restaurants are presented.

5.1.1 Partnership advantages identified by restaurant owners

The content analysis revealed many similarities in the advantages identified by the restaurant owners. From all the advantages mentioned in the interviews, two main categories distinguished; increased revenue and free marketing/visibility. Besides the main recognized advantages restaurant owners mentioned other partnership benefits as well which were restaurant specific such as the option for catering delivery for example. The importance of those advantages is minor for the study, as their specific nature makes generalization of the findings impossible. The main advantages of the business partnership realised by the restaurant owners/managers are presented and analysed in the next chapters.

The table presented below, offers and overview of the main advantages recognized by the restaurant owners and managers.

Case Firms	**Main Partnership Advantages**
Restaurant 1	Increased profit and revenue, Marketing/Visibility
Restaurant 2	Increased profit and revenue, Marketing/Visibility
Restaurant 3	Marketing/Visibility, *potential for increased profit and revenue in the future*
Restaurant 4	Increased profit and revenue, Marketing/Visibility
Restaurant 5	Marketing/Visibility
Restaurant 6	Increased profit and revenue, Marketing/Visibility
Restaurant 7	Increased profit and revenue
Restaurant 8	Increased profit and revenue, Marketing/Visibility
Restaurant 9	Increased profit and revenue, Marketing/Visibility
Restaurant 10	Increased profit and revenue, Marketing/Visibility
Restaurant 11	Increased profit and revenue, Marketing/Visibility
Restaurant 12	Marketing/Visibility
Restaurant 13	Marketing/Visibility, *potentially increased profit and revenue in the future*
Restaurant 14	Increased profit and revenue, Marketing/Visibility

Table 3, Main partnership advantages identified by the restaurant owners

Increased Revenue and Profit

Increased revenue and profit was identified as one of the major advantages of the partnership agreement. From the 14 interviewed restaurants, 10 restaurants mentioned increased sales and profit as the first advantage. In two more cases, restaurants 3 and 13 mentioned that although they haven't still had a remarkable increase in sales through the business partnership, they believe that there will be an increase in the future. Owner of restaurant 3 explained:

"...we are a new restaurant and we are still quite unknown in the city so it's normal that we don't have a lot of sales (through the partnership) yet. But I believe in the next months the increase will be fast"

Although most of the restaurants identified increased profit and sales as one of the main advantages of the partnership, their justification on the matter varied. 3 restaurants stated that they believe that their restaurants remote location has been a limiting factor in their growth, but now through the partnership they can compete in a new ground. Owner of restaurant 14 mentioned:

"...our restaurant is far away from the center of the city and during lunch hours we had very few people coming to eat here, now many people don't need to come here but they can order to their office or home. Our sales during lunch time in the weekdays have really increased"

Besides the location, 4 restaurants explained that their increased sales and revenue through the partnership mainly comes on days when the weather conditions are bad. Owner of restaurant 2 noticed:

"...our visiting customers have been very often been affected from the bad weather. On some days with bad weather we have been empty. Nowadays, even on those days we get some delivery orders. This helps a lot as we can at least cover our expenses of the day, because even if the weather is bad we need to have our employees working."

One of the restaurant owners justified the increased revenue through the partnership due to the increased corporate customers. Manager of restaurant 9 mentioned:

"*...we are mainly selling snacks, fruit juices and smoothies which are very popular for people who are working. But people usually think twice of leaving their office and walking to our* *restaurant to buy them…its easier now, they can just sit on their desk and have them brought to them. I think this is the reason why we have more sales now"*

Visibility and Marketing

Free marketing and visibility was the most recognized advantage in the study. Out of the 14 restaurants that were interviewed during this research, 13 mentioned that visibility and free marketing was one of the main benefits of the partnership. A variety of different opinions were expressed regarding the specific marketing benefits of the partnership, with the most popular being new customers acquisition. 7 restaurants owners mentioned that by being marketed in the webpage of the food logistics service providers new customers can try their restaurants food and turn into long term customers. More specifically owner of restaurant 13 stated:

"…being a new restaurant we have to try marketing through all the available channels…it's an option for us and it's free!, and if the customer is satisfied when he orders we can have quite a lot of chances seeing him in our restaurant too"

A different view on the same topic was expressed by owner of restaurant 3:

"*…by seeing us there (in the webpage) and looking at our menu they will think where is this restaurant? This makes us visible to more customers and this is good as more new customers will come to eat here at our restaurant."*

Besides new customer acquisition, other marketing benefits were reported as well. Owner of restaurant 8 mentioned that co-marketing campaigns have been very beneficial for the firm and that they are very cost-effective. Moreover, owner of restaurant 4 stated that although they haven't been active at online and social media marketing, the food logistics service providers provide them visibility in those channels as well. Owner of restaurant 1 explained a different perspective on the matter, as he mentioned that his restaurant has been capable of providing catering services as well but he hasn't been able to attract customers.

"*…we have a very large kitchen capacity and I can bring even more employees if needed…I have agreed with the delivery company to have a catering menu also online…it has attracted a few customers so I believe this is good way to find catering customers…it's very expensive otherwise to start competing with the catering companies."*

Finally, the only restaurant, restaurant 7, that didn't identify marketing and additional visibility as an advantage of the partnerships supported its view by stating that they have been operating for more than 30 years in the city and that probably their firm awareness can't be improved through their partnership with the food logistics service providers.

5.1.2 Partnership Advantages identified by the food logistics service provider

As it has been mentioned previously in the study, in order to achieve a comprehensive and holistic approach both sides of the partnership were interviewed. By having data from both partners, comparison of the anticipated effects of the partnership is feasible. The interviewed managers from the food logistics service provider identified identical benefits for the restaurants as the restaurant owners. Increased sales and profit was the first partnership advantage that was noticed followed by the additional visibility and free marketing. The CEO of the food logistics service provider explained in detail:

"...to our restaurant partners we of course mainly bring more sales. We simply bring more orders and give them a chance to bring more profit. Secondly, we bring them a channel to reach new people and even bring more customers to the restaurant itself, so not delivery orders but actual customers...because we know that a lot of people just open our app (meaning smartphone application) and have a look at the restaurant list, so they definitely

get a lot of visibility, just by being present in the service…of course as well the many marketing channels we use to promote our service…at least I see those two main benefits, but the basic idea of course is to create and transfer orders to the restaurants"

Moreover answering to the question what are the main reasons that drive restaurants to join the food logistic service providers in a partnership, the CEO mentioned:

"… also an additional for some restaurants an additional value in joining a start-up that is rather well known these days and that is 'hot' in a way, I think for some that can also be one driver in the sense that they want to be part of this hype and this new thing that is happening…in that sense they see themselves part of this thing."

