Canadian Journal of Marketing Research
ISSN: 0829-4836
https://canadian-jmr.com/index.php/cjmr

Research Article

Business Model Innovation in Fast Food Enterprises: A Study of Customer Value Creation and Sustainable Growth

Nitin Ramchandra Jadhav[1], Sagar Shivaji Thakare[2] and Dr. Nilesh R. Berad[3]
[1]Research Scholar, MET's Institute of Management, Bhujbal Knowledge City, Nashik
[2]Assistant Professor, MVP's Institute of Management Research & Technology, Nashik
[3]Director, MET's Institute of Management, Bhujbal Knowledge City, Nashik

***Corresponding Author**
Nitin Ramchandra Jadhav

Article History
Received: 25.06.2026
Accepted: 08.07.2026
Published: 27.07.2026

Abstract: Customer is the king of the market. All the business models, practices are centred on customer. There are many changes happening in the fast-food industry because of shifting consumer demands, digitization, sustainability issues, and increased competition in the market. Innovating business models have become a strategic way for fast food firms to provide customer value in a sustainable manner. The present study aims to examine how innovated business models such as digital order, omni channel delivery, customization of customer experience, value-based pricing, and environmental sustainability affect customer satisfaction, loyalty, and overall performance of organizations. Based on contemporary value creation theories and business sustainability, the study analyses how technology and innovation can be integrated into operations to gain competitive advantage. It becomes clear from the study that through innovations and sustainability-oriented business models, firms are better positioned to add value for customers and perform operationally.

Keywords: Business Model Innovation; Fast Food Industry; Customer Value Creation; Sustainable Growth; Digital Transformation; Consumer Experience; Competitive Advantage.

Copyright @ 2026: This is an open-access article distributed under the terms of the Creative Commons Attribution license which permits unrestricted use, distribution, and reproduction in any medium for non-commercial use (NonCommercial, or CC-BY-NC) provided the original author and source are credited.

INTRODUCTION

Food is the first need of human beings. Indeed, the global fast-food industry has experienced notable changes over the last decade due to technological advancements, changes in consumer lifestyles, urbanization, and growing needs for convenience and customized services. Contemporary consumers are concerned about quality foods at reasonable prices, as well as convenient ordering processes, quick deliveries, accountability, and eco-friendly operations. These shifting demands have forced the companies to adopt innovative approaches in addition to conventional approaches for remaining competitive. In particular, business model innovation (BMI) has become a critical strategy for creating value and responding to market uncertainties. Indeed, through business model innovation, businesses can redesign their value propositions, customer interactions, operational processes, revenue streams, and networks. Consequently, the fast-food companies are using advanced information systems and platform technologies alongside customer innovations in order to develop strong positions in the market and foster future growth. This illustrates how BMI innovation is a crucial factor behind sustainability and competitiveness (Foss & Saebi, 2017). The process of creating customer value is still at the core of sustainability for fast food enterprises since customer satisfaction has a great impact on repeat business, customer loyalty and profit. In contemporary times, customers measure value in terms of price, quality of the products, but also convenience, personalization, speed of service, technology use, hygiene and corporate ethics. That is why enterprises are moving from production-focused approaches to those based on the process of customer value creation and customer experience management. Mobile applications, loyalty programs, recommendation systems based on artificial intelligence, contactless payments and omnichannel communications are now the essential parts of the process of customer value creation. It increases customer engagement and simultaneously improves efficiency and agility of organizations. With growing competition, companies that innovate their value creation processes constantly have more chances to become market leaders and maintain sustainable relations with customers (Liu et al., 2024). Innovation of technologies had changed business models of enterprises operating in the field of fast food business since it helped them to optimize operations, improve decision-making and create better customer experience. The application of artificial intelligence, cloud computing, Internet of Things, predictive analytics, robotics, and digital payment systems has completely transformed the process of inventory management, demand forecasting, kitchen automation, and coordination in the supply chain process (Gaikwad, 2024). Additionally, online food aggregators and cloud kitchens have disrupted the traditional business model of restaurants by minimizing costs incurred on infrastructure and broadening the customer base. Technology together with the innovative business model is essential in allowing firms to quickly adapt to changes in consumer demands and competitive environments. In essence, the business intelligence that emanates from technology allows firms to tailor their marketing approaches, pricing schemes, and service delivery in order to enhance customer satisfaction and firm performance (Schroedel, 2024).

