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## COMPETITIVENESS OF RESTAURANT BUSINESS ENTERPRISES: EVALUATION AND WAYS TO IMPROVE

### КОНКУРЕНТОСПРОМОЖНІСТЬ ПІДПРИЄМСТВ РЕСТОРАННОГО БІЗНЕСУ: ОЦІНКА ТА НАПРЯМИ ПІДВИЩЕННЯ

*Nowadays, providing quality service and increasing customer satisfaction are crucial factors for success in a highly competitive market. Therefore, assessing a company's competitive position in the catering industry is crucial for business development. The aim of the study is to develop practical recommendations for improving the competitiveness management of restaurant business enterprises. To achieve this goal, the article solves the following scientific tasks: analysis of the external and internal environment with a view to determining the competitive position and main competitors on the example of a particular restaurant business enterprise; substantiation of the main directions for increasing its level of competitiveness. The article proposes to use the following components to analyze the competitive potential of a restaurant: production, personnel, management, marketing, financial, information and innovation. To determine the competitive status, a scoring assessment was carried out from different positions among competitors in this market segment. The construction of the matrix allowed to choose a strategy of flanking strikes, which involves the implementation through an attack on the weak positions of a competitor. It is proposed to consider the results of the researched restaurant, depending on the type of actions and strategies based on competitive advantages. Further research should include the development of methodological approaches to the formation of competitive strategies based on the identification and development of competitive advantages of restaurant business enterprises.*

**Key words:** competitiveness, competitive advantage, management, competitors, restaurant business, strategy, market.

*У теперішній час надання якісного сервісу та підвищення рівня задоволеності клієнтів є вирішальними факторами успіху на висококонкурентному ринку. Тому оцінка конкурентної позиції компанії в індустрії громадського харчування має вирішальне значення для розвитку бізнесу. Метою роботи є розробка практичних рекомендацій щодо удосконалення управління конкурентоспроможністю підприємств ресторанного бізнесу. Для досягнення поставленої мети вирішуються такі завдання: аналіз зовнішнього та внутрішнього середовища з метою визначення конкурентної позиції та основних конкурентів на прикладі конкретного підприємства ресторанного господарства; обґрунтування основних напрямів підвищення рівня конкурентоспроможності підприємства ресторанного господарства. У статті запропоновано використання наступних складових для проведення аналізу конкурентного потенціалу ресторану: виробнича, кадрова, управлінська, маркетингова, фінансова, інформаційно-інноваційна. Для з'ясування конкурентного стану було проведено бальну оцінку з різних позицій серед конкурентів в даному сегменті ринку. Побудова матриці дозволила обрати стратегію флангових ударів, яка передбачає реалізацію через атаку на слабкі позиції конкурента. Результати діяльності досліджуваного закладу ресторанного господарства запропоновано розглянути залежно від виду дій та стратегій на основі конкурентних переваг. Подальші наукові дослідження мають включати розробку методичних підходів до формування конкурентних стратегій на основі ідентифікації та розвитку конкурентних переваг підприємств ресторанного бізнесу.*

**Ключові слова:** конкурентоспроможність, конкурентна перевага, управління, конкуренти, ресторанний бізнес, стратегія, ринок.

**Problem statement.** The current economic situation is characterized by intensified competition and the interconnection of scientific, technological, and informational-analytical spheres of activity. This indicates that enterprises are faced with the critical issue of ensuring competitiveness. A company's ability to compete in the market directly depends on the competitiveness of its products and services, as well as on the set of economic tools of business activity that affect the outcome of competitive struggle. This provides an opportunity for more systemic companies that adapt quickly to capture a larger market share. In market conditions, enterprises need to carefully monitor and analyze the situation in the external and internal environment in order to maintain a stable position.