5.1.3 Summary of Partnership advantages

By summarizing the business partnership advantages for restaurants, two main benefits stand out; increased profits and additional visibility/marketing. All of the restaurant owners identified at least one of these two main advantages during the interviews. Although, increased profits and sales were identified by 10 restaurant owners, less than the 13 that mentioned marketing and visibility, all the interviewees who acknowledged increased profits agreed on the fact that it's the single most important partnership advantage for them. This fact aligns with the managers' view from the food logistics service provider, mentioning that the basic idea is to crate and transfer more orders to the restaurants. Moreover, free marketing and additional visibility was recognized by both partnering sides, confirming its importance for the partner restaurants. Finally, other partnership benefits were recognized, such as the catering service, but were restaurant specific therefore can't be reported as main advantages of the business partnership.

5.2.1 Disadvantages and risks of the partnership identified by restaurant owners

After analysing the collected data, five main disadvantages and risks of the partnership emerged through the interview material. These main concerns of the restaurant owners and managers were food quality, service quality, restaurant reputation, high commission fee and unequal partnership benefits. The disadvantages and risks are presented jointly in this section of the study as the all the restaurant owners mentioned that these are variables that they can't control. Therefore they can't categorize them clearly as disadvantages as they aren't sure if they are actually happening. A more analytical approach of the five disadvantages follows below.

Case Firms	**Main disadvantages and risks of the partnership**
Restaurant 1	Food quality, Service quality, unequal partnership benefits among restaurants
Restaurant 2	Food quality, Service quality
Restaurant 3	Service quality, unequal partnership benefits among restaurants
Restaurant 4	Food quality, Service quality
Restaurant 5	Food quality, Service quality, High commission fee
Restaurant 6	Food quality, Service quality
Restaurant 7	Firm reputation
Restaurant 8	Service Quality
Restaurant 9	Service Quality
Restaurant 10	Food quality, High commission fee
Restaurant 11	Food quality, Service quality
Restaurant 12	Food quality, Service quality, unequal partnership benefits among restaurants
Restaurant 13	Firm reputation
Restaurant 14	Food quality, Service quality

Table 4, Main disadvantages and risks of the partnership as identified by the restaurant owners

Food Quality

The majority of the interviewed restaurants identified food quality as one of the main risks of the partnership. 9 out of the 14 interviewed restaurants mentioned that they are concerned by the fact that they don't have any control over the final quality of the product when it reaches the customer. Owner of restaurant 2 stated on the matter:

"…our food is at the best (quality) when it's warm…if the customer receives it cold he won't like it the same. This is my biggest question; does it really arrive hot in all of the deliveries? Because one time is enough for the customer to say I don't like this restaurant, they don't take care of their food…this can be really bad for us"

A different perspective on the same concern is expressed by owner of restaurant 10:

"…imagine you get the food out of the paper bag and the packaging is damaged, it's leaking on the bag and everything is upside down in there. Would you like to eat something like that? I don't…its normal for the customer not to know whose fault it is, they can imagine we throw the food there like that…how do I know the driver takes care of it?...it's very risky but we hope we won't have cases like this, until now at least we don't have any complaints but nobody can know for sure what is happening."

Owners of restaurant 1, 11 and 14 expressed a very similar opinion with the aforementioned case, as they also believed that it's possible for the food quality to lower during the transportation of the product.

Service Quality

Service quality in this case describes the way the product is handled to the customer. Nearly all restaurant owners recognized service quality as a possible disadvantage of the business partnership. 11 restaurant owners mentioned that they are worried about the fact that they don't control the way that the food is offered to their customers. Restaurant owners 3, 5 and 8 highlighted the importance of the overall service and experience offered to the customers. They described that besides the food quality, they emphasize in offering their customers a full experience. Owner of restaurant 5:

"...and when the rider arrives to customer, I don't know how he looks…is he dressed professionally? ...is he kind? I can't be here (present in the restaurant) every time an order comes and checking the? ...I have not trained him myself so I can't ensure that my customer will be satisfied…this is a really dangerous thing…we are all the time talking with the food delivery company to be sure they are taking good care of our customers…we have some standards that we demand that are strictly forced every time…"

Slow or late delivery from the food logistics service provider was acknowledged as an additional concern regarding the service quality. 9 out of the 11 restaurants that mentioned service quality as a possible risk referred to slow delivery in some way. Owner of restaurant 9 explained in detail:

"*...in 5 minutes are products are ready. We demand fast delivery, this is what has been promised to us....we don't have otherwise any reason to be partners….if it is faster for the customer to come here, wait and take his meal there is nothing good in this…if it happens even once it is bad...customers is choosing to order in order to receive his delivery fast…''*

Owner of restaurant 6 also commented on the same topic:

"...when the customer comes to our restaurant we try to serve him in the best way possible, fast and professionally...as we don't want our customers to wait too long for their food here, we want the same when they deliver...the delivery company promises 30 minutes delivery and we are ok with that, but being late is bad for both and especially for us I believe....the customer doesn't know who is late now, we or the drivers"

Owner of restaurant 12 experienced the case of the delivery being cancelled from the food logistics service providers.

"...being late is very bad for our customers...but I fear more when sometimes they (food logistics service provider) don't have people to deliver. Once I prepared the food and they call me we can't deliver it...they had told the customer also...this is bad for me...I called the customer also to say sorry for this mistake, but we can't control it..."

Reputation Risk

All the above mentioned risks and disadvantages can harm the reputation of the firm, but in this section the direct risk from joining the partnership is analyzed. In other words the restaurant's reputation being harmed by associating the restaurant's name with the food logistics service providers. This particular disadvantage or risk was the most uncommon that was reported by the restaurant owners. 2 out of the 14 restaurants mentioned that there could possibly be harm from their firm's name being associated with their partners. The two opinions are presented below. Owner of Restaurant 13:

"...we focus a lot on our brand here. We have built something premium...it was a very difficult decision to decide how this partnership affects our restaurant brand or will it...of course we are all the time following our partner and if this starts to change (food logistics

service provider) we will leave…I mean becoming cheaper and full of fast food restaurants, this is what we don't want for us, to be next to (in the webpage) cheap fast food…"

Owner of Restaurant 7:

"…we have a long history of 30 years and we have to take care of it…everyone knows us in Helsinki so there are not extra positive things for us to see us there (webpage)…but our competitors are there, so we also must be…there are many restaurants that I don't know there and don't know how good they are…I don't want customers to thing that all the restaurants there are similar quality…why are some restaurants listed before us…these are problems of the partnership for the name of our restaurant."