Sustainability has been found to be an integral part of business model innovation in fast food firms. It has become mandatory for the governments, stakeholders and environmentally sensitive customers to ensure that businesses cut down on carbon footprint, decrease food waste, adopt recyclable packaging and ensure sustainable procurement along the supply chain. Therefore, many fast food firms are reconfiguring their business models by incorporating environmental, social and economic goals at the same time. Sustainable business model innovation improves the reputation of firms as well as helps build trust among customers and stakeholders. Green operations, circular economy activities, renewable energy use and sustainable procurement processes have become key value-adding components in highly competitive food industries. Such examples prove that sustainability is not seen as corporate social responsibility anymore, but as a strategy of creating shared value and resilient organization growth (Guzmán Valle et al., 2024). While there have been increased academic efforts in terms of studying business model innovation and sustainability, there has been scarce empirical literature which has analyzed the impacts of innovative business models on customer value creation and sustainable growth in fast food firms amid rapidly changing digital business environments. The existing studies often investigate digital transformation, sustainability, or customer satisfaction independently, leaving considerable scope for integrated research that connects these strategic dimensions. The present study addresses this gap by examining the interrelationship between business model innovation, customer value creation, and sustainable organizational growth in the fast food industry. The findings are expected to contribute to business model theory while providing practical guidance for entrepreneurs, managers, and policymakers seeking to develop resilient, customer-oriented, and sustainability-driven fast food enterprises capable of responding effectively to future market challenges (Martin-Rios, 2024).

Background of Study

The fast food sector has undergone considerable transformation over the last decade due to the changes in technology, customers' preferences, and increased competition in this sector. The traditional business models of the quick service restaurants that focused mostly on the standardized menus and physical restaurants are being substituted by the digitally integrated business models such as mobile apps, self-ordering kiosks, cloud kitchens, artificial intelligence, and online deliveries. This demonstrates the transformation from product-based to customer-based value creation where companies constantly innovate their value proposition to stay competitive. As a result, business model innovation became one of the strategic capabilities that helps to change the value creation, value delivery, and value capturing approaches for improving the performance of an organization (Menter et al., 2023). The focus on the customer experience increased the innovation pace in fast food companies. The modern consumer seeks convenient, personalized, fast, digitalized, transparent, and seamless interaction during the whole purchase process. As a result, companies are making significant investments in Omni-channel platforms, digital loyalty programs, predictive analytics, AI-driven recommendation engines, and contactless payment technology in order to build strong customer relationships and deliver high-quality services. Not only does this ensure increased customer satisfaction, but this also improves the operational efficiency by managing inventory better, demand forecasting, and resource allocation. As customer expectations keep changing, it has now become crucial for companies to innovate their business models to offer greater customer value (Daradkeh et al., 2023).

Sustainability has emerged yet another significant catalyst that has led to the innovation of new business models for businesses operating within the fast food industry. The increasing environmental issues, the strict regulatory framework, and the heightened awareness of consumers have compelled businesses to adopt business models that encompass the concepts of circular economy, waste management, sustainable packaging, energy efficiency, and sustainable supply chain. In this way, businesses are able to achieve improvement in both economic performance and reduction in environmental footprint and also build trust among stakeholders. It is not considered as a regulatory obligation but as an opportunity (Martin-Rios, 2025). Recent developments in restaurant management also demonstrate that open innovation and collaborative ecosystems significantly contribute to sustainable business model innovation. Fast food enterprises increasingly collaborate with technology providers, delivery platforms, suppliers, and digital service partners to develop innovative customer experiences and improve operational flexibility (Bhanot & Gaikwad, 2025). Such collaborations facilitate continuous business model adaptation by integrating external knowledge, technological capabilities, and customer insights into organizational decision-making. This collaborative approach enables restaurants to respond effectively to changing market conditions while maintaining long-term sustainability and customer loyalty (Yun et al., 2025). The present study aims to bridge this research gap by examining how innovative business models enhance customer value while simultaneously supporting sustainable organizational growth. The findings are expected to provide theoretical contributions to business model innovation literature and practical guidance for managers seeking to build resilient, customer-oriented, and sustainability-driven fast food enterprises. (Huang & Ichikohji, 2023).

