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DOI: <https://doi.org/10.32840/2522-4263/2022-1-12>**Rostovtsev Serhii***Candidate of Sciences in Social Communications,
Senior Instructor at the Department of Travel Business
Kharkiv State Academy of Culture***Ростовцев С.С.***кандидат наук із соціальних комунікацій,
старший викладач кафедри туристичного бізнесу
Харківської державної академії культури*

A COMPREHENSIVE APPROACH TO THE IMPLEMENTATION OF STRATEGIC MARKETING IN RESTAURANT BUSINESS

КОМПЛЕКСНИЙ ПІДХІД ДО ВПРОВАДЖЕННЯ СТРАТЕГІЧНОГО МАРКЕТИНГУ У ЗАКЛАДАХ РЕСТОРАННОГО ГОСПОДАРСТВА

ANNOTATION

The article proposes a comprehensive approach to the implementation of strategic marketing in restaurants, the purpose of which is to determine and select the optimal long-term strategies for the business. Most entrepreneurs, working in the restaurant business, focus mainly on operational marketing, which is aimed at short-term solutions. At the same time, the use of particular strategic marketing tools in restaurants is mostly sporadic, which does not have a significant impact on business processes. That is why, speaking of strategic marketing, it is important to offer a systematic approach to its implementation and combine existing tools into a single mechanism, which will lead to a detailed analysis of both internal and external environments of the restaurant and offer as a result a number of options for further development.

Keywords: strategic marketing, restaurant business, marketing tools for restaurants, systematic approach to strategic marketing, restaurant business planning.

АНОТАЦІЯ

В умовах зростаючої конкуренції на ринку ресторанного господарства важливу роль відіграє вміння власників бізнесу бути гнучкими щодо проявів зовнішнього середовища та вчасно приймати оптимальні управлінські рішення. Сьогодні більшість підприємців, що працюють у ресторанному бізнесі, зосереджують увагу переважно на операційному маркетингу, який спрямований на короткострокові рішення. Водночас використання окремих інструментів стратегічного маркетингу носить здебільшого епізодичний характер, що переважно не має суттєвого впливу на бізнес-процеси. Саме тому, говорячи про стратегічний маркетинг, важливо дотримуватися саме системного підходу до його реалізації і поєднувати існуючі інструменти в єдиний механізм, що в результаті сприятиме детальному аналізу як внутрішнього, так і зовнішнього середовища ресторану та дасть змогу запропонувати на основі отриманих даних низку варіантів подальшого розвитку підприємства. У статті пропонується комплексний підхід до впровадження стратегічного маркетингу у закладах ресторанного господарства, метою якого є визначення та вибір оптимальних стратегій для ведення бізнесу у довгостроковому періоді. Зокрема, надано послідовний алгоритм реалізації стратегічного маркетингу у закладах ресторанного господарства, що включає декілька етапів та використання різних інструментів стратегічного маркетингу. Так, застосовуються інструменти аналізу чинників зовнішнього середовища, що впливають на ресторанний бізнес, інструменти для визначення існуючих та потенційних загроз, аналіз поточної діяльності закладів ресторанного господарства, зокрема ефективності їх внутрішніх процесів, тощо. Водночас увагу приділено поєднанню запропонованих інструментів у систему, послідовне дотримання якої забезпечать власників бізнесу значним обсягом даних, на основі яких можна прийма-

ти обґрунтовані рішення. У підсумку орієнтація організації на стратегічний маркетинг може забезпечити їй можливість вибору оптимальних напрямів подальшого розвитку і, як результат, отримати конкурентну перевагу на ринку.

Ключові слова: стратегічний маркетинг, ресторанний бізнес, маркетингові інструменти ресторанів, системний підхід до стратегічного маркетингу, планування ресторанного бізнесу.

Problem statement. The market of restaurant business is traditionally considered to be as one, which has no significant barriers to entry and does not involve significant investment. At the same time, it can provide a quick return on investment and become a good option for start-ups. However, along with the advantages of this business, it is necessary to understand that this leads to significant competition in the market that many restaurant businesses can not stand and as a result they close.