High Commission Rates

High commission rates were recognized by two restaurants as a partnership disadvantage. Owner of restaurant 5 commented on high commission rates:

"…the commission of the delivery service is so high that only few cents (meaning money) are left to us from these orders…we focus on food quality and our profit margins are low…combined with the commission nearly nothing is left to us. The only reason we continue the partnership is that all of our competitors are there and we have to also be present in the webpage."

Manager of restaurant 10 mentioned as well the high commission as the limiting parameter on increasing the firms profit but didn't elaborate further on the issue.

Unequal Partnership Benefits

The last disadvantage mentioned by the restaurant owners was unequal partnership benefits towards the partners. Three restaurant owners explained that in their opinion the food logistic service providers focus more on some particular restaurants and neglect their other partners. Unequal partnership treatment can occur in many different levels. Owner of restaurant 1 explained about the marketing:

"...and for marketing, ok they have done for us also something...but what I see are the same restaurants all the time, the same...this is not so fair...I don't like so much going (food logistics service provider marketing channels) and seeing the same restaurants every time...why does this happen, do they sell more are they better?''

Owner of restaurant 12 had concerns of unequal treatment regarding the operational aspects of the partnership:

"...we have slower delivery, I know that. Our restaurant is not very close to where all restaurants are and so they (food logistics service providers) do not put many drivers close to us...I understand why they do it but it's not fair, why should my customers wait more? ...this is bad for the restaurant..."

Owner of restaurant 3 also expressed his opinion on unequal operational treatment by mentioning that his delivery times are slower than the other restaurants' as well as slower than the promised delivery time from the food logistics service provider.

5.2.2 Partnership disadvantages and risks identified by the food logistics service provider

Dependency was the main issue analysed by the CEO of the food logistics service provider when interviewed for possible partnership disadvantages and risks for the restaurant partners. Below follows the viewpoint of the CEO:

"*...we know from other countries that this type of services are a bit older and more well known of course, a risk could be that they (restaurants) become very dependent on us, so if a very very great portion of their business would come by us, of course they would become dependent to us on some extent, then again I see many ways that we of course want that, we want to have a good partnership and co-dependence is part of the business, but of course any dependence is also a risk…"*

Dependency was a risk that was only recognized by the food logistics service provider. From the remaining risks that were identified from the restaurant owners, the managers of the food logistic service provider identified food quality and restaurant reputation as rational and possible concerns. Regarding food quality the CEO mentioned:

"...otherwise maybe of course in some cases, food when it's delivered and packed isn't as good quality as it is at the restaurant...the service and the mood and everything else at the restaurant given, so of course the delivery is only about the food, then again that's also a positive opportunity of course to get more customers…"

Finally, as the interviews with the restaurant owners were done prior to the interviews with the food logistic service provider managers the author had the chance to ask questions associated to the collected data. Therefore, after the open question about the disadvantages and risks, the managers were specifically asked about the risks that the restaurant owners identified. Below follows the answer of the CEO regarding the reputation risk of the restaurant partner:

“…I believe it’s a rational concern for sure…in the end they will see it’s positive to their reputation…any problem could be solved by working together with the restaurant…so in that sense I believe it’s up to them to manage…yes but I think it’s a rational concern but it can be overcome’’

5.2.3 Summary of Partnership Disadvantages and Risks

The categorization and analysis of the data revealed four main disadvantages/risks for the restaurant partners. Contrary to the advantages of the partnership, there were differences in the realized disadvantages and risks between the two partnering sides. Food quality and reputation risk were identified by both sides, while service quality and unequal partnership benefits were only recognized by the restaurant partners. The vast majority of the restaurants agreed on the fact that the main disadvantage and risk of the partnership is the lack of control over the food and service quality that reaches their customers. Finally, despite the fact that more restaurant owners mentioned service quality as a risk, in all of the cases that food quality was referred it was the main concern of the restaurant owners.

5.3.1 Effects on the business Model and strategy of the restaurant partners

In this chapter of the study, the main changes and modifications on the restaurant partners’ business model and strategy are presented. During the interviews, two main business model modifications were identified by the restaurant owners. The first and most significant was the recruitment of additional employees. All the restaurant owners and managers who had hired additional employees ranked this modification as the most important change in their business model. More specifically owner of restaurant 14 mentioned:

"…I have hired more people. This is a big change for us…I didn't believe that we would have so many orders but during the lunch two people in the kitchen are not enough anymore…of course this is a risk if they don't order from us but I can't risk to lose customers…and I also needed someone to know how to use the tablet (device where the orders come)."

Case Firms	**Main business model modifications**
Restaurant 1	Opening hours
Restaurant 2	Additional employees
Restaurant 3	Opening hours
Restaurant 4	Opening hours
Restaurant 5	Opening hours
Restaurant 6	Additional employees, opening hours
Restaurant 7	None
Restaurant 8	None
Restaurant 9	Opening hours
Restaurant 10	Additional employees
Restaurant 11	Additional employees
Restaurant 12	Additional employees, opening hours
Restaurant 13	None yet, Additional employees
Restaurant 14	Additional employees

Table 5, Main business model modifications implemented by the restaurant owners due to the partnership

Owner of restaurant 6 expressed a different perspective on the same matter:

"…all this online things, reviews of restaurant...and now this delivery service we needed someone who knows of these things…so we needed somebody new for the restaurant and of

course we hired someone who can also help with all these…this is how we have to change our restaurant…now the competition is not anymore as it was, everything is on the internet now."

In addition to the owners of restaurant 14 and 6, three more restaurant owners had already hired additional employees to their firms. Owner of restaurant 13 mentioned that they haven't hired additional employees yet but they will consider the possibility in case their sales increase through the partnership:

"…efficiency is very important for us. We are a new restaurant and we don't want to make changes to our starting plan now…satisfied customers are more important than low costs so if we have more orders in the next moth we will have to hire people for the kitchen to meet the demand…I am sure about this."

The second main business model modification mentioned by the restaurants owners and managers is directly related to the operation of the restaurant and its opening hours. 7 out of the 14 restaurants that were interviewed stated that they have either extended their opening hours or even added whole days that they were closed to their new opening hours. In most of the cases the competition and the consumer trends were the main reason for the changes in the opening hours of the restaurant. Being able to order food from the competitor and not from their own restaurant was an important issue for the owner of restaurant 5, causing him to extend the opening hours of the restaurant:

"…if there is a restaurant next to us and its open 3 more hours, for example, this would take our customers. Now it's the same…if the customer goes to the webpage and doesn't see us there he will order from other restaurants…this is very dangerous we can lose our customers who come here…of course we are also open more hours now even that many customers don't come here so late…"

Owner of restaurant 12 justified the decision of extending the opening hours of his restaurant due to different consumer trends when ordering food and visiting the restaurant:

"…we noticed that most orders where coming late when customers don't come here anymore to eat…so we added 2 more hours every day and its true 90 % of the orders come then…its good decision…its different online and here, we thought we will have many orders when the restaurant is full but it's much better like this for the kitchen too"

Finally, owner of restaurant 1 mentioned:

"…example, on Mondays we were always closed. Now we open on Monday night…things change and we have to change…we have to be there for the customers to see us…maybe we get more orders and also we get more marketing from the partner."