**Analysis of recent research and publications.** The essence, methodological foundations, and various aspects of enterprise competitiveness management have been studied in the works of domestic and foreign economists. Researchers R. Durand, M. Khaire [1], focusing on the main directions of research on the formation of market categories and their formation processes, point to the role of the organizational agent and strategic actions in market categories and their formation, which deserve more attention in view of their theoretical and practical significance. Scholars consider competition as a struggle between independent economic entities for limited economic resources [2; 3]. It is an economic process in which evolving firms and business markets interact and are interconnected, competing for the best sales opportunities to satisfy the diverse needs of their clients [4]. The study by T. Vo-Thanh, et al. [5] provides practical recommendations for restaurants on digitizing services to improve customer service quality. Studies by researchers such as N.L. Savytska, G.L. Chmil, N.M. Dzhguthashvili [6], which identified features of customer experience management and conducted a trial of the customer-oriented service system in the hotel and restaurant business, draw attention. The results of the previous review on the competitiveness of organizations are presented in work [7], where it is proposed to apply the principles of the Theory of Constraints (TOC) by Eliyahu Goldratt for strategy formulation. This concept suggests focusing an organization's resources on eliminating constraints (conflicts) that prevent the organization from fully realizing its potential. Research works [8; 9] emphasize that modern business conditions are characterized by increased competitive pressure, a high level of uncertainty, variability, and dynamism of the external environment. Under such circumstances, the successful operation of enterprises depends on their ability to adapt to changes while conquering or maintaining stable competitive positions in the market over a long term [10]. An analysis of published literary sources indicates the necessity for deeper scientific research aimed at enhancing the com-

petitive advantages of enterprises in the restaurant business under current conditions.

**The purpose of the article.** The purpose of this article is to develop practical recommendations for improving the management of competitiveness of enterprises in the restaurant business.

**Presentation of the main material.** The competitiveness of a restaurant enterprise is a relative characteristic based on the comparison of various aspects of the enterprise's activity with competitors and on conducting a systemic analysis of its internal and external environment. Today, the main competitive advantage in the restaurant business is quality service, leading to a higher level of customer satisfaction. Therefore, the competitive position of enterprises in the restaurant industry is very important for business development. Customer satisfaction is the best reflection of a restaurant's future profitability. This motivates scholars and practitioners to deepen scientific research on competitiveness and choose an original approach (strategy) to conduct competitive struggle. A generalized algorithm for evaluating the competitiveness of enterprises is implemented in a certain sequence and can be represented as follows (Figure 1) [3].

The information obtained during the competitive analysis as a result of the research is very important. During the study, both secondary and primary sources of information are analyzed. Secondary sources of information include: internal information of the enterprise, periodicals, and Internet sources. Methods for obtaining primary information: Internet surveys, interviews with experts, modeling. We will analyze the competitive potential of "Nori Sushi Lounge" based on its main components (Table 1).

After analyzing secondary information, the most significant competitors of "Nori Sushi Lounge" were identified (Table 2).

To determine the competitive standing of the restaurant, a scoring assessment was conducted from various positions among competitors in the market segment (1 being the worst score and 10 being the highest).

The competitiveness of hospitality enterprises for individual positions is determined by comparing their scores. To identify strengths and weaknesses, the following parameters were defined (Table 3) and a competitor matrix was provided (Table 4).

The competitiveness rating of "Nori Sushi Lounge" is determined as the sum of scores for all selected key success factors analyzed. By comparing the competitiveness rating of the restaurant under study with the ratings of its competitors "YOUNG", "Sushi Master", "Tako", and "Edelweiss", it can be concluded that the competition among these restaurants is quite intense.