Rationale of Study

The fast-food industry is undergoing unprecedented change owing to new technologies, shifting consumer lifestyles, and sustainability expectations. Whereas competitive strategies used in the past were mainly centered around cost-effectiveness and product standardization, modern businesses are increasingly embracing innovative business models that utilize technology and focus on customers and sustainability (Gaikwad, 2014). With mobile ordering, AI-powered personalization, cloud kitchens, omni-channel delivery systems, and business ecosystems based on platforms becoming a reality, how organizations create value has changed significantly. However, despite all the progress that has been made, most fast-food businesses still find it difficult to reconcile their customer expectations with operational efficiency and sustainability. Understanding how innovations in business models can help organizations create value for their customers is therefore critical (Wirtz & Daiser, 2018). In addition to food quality and food price, customer expectations have gone beyond traditional criteria in terms of food quality and affordability to include aspects such as convenience, digitalization, personalization, eco-friendliness, and ethical business practices. Therefore, fast food companies are now rethinking their business models in order to foster customer engagement and organizational effectiveness. While there exists abundant literature on digitalization, customer satisfaction, and sustainability, individually, empirical insights that explain the impact of these strategic dimensions together on sustainable growth via business model innovation within the fast-food industry are limited. Filling this gap is essential since an integrated approach may help managers to devise innovative business models that create customer value, competitive advantage, and sustainability. The current study tries to shed light on the link between business model innovation, customer value creation, and sustainable growth of fast food firms (Sjödin, Parida, Kohtamäki, & Wincent, 2020).

Objectives of Study

- To examine the influence of business model innovation on customer value creation in fast food enterprises
- To analyze the role of digital technologies and innovative business practices in improving customer experience and operational performance
- To investigate the relationship between business model innovation and sustainable growth in the fast food industry
- To evaluate the contribution of customer-centric and sustainability-oriented business models toward enhancing competitive advantage and long-term organizational success
- To propose strategic recommendations for fast food enterprises to strengthen customer value creation through innovative and sustainable business model practices

REVIEW OF LITERATURE

Innovation of business model (BMI) has been established as an important area of academic investigation since BMI facilitates creating, delivering, and capturing value in highly dynamic business landscapes. Instead of concentrating only on innovation in products or processes, BMI involves rethinking organization's operations, customer relationship management, revenue models, and strategic collaborations. The findings show that the firms utilizing innovative business models have increased flexibility, organizational effectiveness, and competitiveness. The article continues by discussing how ongoing business model experimentation helps organizations cope with disruptions in the market (Bashir & Verma, 2019).

The relationship between innovation in business models and customer value creation has been extensively researched in the context of service industries such as food and hospitality businesses. Modern consumers want to derive value from convenience, customization, ease of access, speed, and experience rather than just lower costs. Research has shown that companies which use digital technology, Omni channel services, customer analytics, and personalized approaches manage to increase customer satisfaction and loyalty. The customer-oriented business model helps in building value through matching of organizational competencies with changing consumer needs (Matarazzo et al., 2021).

The digital transformation has turned out to be one of the most effective means of enabling business model innovation in fast food companies. Introduction of artificial intelligence, cloud computing, mobile apps, Internet of Things, digital payments, and predictive analytics has helped change the operations of these businesses and their engagement with customers. According to research, technology-supported business models increase service efficiency, improve supply chain management, lower costs, and enable data-based decision making. Such technology capabilities give the fast food companies the possibility to provide customized services as well as become more agile and resilient (Verhoef et al., 2021).

It has been noted that sustainable innovation in the business model has been gaining much significance since the environmental issues and stakeholder pressure play an important role in the business strategies. As per the recent researches, it has been observed that sustainable business models take into account the environmental, economic, and social goals through the process of responsible sourcing, circular economy, reduction of wastes, energy efficiency, and eco-packaging.