Besides the above mentioned business model adjustments, two restaurant owners mentioned packaging supply as a modification in their operations. As the ordered food needs to be packed by the restaurant partner before it's picked up and delivered by the food logistics service firm; the two owners mentioned that they have focused on ordering premium quality packaging, branded with their restaurant. They stated that this is one way they can distinguish themselves from the competition. Owner of restaurant 14 mentioned:

"…we have made our own packages! It's not how nice the restaurant is, they don't see it, they only see the food and the box…sometimes the customer is living quite far away because we are away from the center so we need good boxes to keep the food warm and nice…also we have our restaurant logo on it the customer will remember it…"

Apart from the business model modifications that the restaurant owners and managers mentioned, strategic adaptations were also acknowledged. Nearly all of the restaurants, 12 out of the 14 that were interviewed, recognized the fact that the food logistic service providers have offered restaurants a new ground to compete in. Owner of restaurant 10 analyzed the new industry landscape:

"…of course everything has changed…it is not anymore restaurant X (specific restaurant mentioned) our competitor…now we have to compete with all the cities' restaurants, customer doesn't care where you are…how nice your service and place…they just care about what they get home, so this is very difficult…where should I focus, service, food what?"

Owner of restaurant 5 also mentioned the fact that they have been focusing a lot on the service level quality as well as the restaurant itself, meaning the place physically, something which doesn't provide any benefits when the customers is ordering food at home. These parameters made him question how much these new technologies and services can change the restaurant industry and what would be the most profitable and strategically wise moves to follow in the future.

"…understand that all these cost money (meaning the restaurant physically)…someone who just has only the kitchen has half our costs. What does this mean?? More profit from each portion…we pay for this and if people only order food then we don't need all this…so we really have to see how many come here and how many order because then we know how to plan what we will do"

Other restaurant owners perceive these new technologies to be affecting more their marketing strategy. Owners of restaurants 1, 2, 8 and 9 stated that this new service offered to the restaurant industry has changed their marketing focus. They want to be active and visible in order for customers to know that they have to possibility to order from their restaurant as well. Owner of restaurant 9:

"...we needed to bring people here. Now we also need to bring them to us on the internet...our marketing has changed now a lot...we don't use bus stops and that...it's also cheaper on the internet...we have social media."

A different marketing strategy was mentioned from owner of restaurant 8. As he believes in order to stand out from the hundreds of restaurant partners you need to offer something unique to the food logistics service provider in order to help you distinguish your restaurant.

"...we have made great offers only available to the customers ordering online...they (food logistics service provider) have liked it and promoted our offers...this way be both win...we get more customers and visibility and they also get orders...we have good contacts for marketing campaigns and we will definitely continue to do these for our customers...it's the only way for something special, there are 300 hundred restaurants there."

Finally, only two restaurant owners, 7 and 13, mentioned that they haven't implemented any strategic changes or business model adaptations yet. Although owner of restaurant 13 noted that they are at the starting phase and that's a reason why they are hesitant to changes, but if the orders numbers start to grow they will consider hiring additional employees to meet the increased demand.

5.3.2 Effects on the restaurants' business model as realized by the food logistics service provider

The interviews with both partners revealed the different viewpoints on how the partnership affects the business model of the restaurant. The food logistics service provider managers mentioned that the partnership requires some changes in the operations of the restaurant partner but they should be minor. More specifically the CEO stated:

"...the basic idea is to make it as simple as possible and not change anything or too much...in a way the idea is that we do everything else and they focus on making the best food...but of course as it is take out or it's a packaged meal, in some cases they have to get new packaging, improve the packaging and in some cases change some processes in terms of how orders come in and how does the kitchen know about it, how is the billing done etc. So depending a little bit on the restaurant and its operations are managed, they might have to change some processes."

When asked whether the restaurant partners can anticipate all the possible outcomes of the partnership, the CEO answered:

"As we become bigger and more well-known they can better anticipate the changes and its impact...I think in the beginning especially they didn't. They had no idea that it could be so popular and there could be hundreds of orders per month by us. I am sure still cannot anticipate the level that is possible."

Although both sides identified the restaurant partner's need to somehow change its business operations, there were major differences on the extent of the modifications.

5.3.3 Summary of the effects on the business model and strategy of the restaurant partners

By summarizing the results, it can be concluded that this new technology has clearly affected the strategy and business operations of the restaurant partners. The main business model modifications that the restaurants have implemented thus far are changes in their opening hours and hiring new employees. Apart from the business model adaptations, nearly all the restaurants, 12 out 14 that were interviewed, mentioned that this innovative service has offered them a new ground to compete in and has in some way changed their strategic view. Part of the restaurant owners associated strategic changes mainly with their marketing focus, while others mostly with operational aspects.

Regarding the food logistics service provider, the managers of the firm agreed on the fact that the restaurant partners might have to implement some changes in their business operations but highlighted that most probably they should be minor. Overall, besides the two restaurants owners who mentioned that they haven't applied any changes to their strategy or business model yet, every other interviewee acknowledged the fact that this new innovative service has somehow affected the restaurant industry environment.

6. Discussion

In this part of the study, the results are connected to the research questions in light of the academic literature available. The purpose of this chapter is not only to link the results to the literature but possibly contribute to the field by providing new findings. The discussion starts with the analysis of the advantages and disadvantages of the partnership for the restaurant partners and continues by examining the effect of the partnership agreement on the business model and strategy of the restaurants. Finally, the effects of the new logistics services on the restaurant industry are discussed and evaluated.

6.1 What are the main advantages of the business partnership for the restaurant partner?

The logic of partnerships is plain. All organizations have strengths, but no organization has all the strengths required to do everything. For some tasks, organizations must acquire strengths through acquisition of external assets (Macdonland and Crhisp, 2005). Partnerships can offer plenty of benefits to firms, but naturally come with disadvantages as well. In this part, the advantages of the partnership for the restaurant partners are analyzed. By summarizing the results, two main advantages of the business partnership for the restaurants were revealed; increased profit and additional marketing/visibility. Although, most restaurant owners agreed on the two main advantages the initial reasons for joining the partnership, as well as their justification of why the partnership is beneficial for their firm varied significantly.

