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## MARKETING PREREQUISITES FOR THE DEVELOPMENT OF RESTAURANT ENTERPRISES

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### МАРКЕТИНГОВІ ПЕРЕДУМОВИ РОЗВИТКУ ПІДПРИЄМСТВ РЕСТОРАННОГО ГОСПОДАРСТВА

The author finds that the stability of the enterprises of the restaurant industry in Ukraine is complicated by the variability and uncertainty of the marketing environment. A prerequisite for marketing planning is strategic analysis, in which the political, economic, social and technical factors were assessed. The article reveals that all factors have a relatively similar level of influence on the activities of restaurant enterprises, but the most important were political, legal and social factors. It is substantiated that significant constraints on the development of the market of restaurant services and restaurants are grounded in the poor quality of life of the population of Ukraine, limited solvent demand due to the low level of income of the population, as a result of which there is a small share of expenses for restaurant services in the structure of consumer expenditures. It is proved that possibilities of development of enterprises of restaurant economy are caused by positive dynamics of market development, presence of considerable unrealized potential of restaurant services market.

Автором встановлено, що стабільність діяльності ресторанного бізнесу в Україні ускладнюється мінливістю економічної та соціальної ситуації, що безпосередньо впливає на маркетингове середовище підприємств. Запорукою ефективного формування маркетингового плану виступає стратегічний аналіз, що враховує оцінку соціально-політичних, правових, економічних й технічних факторів. Доведено, що такі фактори чинять вплив приблизно однакового ступеня на функціонування суб'єктів ресторанного господарства. Разом із тим, найчастіше суб'єкти господарювання відчують вплив саме правових, політичних й соціальних факторів. Обґрунтовано, що суттєвими стримуючими факторами розвитку ресторанного бізнесу є високий рівень соціального напруження в Україні, обмежений сукупний попит через низький рівень фінансових можливостей населення, внаслідок чого має місце незначна частка витрат на ресторанный послуги у загальній структурі споживчих витрат. Визначено, що можливості сталого розвитку ресторанного бізнесу обумовлені позитивними зрушеннями економіки держави, наявністю значного стратегічного потенціалу ринку ресторанных послуг.

*Key words: marketing strategy, mechanism, motivation, enterprise, restaurant business, market.*

*Ключові слова: маркетингова стратегія, механізм, мотивація, підприємство, ресторанний бізнес, ринок.*

#### FORMULATION OF THE PROBLEM

The high level of dynamism of the marketing environment, especially macroeconomic destabilization and aggravation of the political situation, require adaptive solutions in enterprise management, including in marketing activities. Its planning becomes more important as it defines the model of market behavior of the enterprise, depending on its capabilities and the state of the marketing environment. It is marketing planning that will allow an enterprise to choose the optimal marketing tools of influence on consumers in the modern conditions, to effectively carry out marketing activity.

Of particular importance is marketing planning in restaurants. The market for restaurant

services is characterized by an intensification of competition, changing consumer preferences, increasing consumer requirements for enterprises and servicing them, intensive pace of development and introduction of innovative technologies, including technologies for making managerial decisions. In these circumstances, activation and planning of marketing activities is one of the key areas for improving the efficiency of the restaurant business. However, current reality is characterized by underestimation of the role and significance of marketing planning in restaurant businesses, due both to lack of experience and insufficient methodological basis for organizing the marketing planning process.

**ANALYSIS OF RECENT RESEARCH AND PUBLICATIONS**

Important theoretical and practical achievements in the field of management and marketing, marketing planning belong to the leading domestic and foreign scientists, including O. Azaryan, R. Akoff, L. Balabanova, A. Dannikov, V. Grosul, S. Ilyashenko, N. Karpenko, F. Kotler, A. Krutov, I. Lilyk, A. Pavlenko, L. Popova, D. Rosenzweig, S. Skibinsky, S. Semeniuk, A. Shubin, J. Traut.

**THE MAIN TASK OF THE ARTICLE**

The purpose of the article is to study current trends and determine the factors of development of the domestic market of restaurant services.