Thus, the absolute competitiveness of "Nori Sushi Lounge" is evaluated at 1 point. Based on the total

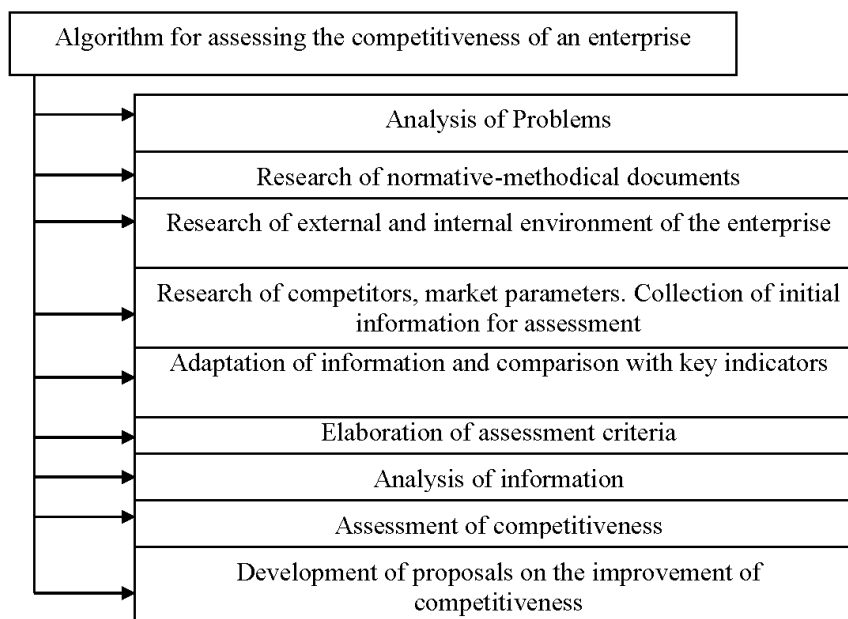


Figure 1. Algorithm for Assessing the Competitiveness of an Enterprise

scores, the main competitor is "Sushi Master," which received the highest rating for service, but the lowest for the assortment of products. Other areas in which "Sushi Master" surpasses its competitors include food and entertainment/event announcements.

The European Foundation for Quality Management (EFQM) model for assessing competitiveness posits that factors such as customer satisfaction, employee satisfaction, and social impact are achieved through policies and strategies that define leadership qualities, peo-

Table 1

**Analysis of the Competitive Potential of "Nori Sushi Lounge"**

Component	Characteristic	Result
Production	Main methods, raw materials, production technologies, menu assortment, logistics.	The restaurant is known for its unique culinary practices and recipes; only high-quality and fresh products are used for cooking; the menu assortment is wide, consisting of a variety of American cuisine dishes for any consumer.
Personnel	Evaluation of qualification, analysis of development programs and training	The restaurant hires only qualified and experienced workers. The restaurant does not have specifically developed training and development programs; certification is carried out according to management requirements.
Management	Evaluation of the efficiency of management processes, including decision-making, planning, organization, and control; analysis of leadership potential and communication system in the company	The restaurant's management has an effective management system with elements of transparent communication. However, there are issues in personnel management.
Marketing	Analysis of marketing, PR campaigns, loyalty programs, and cooperation with partners	The restaurant has deficiencies: it lacks internet advertising (targeted ads, SMM, etc.); due to the absence of a website and mobile app, the restaurant also cannot implement a loyalty program for consumers.
Financial	Evaluation of the restaurant's financial stability, including profitability, asset turnover, and resource needs	The performance indicators of the enterprise indicate profitability and competitiveness in the market.
Informational-Innovative	Evaluation of the use of information technologies and innovative solutions; analysis of the presence of automation systems, online ordering, mobile apps, and other innovative solutions	Information technologies in the restaurant: POSTER; the restaurant does not have a mobile app