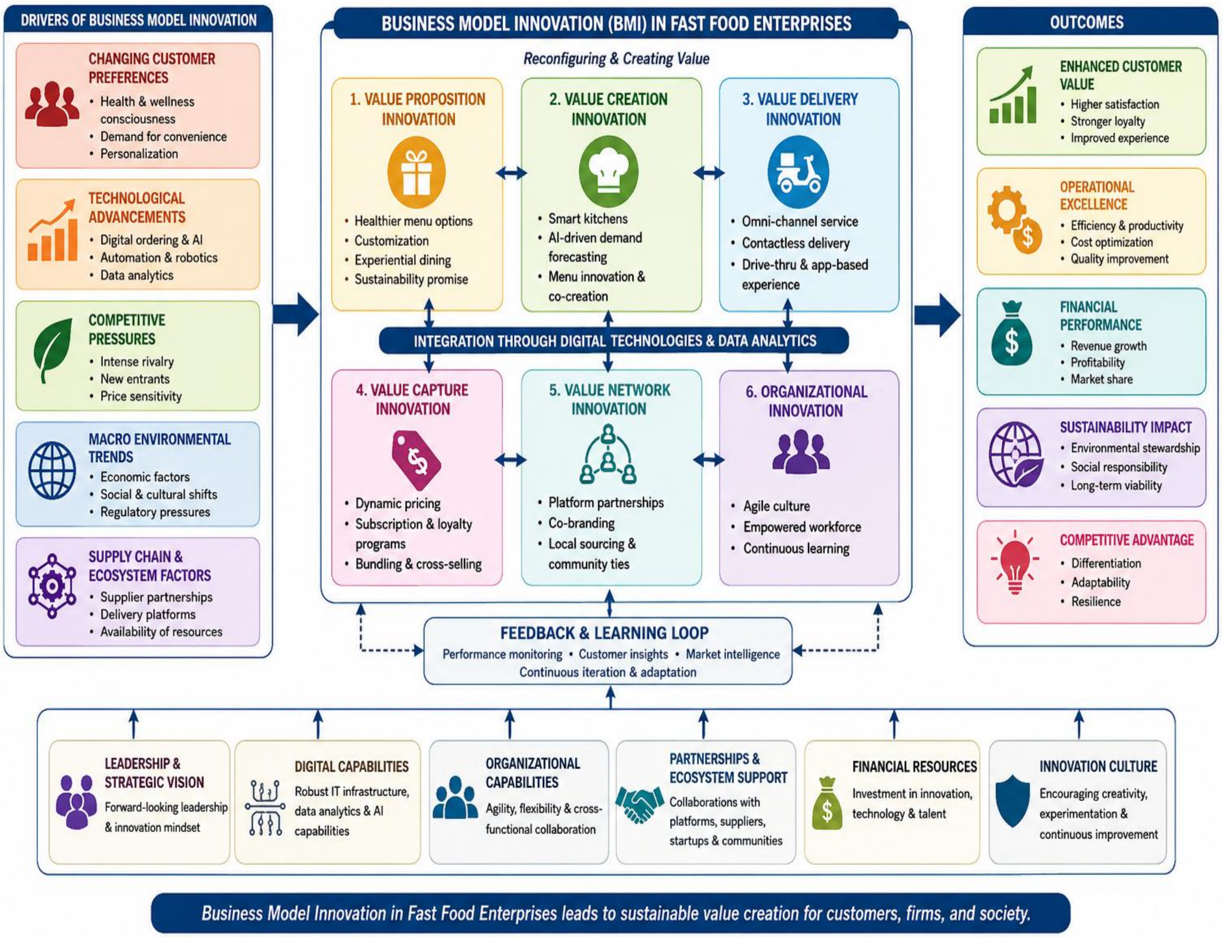
This not only helps in improving the environmental performance, but also assists in maintaining the good reputation of the firm (Bocken & Geradts, 2020).