**THE MAIN MATERIAL**

In the process of marketing planning it is necessary to comprehensively explore the marketing environment of the enterprise, using strategic analysis, which involves a variety of techniques, methods, models and mechanisms for the receipt and processing of strategically important information necessary for making marketing decisions. Through strategic analysis, various factors that influence the functioning of an enterprise and the opportunities it can use in planning activities are explored. Sufficiently widely used methods of strategic analysis such as SWOT, PEST, SNW, BCG, GAP, VMOST-analysis, Model-ADL / LC, etc. The method of PEST analysis is chosen to study the factors of the macro-environment of restaurant enterprises, since it covers the four most important groups of factors:

— political, in the process of studying which studies the impact on the company's political climate in the country, current legislation, future changes in legislation, European or international law, government, government policy, state regulation, trade policy, state control of business entities, elections at all levels of power, tax policy;

— economic, at the same time, for the most part, attention is paid to the assessment of the economic situation and its trends, monetary policy, including dynamics of refinancing rate; the level of inflation, the investment climate in the industry, globalization economic processes, the market itself and the trade cycle, solvent demand, the specifics of industry and production, commodity chains and distribution, costs of raw materials, materials, resources, energy, transport, etc.;

— social, which analyzes demographic processes; socio-economic policy, level and quality of life of the population, level and structure of incomes, consumption costs, basic values, trends

of ways and lifestyles, models of behavior of buyers, fashion, major events and factors of influence, opinions and attitudes of consumers, consumer preferences and representations, ethnic and religious factors, changes in the basic values, changes in the style of life, attitude to work and rest, etc.;

— scientific and technical, among which the greatest attention is needed to develop competitive technologies, research funding, related or dependent technologies, substitution technologies, changes in the level and conditions of adaptation of new technologies, access to them, production capacity, level of information and communication, the impact of the Internet, innovative and technological potential of the branch, problems of intellectual property, licensing; patent activity, R & D trends, new patents, new products and services, technology development, etc.

Analyzing the state and adequacy of the regulatory and legal support of the enterprises of the restaurant industry, it was established that in general in Ukraine, the activities of any economic entities, including those investigated, are sufficiently fully and comprehensively regulated by the system of economic legislation, which includes a number of regulatory acts, given according to the significance of the criterion of legal force: the Constitution of Ukraine, the Laws of Ukraine, the Verkhovna Rada of Ukraine, decrees of the President of Ukraine, acts of the Government of Ukraine (Decrees of the Cabinet no ministers of Ukraine, resolutions of the Cabinet of Ministers of Ukraine), departmental regulations, regional normative acts, which are adopted by local self-government bodies in accordance with the powers delegated by the state and the established order; local regulations

The problem is that the main legal documents do not cover all aspects of the activities and directions of the development of restaurants and industry in general, taking into account current trends. Even the state standards in the industry do not solve the issue of restaurants differentiation. We agree with V. Antonova that the lack of well-defined standards for the certification of catering enterprises, as well as the mechanism for determining their status, make the "blurred" regulatory framework of local government agencies when granting licenses to entrepreneurs and attestation of restaurant business objects [1]. And this is just one of the problems that causes the need to improve the legislative and regulatory framework in the sphere of restaurant business.

We have identified the impact of tax policy on the activity of restaurants in the restaurant in-

dustry as quite positive, since today most restaurants in the restaurant sector are small businesses, whose entities use the simplified taxation system introduced since 2012.

Development of the services sector in Ukraine as a whole, and restaurant services, in particular, have not yet been adequately reflected in the State Programs and Strategies, even in the Concept of Development of Domestic Trade, insufficient attention has been paid to defining areas of strategic development of the industry, which is completely unjustified, as the restaurant sector plays an important role in providing economic development. In view of the above, we conclude that there is insufficient state regulation of this type of activity.

Positive impact on the development of the restaurant services sector will be the adoption and implementation of the Ukraine 2020 National Rehabilitation Strategy [2], the main strategic goal of which is the country's exit on the path to sustainable development, with the growth of prosperity and quality of life for all segments of the population [3]. The basis for achieving this goal will be the achievement of macroeconomic stability and the creation of favorable framework conditions for entrepreneurship development; lifting of infrastructure restrictions; cardinal modernization of the economy; improvement of the quality of labor potential with the achievement of the maximum balance between demand and supply of labor resources; creation of an effective innovative system to strengthen the innovative component of development and achievement of the high technological level of the real economy sector, etc.