Source: developed by the authors

Table 2

**Main Competitors of "Nori Sushi Lounge"**

Competitor's Enterprise Name	Short Description of Activity	Short Description of Product/Service
"Sushi Master"	"Sushi Master" An international restaurant chain found in 39 cities across Ukraine. The company is in a growth phase, has available funds for expanding its activities, and consistently receives consumer requests for opening branches in new cities. Offers affordable prices and free city-wide delivery. A significant advantage of the restaurant is the menu's frequent updates, several times a month, supplemented with chef's specials.	A broad menu of sushi, as well as salads, soups, desserts, and drinks. The "Sushi Master" restaurant chain allows the residents of Ukraine to fully experience the authentic taste of Japanese food and immerse themselves in the mysterious and extravagant culture.
"Tako"	The restaurant specializes in Japanese cuisine: sets for large groups, rolls, sushi, maki, rice, appetizers; there is also a separate menu for vegetarians.	Each set comes with a free "Chuka" salad. Offers free delivery for orders over 500 UAH.
"YOUNG"	A lounge club, hookah bar, and restaurant of Asian cuisine. These three contrasting aspects are combined in a Party-Restaurant.	Vietnamese, Chinese, Thai, and Japanese cuisines, which can be found only in Asia and at "YOUNG". The cocktail menu is a combination of alcohol and several classic dishes in the Eastern tradition. The bar menu also features traditional Asian alcoholic beverages. The restaurant's highlight is the city's largest rum selection.
"Edelweiss"	Hosts celebratory events: banquets, buffets, anniversaries, engagements, weddings, etc. A cozy banquet hall for 100 people.	The restaurant offers dishes prepared in an oven and live music.

Source: developed by the authors

Table 3

**Scoring of the Enterprise's Positions Among Main Competitors**

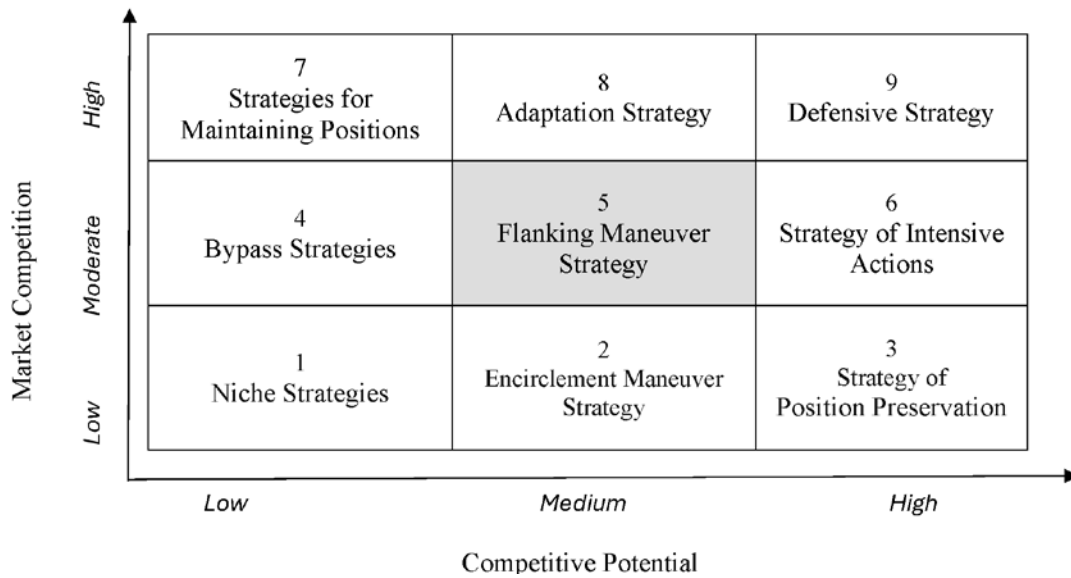
Key Success Factor	Evaluation (0...10)				
	Restaurant "Nori sushi lounge"	"Tako"	"Sushi Master"	Restaurant "Edelweiss"	Club "YOUNG"
Profitability	9	9	9	9	9
Reputation (Image)	7	8	10	7	9
Labor Productivity	7	8	9	9	8
Innovative Potential	5	8	9	8	9
Service Level	5	9	10	9	8
Product Range	7	9	6	8	8
Market Awareness	6	8	7	7	9
Introduction of Innovations	4	6	8	6	6
Staff Training	3	5	10	8	6
Competitive Strength	53	70	78	71	73
Absolute Competitive Strength	1	3	5	3	4

Source: developed by the authors

Table 4

**Matrix of Main Competitors**

	Direct Competitors	Indirect Competitors
Strong Competitors	"Sushi Master"	"YOUNG"
	The competitor is strong as it has a decent image and a large number of potential customers.	The competitor is strong as it attracts customers with club dances and a venue.
Weak Competitors	"TAKO"	"Edelweiss"
	The competitor has recently entered the market and does not yet have its own regular customers. However, it is necessary to monitor its development.	The competitor is not a threat to the future business, as it is an indirect competitor to the establishment.