One of the reasons restaurant business may not succeed is the lack of strategic management and planning. Some managers still run their businesses assuming the consistency of external environment, forming their strategy based only on an analysis of internal resources and capabilities of an organization. As the result, it is possible to calculate the production level and stock size but there is no understanding of how the market will react to the new products and services, whether the consumer needs this offer, what are the competitors etc. Another problem is that in companies where strategic management does take place, only a small circle of strategy developers is involved in this process and most decisions are either sporadic or remain only on paper. Thus, it is important to develop a systematic approach to the implementation of strategic marketing in restaurants.

Research publications. The specific features of implementation strategic marketing in the restaurant business are considered in a number of studies of Ukrainian researches. Some works are devoted to the methodological principles of choosing marketing strategies for restaurant business and the mechanism of their implementation (Krakhmalo-

va, Kopachevska, 2017) [1]. In particular, the authors emphasize that achieving high competitive positions of product and technology should be based on the development and implementation of effective marketing enterprise strategy.

The usage of strategic marketing in terms of achieving competitiveness in restaurant business is presented in the article «Strategic marketing in the system of restaurant competitiveness strategic management» (Mikhailova, 2010) [2]. Also, there is a number of studies, devoted to specific tools of strategic marketing and their implementation in restaurant business, such as market penetration strategies (Shtal, 2011) [3] or analysis of restaurant business strategy through the use of SWOT analysis (Lubis, Absah, 2019) [4]. Particular attention should be paid to the case study «Strategic marketing for restaurant business» (Gurhananda, Wanderbori, 2014) [5], where authors describe the ways of determining a current condition of the restaurants and developing new strategies for the company, as well as they give recommendations for better performance of the company.

At the same time, the observation of practical activity in the restaurants shows a lack of comprehensive understanding among managers the strategic marketing principles. Furthermore, the analysis of scientific studies has shown that researchers do not pay enough attention to the features of systematic implementation of strategic marketing tools in restaurant business, which is the key idea of this paper.

The aim of the article. Given the low level of implementation of strategic marketing principles in restaurants on the one hand and its importance for effective and long-term activities on the other hand, the aim of this article is to provide a comprehensive approach to strategic marketing in the restaurant business, which will formulate a systematic vision of strategic analysis among entrepreneurs.

The main material. The general situation on the market shows that the number of goods and services is increasing which leads to higher competition and, as a result, the use of only tactical marketing techniques is ineffective. Achieving strong positions on the market demands the strategic vision from businesses, but this approach is not traditionally widespread, especially in restaurant business. Another common problem is that many business persons are aware of most popular strategic marketing tools but their separate use does not provide much sense unless it is systematically implemented.

By strategic marketing, which is sometimes confused with marketing strategy, we understand a long-term planning process, the purpose of which is to develop marketing activities that allow a company to achieve its business goals by creating products with high consumer value. Unlike operational marketing, in which all plans are built for a short period of time (mostly for 1 year), the planning period in strategic market-

ing is 3-5 years or more, during which companies follow an action program aimed at business goals as planned.

Talking about comprehensive approach to the implementation of strategic marketing in restaurant business, the process of developing a long-term strategy should include several stages, during which the manager responsible for marketing in the organization receives and analyzes data, on the basis of which management decisions will be made in the future.

The first stage includes defining a general business concept – the mission of the restaurant, which reflects the reason for the existence of this organization, its philosophy and corporate culture. In the future, based on the mission statement, it will be possible to develop other marketing characteristics. Being the reason of why the restaurant exists, the mission statement is as well a core message that guides and influences marketing strategy. It reminds founders of the reason they started business; integrates all the processes in the restaurant into one overarching message; communicates what is this business about and how it differs from competitors; helps to attract talents to the business, etc. The examples of restaurants' mission statements may be as follows: “We prepare and serve high quality, simple food, at a great value, in a home-like environment.”; “To provide our guests with a comfortable, quality, and satisfying dining experience using local, seasonal ingredients in classic dishes paired with select wine.”; “To create an environment where absolute guest satisfaction is our highest priority.”; “To provide the highest quality product at the lowest possible price, the best consumer experience in the industry, and respect for our employees, business partners, and community” and others [6]. Therefore, mission statement becomes a background for future strategic marketing of the restaurant, as well as a vital element of restaurant's brand and a part of advertisement message.

The second stage of strategic marketing process involves the audit of business marketing state. The audit process examines both the internal environment of the company and the external one. As a result, it provides a clear, objective view of the business state, its current and prospective customers, restaurant business trends, and restaurant's position in the marketplace.