Though there have been independent studies in the fields of business model innovation, digital transformation, value creation for customers, and sustainability individually, there is scant literature that has analyzed the combined effect of these aspects in fast food organizations. In the extant literature, there has been an emphasis on the manufacturing industry and generic service organizations; however, there is much room left for empirical research in the field of fast-food industry. There are not many studies that explore the relationship of how business model innovation creates customer value and sustainable growth in an organization (Clauss et al., 2022).

Discussion and Analysis

The concept of business model innovation is now becoming an important strategic tool for the fast food industry to sustain its competitiveness in the highly dynamic environment. According to the literature, firms that employ innovative business models perform better at adopting digital technologies, streamlining their operational processes, and reacting quickly to changes in consumer behavior. The use of digital ordering systems, cloud kitchens, AI-powered customer analytics, subscription services, and omnichannel deliveries has helped convert traditional fast food business models into customer-focused service systems. Business model innovation creates organizational agility through reduced cost of operation, increased speed of service, and better customer engagement (Ritter & Pedersen, 2020).

Table 1: Conceptual Framework on Business Model Innovation in Fast Food Enterprises



It is evident from the conceptual framework that there are several external forces such as customer preference, technological change, competition, environmental factors, and supply chain changes which result in business model innovation within fast food firms. Such drivers lead to innovation along six related dimensions which are value proposition, value creation, value delivery, value capture, value network, and organizational innovation, thus leading to redefinition of value creation, delivery, and maintenance processes within fast food firms. It is important to recognize that digital technology, artificial intelligence, automation, and analytics tools act as the core enablers in the process of innovation. At the same time, leadership support, digital capability, organizational agility, strategic partnership, investment in innovation, and innovation culture act as critical organizational supports. Finally, continuous feedback and learning loop help in performance monitoring, customer insight building, and adaptation, thus making organizations responsive towards market changes. Overall, innovation mechanism enhances customer satisfaction, operational efficiency, financial performance, sustainability, and competitive advantage.

In recent times, customers have started assessing fast food companies based on their level of convenience, personalization, digital connectivity, service quality, sustainability, and customer experience in addition to the pricing of their products. Through innovation in business models, companies are able to leverage customer data, AI, predictive modeling, and loyalty programs in order to offer personalized products and purchase experiences. Such innovations increase customer trust, satisfaction, repurchase, and customer loyalty in the long run (Paiola & Gebauer, 2020). Furthermore, the insights also reveal that the sustainable growth of fast-food firms can be achieved through integration of environmental sustainability with technological and management innovations. Many firms now adopt such sustainability principles as recyclable packaging, food waste reduction, energy from renewable sources usage, responsible sourcing, and circular economy within their models while remaining operationally effective and profitable at the same time. Sustainability innovations not only increase the positive reputation of firms but also build stronger stakeholder relationships, regulatory compliance, and sustainability of organizational operations. Fast food firms that implement innovations in both digital sphere, customer value creation and business sustainability will most probably attain sustained competitive advantage and sustainable growth (Geissdoerfer, Vladimirova, & Evans, 2018).

FINDINGS OF STUDY

This paper reveals that business model innovation is increasingly becoming a core strategic factor in competitiveness of the fast food industry. Organizations that constantly work on the re-designing of value propositions, customer experience models, business processes, and the way revenues are generated are much more likely to react to the dynamics in the markets and changing consumer requirements. Introduction of technologies like mobile apps, cloud kitchens, artificial intelligence, self-service kiosks, and Omni channels delivery platforms has greatly improved the efficiency of business operations and provided the best possible customer experience. Business model innovation goes far beyond the operational benefits and becomes an all-round tool for transformation of organizations.

Consumers in the present day not only consider food quality and cost while making their decision about using particular service provider but also convenience, customization, digital accessibility, speed, transparency, and environmental consciousness. Firms operating with a customer-oriented business model have a greater potential of achieving better results with regard to customer satisfaction, loyalty, repeat purchasing, and brand equity.

As an addition, digital transformation becomes a driving force behind business model innovation in terms of making decisions based on data analysis, predicting demands, marketing tailored to individual customers, and optimizing inventories and interactions with customers. Technologies such as artificial intelligence, big data, cloud technologies, the Internet of Things, and digital payment systems allow organizations to become more flexible and responsive to changes. The above-listed technological capabilities make it possible for fast food companies to optimize their resources.