The political situation in Ukraine remains unstable, which causes a certain level of uncertainty in the further development of restaurant services [3]. The economic growth and stabilization that took place in Ukraine before 2008 had a positive effect on the development of the industry, as evidenced by the growth of the retail turnover of the restaurant industry. With the deterioration of the macroeconomic situation in 2008, the growth rate of retail turnover of the restaurant industry slowed down, if the increase in 2007 was more than 35%, then in 2008 — 24%. And in 2009, along with the deepening of the financial and economic crisis, the retail turnover of the restaurant industry decreased by almost 5%. With the overcoming of the negative effects of the financial and economic crisis and the gradual improvement of the macroeconomic situation, the retail turnover of the restaurant industry in 2016—2017 is increasing. Consequently, current macro-

economic trends have a positive effect on the trends in the activity of restaurants in restaurants [2].

At the same time it should be noted that despite the changes in the macroeconomic situation, the number of objects of the restaurant industry in Ukraine decreases each year. For restaurant business 2009 has become the most difficult. All economic hardships were able to withstand and overcome the strongest enterprises that used a series of crisis measures. Consequently, the priority task of enterprises of the restaurant industry in modern conditions is to counteract the crisis phenomena — to ensure a stable competitive position, and the strategic goal should be to further economic growth [4]. Today, although macroeconomic indicators are improving, but the situation remains unstable, there is a threat of a recurrent financial and economic crisis. In this situation, an adequate and flexible system of marketing planning in restaurants is needed.

Under difficult business conditions, the restaurant business has become perhaps the only type of sustainable economic activity, despite the slowdown in economic development, as evidenced by the fall in GDP growth in Ukraine in 2017 to 101,5% from 107% 2016 In the 1st and 2nd quarter of 2018, the negative dynamics remained, and according to preliminary data, it first decreased by 2,1%, and then by another 1,7%. At the same time, the turnover of restaurant business in Ukraine in the period 2016—2017 is steadily increasing, in 2016—2017, the increase was more than 31%, in the first and second quarter of 2018 the growth rates decreased slightly to 15,8%, as evidenced by on the slowing down of the market for the restaurant industry against the backdrop of slowing down the pace of economic development in Ukraine [3].

This testifies to the strong potential of the development of the sphere of restaurant services in the conditions of economic stabilization, on the one hand, and on the other — the branch is of strategic importance for ensuring acceleration of economic development of Ukraine.

The state and trends of the network of restaurant industry are characterized by the annual reduction of objects of the restaurant industry and their places. In 2017, there were 24723 enterprises in Ukraine, which is by 6,3% less than in 2016 and by more than 40% less than in 2000. As a result of these trends, the restaurant chain will continue to decline. The use of outdated methods and management approaches, underestimating the role of marketing leads to the loss of competitive positions and the closure of enterprises.

It should be noted the changes that took place in the structure of the network of restaurants in Ukraine. The main trend is reflected in an increase in the share of restaurants, it has increased by 3% over 8 years, and the share of canteens, which in 2017 was the largest among all types of institutions and amounted to more than 45%. At the same time, the share of cafes in the structure of restaurant enterprises significantly decreased from 50% in 2005 to 35% in 2017, to wit by almost 10%. Thus, the number of cafes in Ukraine is decreasing at the highest pace, they need to develop proposals and recommendations for marketing planning that, in case of effective implementation of marketing plans and programs, will ensure their development and will allow to increase competitiveness in the market of restaurant services. As a whole, the identified reserve potential of the market of restaurant services allows to positively evaluate the influence of the trends of the network of restaurant industry on the enterprises of the industry. The opening of new enterprises will lead to intensification of competition, but at the same time, in order to maintain competitive positions, institutions will need to look for ways to increase the level and quality of customer service, to improve assortment policy, to use advertising more actively, to introduce marketing innovations, which in the future will lead to qualitative and quantitative positive developments in the industry.