The results of the study regarding the partnership advantages are aligned to a great extent with the academic literature on the business partnership motives. Relevant literature suggests that financial, technological and marketing motives are common incentives that drive firms to form partnerships (Anderson and Narus 1991, Spekman 1988, Hendrick and Ellram, 1993). Financial motives can be a result of many different efforts. In this particular study, the financial motives for the restaurant partners mainly occur from increased sales. This increase in sales is achieved through the new innovative technology that is offered to the restaurant partners. According to Vyas et al. (1995) firms which are seeking to achieve competitive advantage form business partnerships with partners who offer new technologies and the study's case firms confirm the aforementioned findings. Besides the inadequate technological capabilities of the restaurants, the partnership provides another financial motive to the restaurant partners, cost saving. Restaurant owners who mentioned that they had their own food delivery system, had to discontinue it as the food logistics service providers offered a more cost efficient alternative.

Although the financial advantages were the most important for the restaurant owners, they weren't the most popular motive in the research. Free marketing and visibility was the partnership benefit that was acknowledged by the most restaurant owners. This in fact confirms the popularity of the food logistic service providers at the time of the study, as most restaurants perceived the visibility through the partnership as a positive addition to their marketing. These findings are also aligned with the earlier literature on business partnership motives and corporate prestige enhancement through partnerships (Anderson and Narus 1991; Spekman 1988).

The study featured also additional advantages that were restaurant specific and can't be generalized. This confirms the fact that although the main object of the partnership was the same in all of the case firms, every business partnership is unique and the potential partnership benefits are in reality unlimited.

Regarding the connection between the partnership advantages recognized by the restaurant owners and their previous entrepreneurial and restaurant industry experience, there weren't any clear indication of correlation. Restaurants with relatively low ratio of sales through the partnership compared to their total sales, didn't identify increased profit and revenue as a partnership advantage. The connection between the two variables could be characterised rather weak though, as there were other restaurants with lower ratios that recognized increased profit and revenue as a partnership advantage. Finally, active partnership duration couldn't be linked in any way with the recognized partnership advantages of the restaurant owners.

To sum up, the main partnership advantages in the research could be characterized as predictable since the main objective of the partnership is explicit. Both partnering sides agreed to a large extent on the advantages that this new technology offers to the restaurant partners. Comparison of the findings with earlier literature specific to the topic was impossible, as to the knowledge of the author there hasn't been any published literature on food logistics service providers. This was a limiting factor regarding the possible comparison with similar research conducted under different conditions and parameters. Available literature on the topic would allow better and more valid generalization of the findings as it could possibly reveal the effect of the specific conditions under which the research was conducted, in comparison to other cases. In other words, earlier published literature could better showcase the findings that can be generalized and are independent from the specific conditions of the study.

6.2 What are the main disadvantages/risks of the business partnership for the restaurant partner?

As it has been mentioned previously, each business partnership agreement is unique and has its unique disadvantages related to the specific partnership objective. Academic literature suggests that partnership disadvantages can vary greatly, including resource costs, unequal power, accountability, lack of control and impact upon firm's other services (McQuaid, 1994; Sohn, 1994). In this research though, the concerns of the restaurant owners were mainly associated with customer satisfaction.

Customer satisfaction is one of the most important aspects of the restaurant industry. It's a key variable and as academic results recommend, full service restaurant owners and managers should focus on three major elements in order to assure customer satisfaction; service quality (responsiveness), price, and food quality (Andaleeb & Conway, 2006). The results of this particular study are related directly to two of the aforementioned elements, service and food quality.

The main disadvantage of the partnership identified by the restaurant owners was the lack of control over the final product and service that reaches the customer. Lack of control over the partners operations has been identified as a common risk in business partnership agreements (Sohn, 1994). In this particular study, it was expressed more as a risk rather than a disadvantage since the restaurant owners rarely know the condition in which the food reaches the customer. Similarly, restaurants don't have any control over the carrier's behaviour when arriving at the customer, so they aren't aware of the service quality and experience that the consumer receives. The viewpoint of the restaurant owners' highlights the importance of customer satisfaction in the restaurant industry and reaffirms findings from previous literature (Andaleeb & Conway, 2006). Moreover, it proves the fact that restaurant owners clearly believe that the partnership, can positively or negatively affect the reputation of their restaurant, not only for customers ordering online but also for customers who are physically visiting the restaurant. Considering all the aforementioned facts, it could be characterized as an unexpected finding that only two restaurant owners directly mentioned firm reputation as a possible risk of the partnership despite the fact that most of them highlighted the lack of control over the final product and service as the main risk of the partnership agreement.

Besides the operational risks and disadvantages mentioned above, restaurant owners identified other partnership issues as well. High commission rates and unequal partnership benefits were mentioned by the restaurant owners as problems. Identification of high commission rates from the food logistics service providers mainly reveal insufficient planning and cost estimation during the negotiations of the partnership by the restaurant owners. All the partnerships in the interview were active for less than 18 months and the main objective of the partnership didn't change during the time, therefore the parameters affecting the product costs of the restaurant remained practically equal. Moreover, the restaurant owners who identified high commission rates as a limiting factor in partnership profitability, explained that they "didn't expect that it would be like that", basically admitting faulty planning on their behalf. Moreover, the restaurant owners who were concerned with unequal partnership benefits, assumed that every restaurant partner has the exact similar partnership agreement with the food logistics service provider, something that isn't accurate as the managers from the food logistics service provider mentioned.

Previous academic literature suggests that partnership disadvantages may include increased resource costs and impact upon firm's other services (McQuaid, 1994; Sohn, 1994). In this study none of the above mentioned risks were expressed directly from the restaurant owners and managers. However, from the results of the research it can be logically understood that the partnership can have an impact on the restaurant's other services as well as in the firm's resource costs. Many restaurant owners mentioned the hiring of additional employees due to the partnership agreement. Increased human resources can definitely affect the resource costs and efficiency of a company as they are closely related. Moreover, increased demand through the partnership can possibly affect the quality of the service offered to the customers visiting the restaurant.

The connection between the partnership disadvantages and past entrepreneurial and restaurant industry experience was also examined by the author. The results didn't show any clear correlation between the two variables. Clear correlation wasn't found between the active partnership duration and the identified disadvantages/risks either. Finally, the ratio of partnership sales to the total sales couldn't be related in any way to the partnership disadvantages.