Another conclusion from the findings is that sustainability has emerged as an essential element of business model innovation in the fast food industry. Those firms which adopt environmentally friendly measures such as recycling of materials used for packaging, reducing food wastage, sourcing responsibility, energy efficient practices, and circular economy would be able to build trust with stakeholders, improve their reputation, and increase their organizational resilience.

According to the study, sustainable growth for fast food enterprises can be attained by integrating innovation in the business models, value creation for customers, digitization, and sustainability. Businesses that can integrate innovations in technology, service design, and sustainability would be well-positioned to enjoy sustained competitive advantage and profitability in the highly dynamic fast-food industry. The study offers useful implications for scholars, practitioners, and policy makers looking to drive innovation-based growth in the fast-food industry.

CONCLUSION

Innovation in the business model has now become a key strategic necessity for fast food firms that are striving to build customer value and gain sustainable growth in the highly competitive environment characterized by technological advancements. In particular, the current research proves that business model innovations are not only concerned with changes in operations but also involve integration of digital transformation, customers' orientation, and sustainability into a single organizational strategy. It is evident that the use of artificial intelligence, mobile applications, cloud kitchens, digital payments, and Omni channel delivery has facilitated service efficiency, customer interaction, and business flexibility. Moreover, the implementation of sustainability-focused practices like responsible sourcing, environmentally friendly packaging, food waste management, and energy-efficient operations has contributed to organizational resilience and confidence of stakeholders. A fast-food firm which constantly innovates its value proposition by catering to the changing demands of the customers will find itself better placed to increase customer satisfaction, loyalty, and competitive advantage. By combining technology and sustainability in business, a business firm is able to increase its performance level and create value in the areas of economics, environment, and society. The contributions of this paper provide further insights into the literature on business model innovation and have practical significance for managers, entrepreneurs, and policy makers. Further research can test the relationships presented in this paper through empirical studies carried out in various geographical locations and restaurant contexts.

REFERENCES:

1. Bashir, M., & Verma, R. (2019). Internal factors and consequences of business model innovation. Management Decision, 57(1), 262–290. https://doi.org/10.1108/MD-11-2016-0784
2. Bhanot, S. & Gaikwad, S.R. (2025). Bridging The Generational Divide: Exploring Communication Preferences, Workplace Behaviour, And Conflict Resolution Between Generation Z And Generation Alpha. Asian And Pacific Economic Review, 18(1). 1071-1082. https://doie.org/10.65985/APER.2025669549
3. Bocken, N. M. P., & Geradts, T. H. J. (2020). Barriers and drivers to sustainable business model innovation: Organization design and dynamic capabilities. Long Range Planning, 53(4), 101950. https://doi.org/10.1016/j.lrp.2019.101950
4. Clauss, T., Breier, M., Kraus, S., Durst, S., & Mahto, R. V. (2022). Temporary business model innovation and firm performance: Lessons from crisis-driven transformation. R&D Management, 52(2), 294–312. https://doi.org/10.1111/radm.12498
5. Daradkeh, F. M., Hassan, T. H., Palei, T., Helal, M. Y., Mabrouk, S., Saleh, M. I., Salem, A. E., & Elshawarbi, N. N. (2023). Enhancing digital presence for maximizing customer value in fast-food restaurants. Sustainability, 15(7), 5690. https://doi.org/10.3390/su15075690
6. Foss, N. J., & Saebi, T. (2017). Fifteen years of research on business model innovation: How far have we come, and where should we go? Journal of Management, 43(1), 200–227. https://doi.org/10.1177/0149206316675927
7. Gaikwad, S. R. (2024). Role of artificial intelligence in smart manufacturing of automobile industry in India. AIP Conference Proceedings, 3178(1), 070012. https://doi.org/10.1063/5.0229368
8. Gaikwad, Santosh R. (2014). The Role of Values in Unforeseen Circumstances of Business. IOSR Journal of Business and Management, S1, 49-55. https://scholar.google.com/citations?view_op=view_citation&hl=en&user=KufjkiwAAAAJ&sortby=pubdate&authuser=1&citation_for_view=KufjkiwAAAAJ:2osOgNQ5qMEC
9. Geissdoerfer, M., Vladimirova, D., & Evans, S. (2018). Sustainable business model innovation: A review. Journal of Cleaner Production, 198, 401–416. https://doi.org/10.1016/j.jclepro.2018.06.240
10. Guzmán Valle, M. d. l. Á., Arbulú Ballesteros, M. A., Guzmán Valle, C. A., Montes Ninaquispe, J. C., Pantaleón Santa María, A. L., Ruiz Chacón, S. V., Lamadrid Aldana, M., & Castro Muñoz, W. T. (2024). Potential impact of sustainable business practices: Brand equity in fast food and millennials' purchase intentions. Sustainability, 16(9), 3768. https://doi.org/10.3390/su16093768
11. Huang, W., & Ichikohji, T. (2023). A review and analysis of the business model innovation literature. Heliyon, 9(7), e17895. https://doi.org/10.1016/j.heliyon.2023.e17895
12. Liu, X., Sun, Y., Zhou, S., Li, Y., & Zhuang, S. (2024). Research on time-value-oriented business model innovation path in life services enterprises and its impact on customer perceived value. Humanities and Social Sciences Communications, 11, 548. https://doi.org/10.1057/s41599-024-03071-9
13. Martin-Rios, C. (2024). Sustainability transitions in small, entrepreneurial food services through systems innovation. Journal of the International Council for Small Business, 6(1), 99–113. https://doi.org/10.1080/26437015.2024.2396077
14. Martin-Rios, C. (2025). Sustainability transitions in small, entrepreneurial food services through systems innovation. Journal of the International Council for Small Business, 6(1), 99–113. https://doi.org/10.1080/26437015.2024.2396077
15. Matarazzo, M., Penco, L., Profumo, G., & Quaglia, R. (2021). Digital transformation and customer value creation in made-in-Italy SMEs: A dynamic capabilities perspective. Journal of Business Research, 123, 642–656. https://doi.org/10.1016/j.jbusres.2020.10.033
16. Menter, M., Göcke, L., Zeeb, C., & Clauss, T. (2023). Disentangling the complex longitudinal relationships between business model innovation and firm performance. Journal of Business Research, 168, 114229. https://doi.org/10.1016/j.jbusres.2023.114229
17. Paiola, M., & Gebauer, H. (2020). Internet of Things technologies, digital servitization and business model innovation in B2B manufacturing firms. Industrial Marketing Management, 89, 245–264. https://doi.org/10.1016/j.indmarman.2020.03.009
18. Ritter, T., & Pedersen, C. L. (2020). Analyzing the impact of the coronavirus crisis on business models. Industrial Marketing Management, 88, 214–224. https://doi.org/10.1016/j.indmarman.2020.05.014
19. Schroedel, S. (2024). Best business models for the fast-moving consumer goods sector: Patterns for innovation. Sustainability, 16(9), 3787. https://doi.org/10.3390/su16093787
20. Sjödin, D., Parida, V., Kohtamäki, M., & Wincent, J. (2020). An agile co-creation process for digital servitization: A micro-service innovation approach. Journal of Business Research, 112, 478–491. https://doi.org/10.1016/j.jbusres.2020.01.009

21. Verhoef, P. C., Broekhuizen, T., Bart, Y., Bhattacharya, A., Dong, J. Q., Fabian, N., & Haenlein, M. (2021). Digital transformation: A multidisciplinary reflection and research agenda. Journal of Business Research, 122, 889–901. https://doi.org/10.1016/j.jbusres.2019.09.022
22. Wirtz, B. W., & Daiser, P. (2018). Business model innovation: Development, concept and future research directions. Journal of Business Models, 6(1), 40–58. https://doi.org/10.5278/ojs.jbm.v6i1.1621
23. Yun, J. H. J., Zhao, X., Del Gaudio, G., Della Corte, V., & Sadoi, Y. (2025). Leveraging business model innovation through the dynamics of open innovation: A multi-country investigation in the restaurant industry. European Journal of Innovation Management, 28(4), 1342–1365. https://doi.org/10.1108/EJIM-07-2023-0607