An important component of the economic policy of the state is monetary policy, which greatly affects the state and development opportunities of economic entities. The instability of the national currency negatively affects those enterprises that carry out foreign economic activity. Since the share of imported goods sold in restaurants is low, this factor, despite the volatility and depreciation of the national currency in recent times, has a small negative impact. At the same time, high interest rates on loans significantly limit the availability of restaurants in the restaurant industry to external sources of funding.

In order to accelerate the development of the sphere of restaurant services, activation of investment processes in the industry is extremely important. Investments in fixed assets in the activities of hotels and restaurants, although somewhat increased in recent years, but remains low, 2—2,5%. At the same time, more than 35% of investments in fixed capital make up more than 36%, transport and communication activities are 17%, agriculture is almost 9%, and trade is 7% [5]. Such investment policy does not contribute to accelerating the development of restaurant business in Ukraine.

To some extent, the state and trends of the restaurant industry in Ukraine are affected by agriculture and the food industry. The quality and price of the culinary production of establishments depends on the yield, quality and price of agricultural products. In general, the industry is sufficiently supplied with agricultural raw materials. The tendencies of development of the domestic food industry are influenced positively by the formation of the assortment and offer of culinary products and finished products, which are offered at the restaurants of the restaurant industry. Most of the investigated economic factors have a positive impact on the development of restaurant facilities.

Social factors deserve special attention, since it is the quality of life of the population, income level, demographic processes, and the structure of the population's expenditures that influence the development of the service sector in Ukraine, including restaurant services.

The dynamics of socio-economic indicators testifies to the fact that the standard of living of the population in Ukraine remains low. The income of the population and the average monthly real wage, although growing annually, the level of remuneration in Ukraine remains low. The level of social benefits is also low: pensions, scholarships, grants, etc. One can not but pay attention to the fact that in 2017, about 9% of the population of Ukraine, and this more than 3 million people received income per month, below the subsistence minimum. All this greatly limits the solvent demand of domestic consumers. The low level of income is due to the fact that their significant share, more than 50%, the population spends on the purchase of food products, about 35% — on non-food products, and more than 15% — on utilities. Of the 10% remaining after the most important consumer spending, it is used to pay for other services: transport, communications, medical, educational, leisure, as well as hotel and restaurant services. The low level of population spending on restaurant services is mainly due to low income and low living standards of a significant proportion of Ukrainian population. In general, in this period, the services of the population of Ukraine spends more than 16% of consumer spending, therefore, the share of expenses for restaurant services enterprises remains rather low, which stipulates the need to intensify measures to stimulate demand and promote services in restaurants. The situation is also aggravated by the rather high unemployment rate, which during the financial and economic crisis increased to 9%. Due to a decrease in the

population of Ukraine, the trends of aging of the population in the coming years will lead to a high probability of decreasing the number of potential visitors of restaurants.

In addition, with the development of a market economy after the collapse of the command and administrative system in Ukraine, there was a significant differentiation of consumer consumption practices and behavior under the influence of economic, social and cultural factors. As a result of these tendencies formed certain social classes, groups of consumers with different lifestyles. Domestic scientists are investigating different consumer strategies: conformist consumption is due to joining the majority, the desire to follow the fashion; demonstrative consumption, which is primarily expressed in the purchase of the most expensive goods and services; habitual consumption, which is the result of a long life within certain status positions and which leads to the formation of certain preferences and habits [6].

For conformists in the area of restaurant services formed segments of establishments of different national cuisines, the most popular and fashionable among which are restaurants of Japanese cuisine, Chinese, Italian, etc.; elite restaurants work for the status visitors; For traditional consumers, there are classical cafes, bars, restaurants. One can conclude that the presence of different social groups and the formation of different lifestyles in Ukraine has a positive effect on the development of the market for restaurant services and restaurant facilities. Their success in the differentiation of consumption styles depends on the chosen market segment and the compliance of the proposed services with the expectations, preferences, desires of the target consumers.

Marketers pay more attention to the study of behavioral changes of consumers of different age groups, at different stages of the life cycle of the family. For example, taking into account the needs of couples with children in restaurants, they offer additional services: children's animation, children's playgrounds open, children's holidays. On the basis of identifying the specifics of consumer behavior, specific goods and services are offered; marketing plans are being developed and adjusted.