First of all, it is advisable to conduct a PEST analysis, which covers political, economic, socio-cultural and technological factors which may affect restaurant business. It is necessary to take into account not only the actual state of these factors, but also to predict their possible changes for next several years. That is why it is important to attract industry experts or company staff with great experience to participate in the PEST analysis. Possible factors for analysis are presented in Table 1, but their number and nature will vary for each individual restaurant depending on various factors.

Table 1

An example of PEST analysis for restaurant business

Political factors	Economic factors
1. Current legislation in the food service industry; 2. State support for small business; 3. Tax law; 4. Trading policies.	1. Increasing competition in the food service industry; 2. Financially reliable demand; 3. An increase of investment deposits in restaurant business; 4. Exchange rate dynamics; 5. The existence of a regular customer; 6. Employment rates.
Socio-cultural factors	Technological factors
1. Lifestyle trends; 2. Lack of qualified specialists; 3. Consumer preferences; 4. Advertising and public relations; 5. Customer requirements for product quality and service level.	1. Information and communication; 2. Access to technology, licensing, patents; 3. Development of technologies in restaurant business. 4. The emergence of new equipment and inventory.

Source: author's development

After determining the factors, it is expected that experts will assess their significance and further rank them, based on the results of which the most influential ones for business will be selected, and become the base for the strategy development.

Another vital element of restaurant business audit is the defining of competitors. At this point, it is important for company to understand the principles of Porter's five forces method, which shows the aspects that affect performance of a company [7].

Talking about external factors influencing the competitiveness of restaurant business, we can distinguish:

- geographical location of the restaurant (the territory on which it is located, which determines the level of business activity of the population and, consequently, the intensity of access to the restaurant);
 - material, technical and economic potential (production base, level of applied technologies);
 - the level of socio-economic development of the territory;
 - intellectual and scientific potential, existing human resource, innovative activity, business climate, social and political stability, social well-being of society, quality and standard of living of the population of the region;
 - the level of development of market infrastructure, the balance and dynamism of the structure of the economy, the rating and investment attractiveness of the region, the quality and level of partnership between government and business;
 - development of the sanatorium-resort sphere, cultural and leisure centers.

As for internal factors, Porter called them: "barriers to entry, threat of substitutes, bargaining power of buyers and sellers, and the rivalry among existing competitors. The threat of substitute good for restaurant may arise because of usually close location to each other with similar services. Adding some new services or providing new marketing campaigns may led to crisis for the competitors. At the same time, as competi-

tors for restaurants we can consider convenience stores, grocery stores and other institutions that serve food.

Client oriented approach in the restaurants leads to bargaining power of buyers. Customer requirements to the quality of restaurant products and services have increased significantly, which means they want achieve values for their money. Providing additional values, for example such as reduced price for online-purchases, may provide some competitive ability, but still such bargaining power of customers remains a threat for restaurant business.

Rivalry among existing competitors arises due to different factors: changes in customers' behavior, increasing prices for products and services, rising costs. Most of restaurants are distinguished by type of kitchen, menu, food quality, variety of additional services, standards of enterprise as well as values aimed at corporate culture, and created atmosphere, which affects the overall customer experience. An online-presence is another competitive tool for restaurants, which helps customers to easily identify business at their location as well as be acquainted with menu and prices just using the internet. However, building a competitive business demands a lot of efforts. The main requirement for restaurants nowadays is high-quality service and food, which may be achieved only due to staff skills and commitment.

Another factor by Michael Porter is a barrier of entry. Here it is worth to mention the initial cost of investments, which are needed for equipment and intensive marketing. As well, restaurants are needed experience, especially at the starting stage of business. Human resources are important for providing values to customers, but even if restaurants manage to find trained and experienced staff, there is still a risk that employees will leave to work for a competitor.

The last force involves the bargaining power of suppliers. The products of low availability or the lack of suppliers may affect the rise of prices. However, in big city it is possible to talk about high competition between suppliers, so restau-

rants may easily switch over other vendors, looking for more advantageous conditions. The bargaining power of suppliers may appear if there is some specific product, which is difficult to find on the market, or due the supplier's brand which may be used by restaurants in their marketing campaigns for attracting customers.