**Figure 2. Matrix for Selecting a Competitive Strategy**

Source: constructed based on [13]

ple management, resources, and processes. Ultimately, these lead to the formation of competitive advantages in business outcomes [12]. The development of strategies enhances the efficiency of managing the competitive potential at enterprises.

To select a competitive strategy, we propose a matrix where each strategy corresponds to a specific list of actions aimed at enhancing the competitiveness of the enterprise (Figure 2). As evaluation criteria, we will use information about the potential and level of competitiveness of the company [13; 14].

For the restaurant "Nori Sushi Lounge," it is necessary to implement a flanking attack strategy by targeting the competitor's weaknesses – the breadth of the assortment, additional services, and market awareness. The flanking attack strategy is used by enterprises that objectively hold weaker positions than their competitors and lack the resources for a full-scale confrontation [15]. The implementation of strategies based on competitive advantages allows an organization to determine the direction and method of its progression towards goals and to achieve the following results depending on the type of actions and strategies (Table 5).

The process of developing a competitive strategy should be conducted in parallel with a detailed analysis of the key business indicators of the restaurant business enterprise to better understand the real potential for its implementation. Companies must identify the best business model for implementing strategies that create value for customers and other stakeholders. Based on the analysis of the competitiveness of the "Nori Sushi Lounge" restaurant, we propose a series of measures aimed at improving customer service at this establishment (Table 6).

These measures will help improve the quality of service and ensure an increase in the competitiveness of the "Nori Sushi Lounge" restaurant. Quality determines customer satisfaction in the restaurant business and is crucial as it is believed that customer satisfaction leads to repeat visits to the restaurant. The obtained results deepen and develop the contemporary approach to demonstrating key strategic decisions that can provide restaurant businesses with a strong competitive advantage: identifying target consumer groups, developing unique concepts and product assortments, and creating loyalty programs for regular customers.

Table 5

**Matrix of Outcomes Obtained from Different Types of Actions and Strategies**

Types of Actions	Defined Strategy	Undefined Strategy
Effective Actions	Clear strategies and effective actions have led to successes in the past and will ensure success in the future.	The strategies are unclear, but effective actions have led to success in the past, though future success is doubtful.
Ineffective Actions	The strategy is clear, but ineffective actions in the past mean increased competition is expected in the future.	Unclear strategies and ineffective actions have led to failures in the past, and similar outcomes can be expected in the future.



Measures Aimed at Enhancing Customer Service

Evaluation Object	Criteria	Measures
Sales	Utilization of additional services (service). The level of use of progressive methods of selling culinary products	Improvement of the organization of culinary product sales
Price	Diagnosis of competitors' prices. The level of prices, discount systems, and loyalty programs	Continuous market monitoring of competitors' service pricing and maintaining product prices at an appropriate level
Product (Service)	Positioning of the product assortment. Quality of products	Creation of a variety of dishes. Clients are regularly offered new services that are not part of the main business of the restaurant but are intended to increase profits. The presence of standard cooking technologies, freshness of products, food safety

**Conclusions.** The issue of evaluating the competitiveness of an enterprise is complex and challenging, as competitiveness consists of many different elements. However, such an assessment is necessary for the enterprise to carry out a number of measures, such as determining the main directions for creating and manufacturing in-demand products, assessing the sales prospects of

individual types of products, and forming product nomenclature, setting prices for products. Considering the specifics of the functions of restaurant enterprises, further research should include the development of methodological approaches to forming competitive strategies based on the identification and development of competitive advantages.

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