The analysis shows that there is a sufficiently strong negative impact of socio-economic factors on the development of catering establishments, which necessitates research and identification of preferences and preferences of consumers in the process of visiting restaurants, segmentation on this basis of consumers and the offer of each of the segments the appropriate level of restaurant

services. At the same time, the changes in lifestyles, the formation of certain social groups, and the peculiarities of consumer behavior of different age groups affect the development of the restaurant industry institutions, which necessitates the development and introduction of new types of services in restaurants. Consequently, social factors have a negative impact and constitute certain threats to the restaurant industry.

Among the scientific and technical factors as the most important experts estimated the introduction of innovative technologies in the restaurant industry. Indeed, it is those institutions restaurant industry, which regularly conducted research and implemented innovative technology of cooking products, offer innovative services, updated equipment, more competitive. It also improves the image of the institution, its prestige, and increases financial and economic performance.

One of the determinants of the success of restaurant industry institutions is the fairly high status of the material and technical base of the industry. On the decision to visit the restaurant business establishments have a significant impact the appearance of the institution, its design, which greatly depends on where the building is a facility as it looks. Secondly, consumers pay attention to the interior design of the hall, furniture, utensils, etc. Visitors also appreciate the lighting, the color and the treatment of walls, ceilings, floors, which in aggregate affects the feeling of comfort. The more modern and new material and technical base of the institution, the more positive impression will be generated by consumers at the restaurant visitors. Availability, diversity and adequacy in the modern conditions of the necessary components of the material and technical base in the field of restaurant services determine the possibilities of its development and updating.

In the third place, according to the level of influence on the activities of restaurant industry facilities is a factor such as innovation processes. Today, Ukraine creates the necessary conditions and stimulates innovation. In the draft strategy of innovative development of Ukraine for 2010—2020 in terms of globalization challenges mentioned that the main objective of the Strategy is to identify, study and create new mechanisms for implementing public innovation and investment policy towards the implementation of agreed changes at all levels of the national innovation system. The strategy suggests that innovative activities will cover all areas of the economy and public life, including the sphere of restaurant services. Establishments of the restaurant industry need to

intensify their innovative activities, which will allow them to develop steadily and enhance competitiveness. Innovation processes in general have a positive effect on the development of the industry.

On the basis of the research, the threats and opportunities, the strengths and weaknesses of the development of the sphere of restaurant services have been identified. Thus, the most significant threat to the future development of restaurant services are social factors, such as: low quality of life, limited purchasing power due to low income, low share of costs for restaurant services in the structure of consumer spending. In addition, it is necessary to constantly monitor and such factors, which, at the moment, also negatively affect the development of the industry. Among them unstable political situation, the lack of state regulation of restaurant services, low active investment processes in institutions restaurant industry, the instability of the national currency, lack of a significant number of establishments catering sector credit, which does not allow them to accelerate and maintain the proper level of development in the highly competition

#### CONCLUSIONS AND RECOMMENDATIONS FOR FURTHER RESEARCH IN THIS AREA

To summarize, it should be noted that in the marketing planning process, the following aspects that are identified by the analysis should be taken into account:

- considering the instability and volatility of the macroeconomic situation, marketing planning should be carried out for the short and medium term;
- During marketing planning, the need to adhere to the principles of flexibility is growing;
- The marketing plan budget must be sufficient and economically feasible;
- the marketing plan must be developed taking into account the forecasts of the development of market conditions for restaurant services;
- the success of the restaurant establishments is the allocation and development of a particular market segment, which requires planning of marketing activities, taking into account the status of visitors, their style of life, income level;
- the marketing plan should be developed taking into account innovations in the field of restaurant services and marketing innovations.

According to the results of the study, the author of the article found that the most vulnerable and unstable establishments of the restaurant industry were cafes. At the same time, the network of cafes should evolve, as this type of

facilities is more accessible to a significant proportion of the Ukrainian population and will remain so due to the low level of income of the population. Therefore, institutions of this type require more methodical advice and recommendations on marketing planning and implementation of marketing plans and programs.

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