Generalizing the findings of the partnership disadvantages and risks was again a great challenge as there isn't any previous literature on this particular topic in order to confirm and compare the results of the study. The findings could only be examined in the light of general guidelines on partnership agreements and the service/restaurant industry. The findings though confirmed previous literature on the restaurant industry, as they emphasized the importance of customer satisfaction for the restaurant owners (Andaleeb & Conway, 2006). Customer satisfaction was the most common and critical concern expressed in the study, showcasing that in the restaurant owners' opinion the success of their firm is highly dependent on customer satisfaction. Other possible risks and disadvantages of partnerships such as impact upon firm's other services and increased resource costs (McQuaid, 1994; Sohn, 1994) weren't directly recognized by restaurant owners and were only briefly analysed in this study. The results of the research though suggest that they can potentially be a risk factor for the partnership, therefore they consist of an interesting topic for further research.

Finally, contrary to the partnership advantages, there were considerable differences in the realized disadvantages and risks of the partnership between the two partnering sides. The food logistics service provider managers identified dependency of the restaurant to their service as the main risk of the partnership, but stated that it would be more possible to occur in the future. They also mentioned that food quality as well as service quality might be affected by the partnership but identified it more as an opportunity rather than a risk. Non-identical views on the disadvantages and risks of a partnership agreement from two partnering sides can be expected. Arising issues in business partnerships are common, and if treated with commitment, coordination and trust they can be overcome (Mohr and Spekman, 1994). Although, in case the difficulties are not addressed properly, misalignment of incentives between the two partnering sides can occur. Partners are constantly evaluating the partnership according to their initial expectations, and if the expectations are not met then the agreement between the two sides is dissolved (Tuten and Urban, 2001). Therefore, mutual understanding from both partnering sides of the underlying risks for the restaurant owners' is crucial for the sustainability of the partnership.

6.3 How is the business model and strategy of restaurants affected by partnering with food logistic service providers?

As academic literature suggests, partnerships agreements tend to affect the operations of the partnering firms (Tuten and Urban, 2001). The findings of this research confirmed the aforementioned statement as the effects of the partnership on the business model and strategy of the restaurant partners were notable. The main effects of the business partnership can be distinguished in two main categories, operational changes and strategic modifications.

The operational changes, which in this particular case were mainly modifications of opening hours and hiring of additional personnel, were acknowledged by many of the restaurant owners. This displays that the partnership has affected the operations of many restaurants and the owners and managers have decided to adapt to the new conditions. Moreover, this highlights the belief and trust of the restaurant partners to the success of the partnership. Besides the main operational modifications to the business model, restaurant owners reported other modifications as well which were related too closely to each particular case, making them valueless for further analysis.

Revenue management is a tool used by restaurants to increase their efficiency. (Kimes et. al., 1998) Although revenue management wasn't directly mentioned by any restaurant owner or manager in the study, it is a practise significantly affected by the new technology offered to the restaurants. The main attribute of revenue management that is influenced by the food logistics service providers is the fixed capacity of the restaurant. This new technology affects the way efficiency is achieved in the restaurant industry by eliminating the capacity restriction. Efficiency isn't anymore guaranteed by optimally serving the customers visiting the restaurant, but requires serving the customers who are ordering online as well. This explains the need for the increased human resources that was identified by many restaurant owners in the study. Besides the above mentioned effects of the partnership agreement on optimal efficiency, the new technology can make revenue management more challenging in the restaurant industry as the behaviour of online customers can't be predicted in absolute metrics. Therefore, the implications of these new logistics services should be considered by restaurants which actively implement revenue management.

By analysing and categorizing the collected data, an interconnection between the identified partnership advantages and business model modifications was observed by the author. All the restaurant owners that identified increased revenue and marketing/visibility as advantages of the partnership had implemented operational modifications to their restaurants business model. These findings highlight the fact that most restaurant owners reacted to the benefits of the partnership with business model changes in their firm. Although it wasn't clear in all of the cases whether the operational modification were a reaction to the advantages of the partnership or if the restaurant owners implemented the changes before the benefits of the partnership were realized.

The attempt of connecting the findings on business model and strategy modifications to the prior restaurant and entrepreneurial experience of the restaurant owners didn't result in any significant correlation between the two variables. Neither did the active partnership duration and ratio of sales through the partnership.

As in the case of partnership disadvantages, the viewpoint of the managers of the food logistics service provider differentiated from the perspective of the restaurant owners regarding the business model modifications needed by the partnership. The food logistics service provider managers mentioned that minor changes on the business operations of the restaurants are required for the partnership, while on the other hand restaurant owners reported important modifications. The aforementioned difference is not an issue per se but it can cause complications in the partnership. As it was mentioned previously, evaluating the partnership in comparison to the initial expectations of the partnership agreement is a very common and logical practice (Tuten and Urban, 2001). Hence, if the initial expectation of the restaurant owners is that minor operational changes are required, they might be discouraged by the fact that they might need to implement larger modifications. Obviously, each partnership agreement is unique and the extent of the business model modifications that are needed vary according to the existing operations of the restaurant; it's significantly important though for both partnering firms to be aware of the operational changes that are required in order for the partnership to be sustainable.

By summarizing the operational and business model modifications that the restaurant partners have implemented, we understand that the restaurant owners and managers believe in this new technology and are willing to allocate resources in order to compete successfully through the offered service. This naturally reveals a new strategic focus for the restaurant owners. Nearly all the interviewed restaurants identified that their strategic planning has been affected by the partnership. Their strategic target doesn't include anymore only attracting customers to visit their restaurant but also attracting customers ordering online. In the author's opinion, this is one of the most critical effects of the partnership. The consequences of this strategic adjustment are visible in various levels of the restaurants' operations and are the main motive for changes in the firms' business model. The most significant example of operational modification presented in this study is the increase in human resources. It indicates that the perceived understanding that restaurant owners have regarding optimal efficiency has been altered by the new technology.