In addition to the above-mentioned tools, the process of business audit may also include some other techniques, which may help to analyze the state of restaurant enterprise. Thus, an ABC-analysis (Activity-Based Costing) may be applied in restaurants for several reasons. First of all – for establishing product prices, considering not only the price of used products adding some mark-on percentage, but also taking into account operating expenses of restaurant. Second, an ABC-analysis may be used for examining all the Front of house and Back of house activities of the restaurant, such as cleaning, cooking, administrating, communicating, serving etc. in the context of comparing their prices and values they add to a business. Third, ABC-analysis may help with optimizing menu, showing of how valuable a particular dish is in terms of number of sales, the proceeds and the marginal profit.

Another valuable tool for restaurant's audit is benchmarking which may be defined as a process of evaluating a company's products, services, policies, strategies, etc., against an industry standard. That means that restaurant can compare its own performance indicators such as Food cost percentage, Labor cost percentage, EBITDAR percentage, Employee benefits, First-time visitor return rate etc., against the average industry statistics.

It is important to note, that suggested tools are not an exhausted list of techniques for providing business analysis but they may serve as a basis of such. In general, it should be understood that the second stage involves a comprehensive analysis of both internal and external environment of the enterprise, including in particular the analysis of customers, using existing tools of strategic marketing.

Based on the collected data, the third stage is possible, at which a situational analysis

(SWOT-analysis) is carried out. It helps to identify the restaurant's resources and macro-environment opportunities that can be used, as well as identify weaknesses and threats. The analysis takes into account both the presence/absence of a key competency that can become a source of competitive advantage for the company, and critical success factors. A SWOT-analysis helps to analyze the restaurant's position both at the moment and in the likely future, as well as identify strategic gaps in business processes.

The results of the analysis obtained at the previous stages should become the basis for the brainstorming of SWOT-analysis elements, which will ensure the validity of the decisions. An example of SWOT-analysis is presented in Table 2.

In terms of suggested comprehensive approach to strategic marketing implementation in restaurant business, SWOT analysis serves not as an isolated tool, which is usually recommended managers to be conducted with unclear purpose, but as a summarizing element, which allows to combine previously collected information, and on its basis formulate a number of strategic marketing decisions.

After evaluating each of the elements of the SWOT-analysis table and matching them in different sequences there will be a possibility for restaurant's management to find strategic opportunities for the organization in the long term, which will serve as an alternative to current strategy and may be used in future business processes. At this point such tools as Portfolio analysis and McKinsey matrix, may be suggested, which purpose is to help evaluate alternatives and choose the best ones.

On the final stage the marketing strategy, based on the results of the analysis and the chosen alternative, formulates the main directions of marketing activities: the choice of the target segment, company positioning and brand promotion.

Conclusion. Strategic marketing has traditionally not been one of the priority areas of restaurant businesses, remaining at the level of using separate tools as needed. The attention of entrepreneurs is mainly focused on operational marketing, which is aimed at solving situational prob-

Table 2

An example of SWOT analysis for restaurant business

Strength	Weaknesses
<ol style="list-style-type: none"> 1. Highly enthusiastic team; 2. Good location/centre; 3. Fresh food/tasty; 4. Well qualified cheff; 5. Banquet 	<ol style="list-style-type: none"> 1. Confusing menu; 2. Expensive price with small portion; 3. Loud and packed environment; 4. Long waiting duration; 5. Low efficiency booking system.
Opportunities	Threats
<ol style="list-style-type: none"> 1. Suitable price for everyone; 2. Differentiation in food choice; 3. Opening hours; 4. Healthy food; 5. Loyal customers returning. 	<ol style="list-style-type: none"> 1. Competitors offer delivery and takeaway; 2. Competitors offer cheaper prices; 3. No trust from customers;

Source: author's development

lems. However, the importance of implementing strategic marketing in restaurants should not be underestimated.

This paper focuses specifically on a comprehensive approach to the implementation of strategic marketing activities, offering a consistent algorithm. There are several stages of strategic marketing process, either of which is the basis for the next stage, which in turn leads to the achievement of strategic goals for the restaurant. In particular, the integrated use of various strategic marketing tools will provide the restaurant with a significant amount of relevant information that will make possible to take informed management decisions.

Thus, the proposed approach to the comprehensive implementation of strategic marketing will allow restaurants to develop and implement long-term strategies and choose the best directions for further development.

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