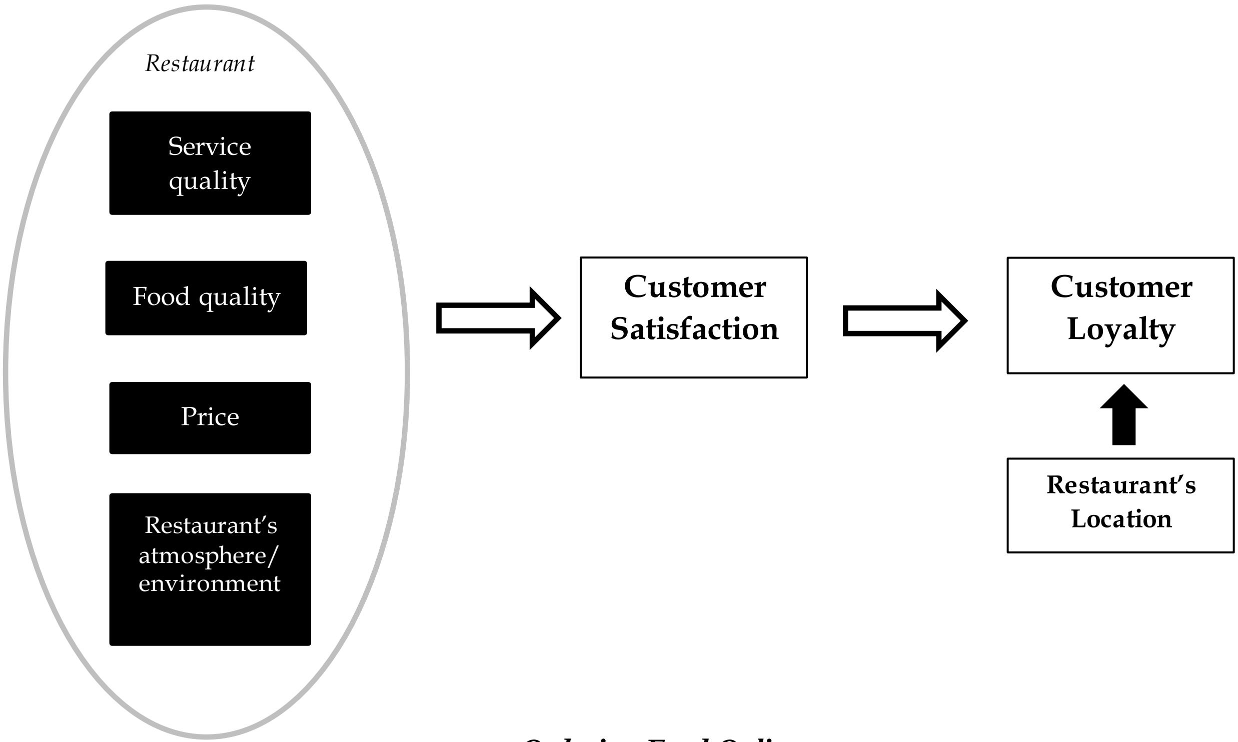
Finally, the results of the study clearly reveal that this new innovative service 'fits' some restaurants better than others. Despite that fact, many restaurants are willing to adapt and allocate resources in order to compete through this new available channel, even if notable operational modifications are required.

6.4 How is the restaurant industry affected by the new technology offered to the restaurants?

It's very difficult to evaluate the effect that a new technology will have in an industry. The restaurant industry is present in every part of the world and changes can occur independently in sectors of the industry. In the specific case of this research, the new technology has provided the restaurants with a new ground to compete in. The offered service has changed some of the traditional 'rules' of the industry by offering customers an alternative option. This has resulted in balance changes between the restaurants and has in some way reformed the competition.

As previously mentioned one of the most important findings of the study is the strategic shift that the restaurant owners identified. This proves the fact that the restaurants are competing in multiple levels and that 'the traditional' balance of the industry has changed. The new competition ground offered to the restaurants has implications in the structure of the industry. The restaurant industry is relatively static and the competition is quite often determined by the location of the restaurant and the proximity to the customers. As earlier research also suggests restaurant location is an important feature of the restaurant that affects customer behaviour and satisfaction (Hyun, 2010) In other words, restaurants are directly competing with restaurants that have the same or approximately the same location. Although with this new innovative technology the competition has changed. The customer can now order online and choose from many different restaurants from a larger area, practically eliminating the variable of restaurant proximity to the customer. This causes restaurants that weren't directly competing in the past for the same customers to become direct competitors. Restaurants are therefore linked in a new way through this new technology affecting their strategy and operations.

<u>Traditional full-service restaurant industry</u>



<u>Ordering Food Online</u>

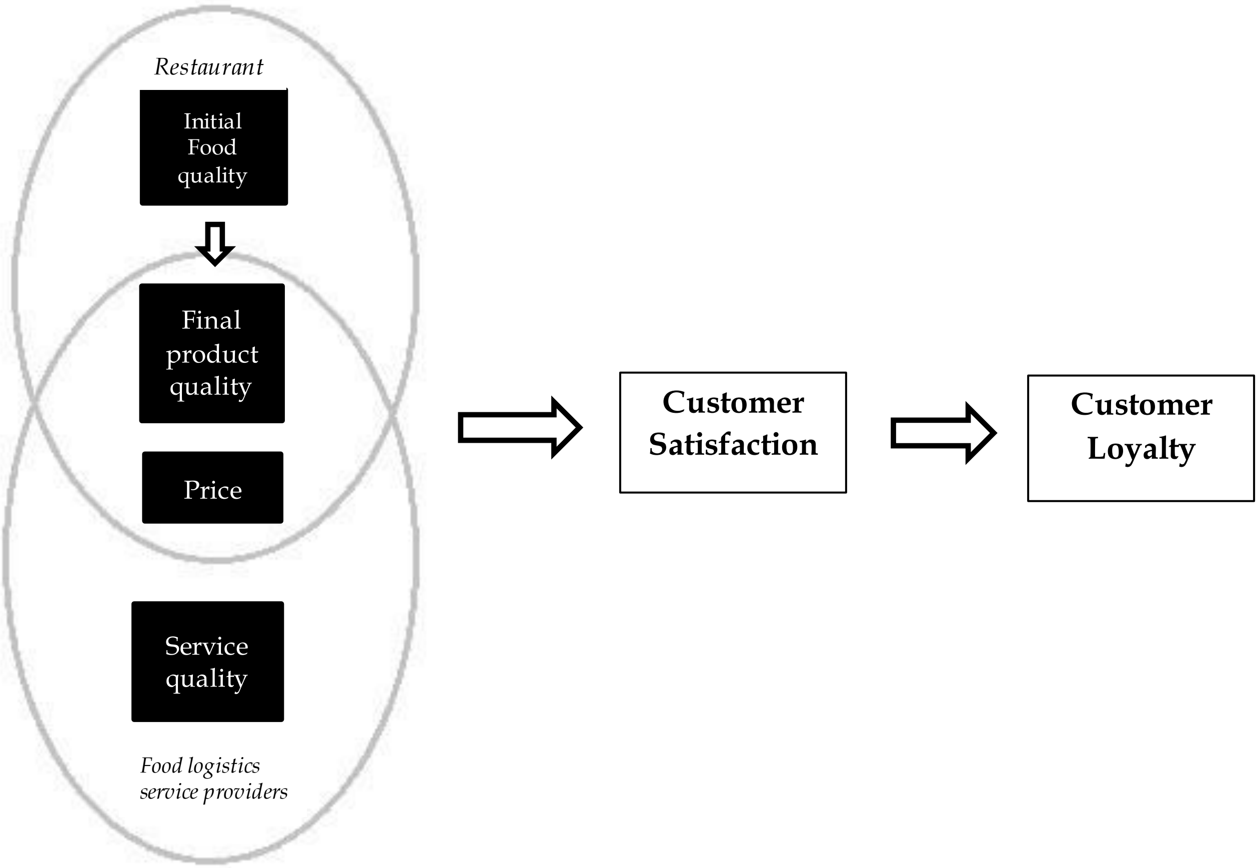


Figure 3, Differences in factors driving customer satisfaction and loyalty in the full service restaurant industry and ordering food online (Source: Author's Elaboration)

As presented in the figure above, besides the proximity of location, other aspects of the competition in the restaurant industry are also affected by this new technology. The restaurant industry is a mixture of a product-service context and service quality is one of the most important variables affecting customer satisfaction in the restaurant industry. The new technology completely disconnects the service of the restaurant from the product therefore causing food quality and price being the only variables that the restaurants can control. This can cause a dilemma for the restaurant owners regarding effective allocation of their resources. As demonstrated in figure 4 below, the partnership with food logistic service providers causes an alteration of importance on the factors driving customer satisfaction in the restaurant industry. Therefore, in case the restaurant has a large part of its revenue and profit coming through the new technology, should the restaurant owner focus the resources of the firm towards this new service? Should in-restaurant service or environment be weakened in order to allocate more resources in food quality and cost-efficiency? These are all dilemmas that will need to be addressed by the restaurant owners in the future due to the forthcoming changes in the industry's structure.

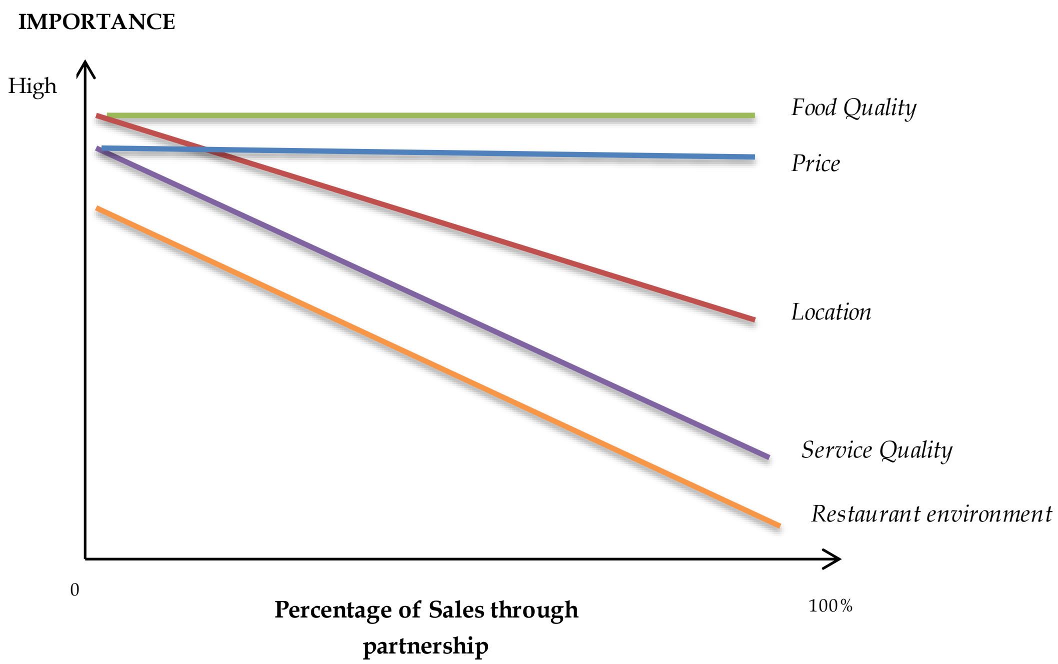


Figure 4, Factors driving customer satisfaction in the restaurant industry and their variation of importance based on the percentage of sales through the partnership (Source: Author's Elaboration)

7. Conclusion and Limitations

The purpose of the study was to examine the effects of the new technology offered by the food logistic service providers in the restaurant industry. More specifically, the study explored how the restaurants have perceived the offered service and how their business model, operations and strategy have been affected. The aforementioned knowledge could only be achieved by understanding the advantages and disadvantages that the restaurant owners and managers recognized in this new innovative technology. Moreover, in order to accomplish a comprehensive approach on the topic and ensure the integrity of the study the author analyzed all the sub-topics of the research by considering the viewpoint of both partnering sides.

Several interesting findings were revealed by analyzing the collected data. The advantages of the new technology could be characterized as the most predictable findings of the study since the main objective of the partnership is quite plain. Both partnering sides agreed on the main benefits that the partnership offers to the restaurant partners with deviation mostly on the underlying reasons of why the partnership is beneficial to them. On the contrary, the analysis of the disadvantages and risks revealed differences between the viewpoints of the partners. This is an interesting topic as it can be an indicator of possible misalignment of incentives between the business partners in the future. Finally, the findings on the business model modifications and strategic planning of the restaurants were revealing. The study confirmed the fact that this new technology has certainly affected most of the restaurants that have chosen to partner with the food logistic service providers, therefore influencing part of the full service restaurant industry.

Although the author has tried to achieve a comprehensive approach on the research topic, the study has its limitations. Lack of earlier literature on the topic restricted the ability of the author to compare the findings and validate further the outcome of the study. The main reason for the literature shortage on the topic is that the phenomenon examined in the study is relatively new. The literature used in the study is based on the restaurant industry, partnerships, business model and strategy as to the knowledge of the author specific literature on the specific research topic doesn't exist.

Another important parameter that should be noticed as a limitation in this study is the strong regional focus. All the interviews were conducted in one specific city, so as it can be understood the regional culture, legislation, competition and numerous other parameters limit the potential of the findings to be generalized. Moreover, although having 15 case firms, 14 restaurants and one food logistic service provider, is fairly adequate for a qualitative study; it is still a restricting factor regarding generalization of the research findings.

Finally, two more parameters should be considered regarding the limitations of the study. The main findings of the research are based on the data collected from interviewing the restaurant owners and the food logistic service provider managers. The viewpoint of both partnering sides on the topic is subjective, as each of them have their own individual goals as firms besides the mutual partnership benefits. This in addition to the position of the author during the research might have unintentionally influenced the quality of the collected data, as some of the answers might have been biased due to specific interests of the interviewed firms.

To sum up the study, as it has been previously mentioned the researched topic is new and still evolving. It has the potential to significantly affect the restaurant industry as it links restaurants in a different way and offers them a new ground to compete in. In order to achieve though deeper understanding on the phenomenon, more diverse research is needed. Methodological and geographical diversity could enhance the academic literature on the field by proving more objective findings.

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