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KEY SUCCESS FACTORS IN CATERING INDUSTRY MANAGEMENT

By discussing the key success factors in catering industry management, this study aims to provide the related management information for sustainable management in catering. With analytic hierarchy process (AHP), this study, based on management, establishes the hierarchical model of complete work manual of retail sales, image of chain system, high quality human resources, and location selection in catering. In other words, it tends to layer, structure, and quantify management indicators in catering. By studying 433 customers of Sun-Island Coffee & Teas & Foods Co., Ltd., the management indicators and the weight system in catering industry are established. The research findings show that (1) Location selection in catering is more crucial in catering industry management as favorable location is likely to be paid attention to; (2) Product processing time is focused in complete work manual of retail sales; (3) The attitude of service personnel is stressed in high quality human resources; and (4) Business hours are emphasized in the image of chain system.

Keywords: catering; management; key success factors; AHP.

Фанг-Пеї Ніє, Чінг-Юнь Понг

КЛЮЧОВІ ФАКТОРИ УСПІХУ В УПРАВЛІННІ КЕЙТЕРИНГОВИМ ПІДПРИЄМСТВОМ

У статті досліджено ключові фактори успіху в кейтерингу і надано інформацію щодо стійкого управління кейтеринговим підприємством. За допомогою методу аналітичної ієрархії побудовано ієрархічну модель з такими складовими: інструкція по роботі у закладі; імідж мережі закладів; кадровий ресурс вищої якості; вибір місця. Показники ефективності управління структуровано згідно представленої моделі. Опитано 433 клієнти "Sun-Island Coffee & Teas & Foods Co"; за результатами опитування показники управління побудовано в ієрархію. Результати аналізу показали, що: 1) життєво важливим показником є вибір місця розташування; 2) у блоці "інструкції по роботі у закладі" найважливішим фактором є час на обробку продуктів; 3) в кадровому блоці акцент зроблено на ставленні обслуговуючого персоналу; 4) у блоці "Імідж мережі" найважливішим фактором стали години роботи.

Ключові слова: кейтеринг; управління; ключові фактори успіху; аналітична ієрархія.

Рис. 1. Табл. 2. Літ. 22.

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КЛЮЧЕВЫЕ ФАКТОРЫ УСПЕХА В УПРАВЛЕНИИ КЕЙТЕРИНГОВЫМ ПРЕДПРИЯТИЕМ

В статье исследованы ключевые факторы успеха в кейтеринге и представлена информация по устойчивому управлению кейтеринговым предприятием. При помощи метода аналитической иерархии построена иерархическая модель с такими составляющими: полное руководство по работе в заведении; имидж сети заведений; кадровый ресурс высокого качества; выбор места. Показатели эффективности управления структурированы согласно данной модели. Опрошены 433 клиента "Sun-Island Coffee & Teas & Foods Co"; по результатам опроса показатели управления выстроены в иерархию. Результаты анализа показали, что: 1) жизненно важным показателем

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является выбор места расположения; 2) в блоке "инструкции по работе в заведении" наиболее важным фактором является время на обработку продуктов; 3) в кадровом блоке акцент сделан на отношении обслуживающего персонала; 4) в блоке "имидж сети" важнейшим фактором стали часы работы.

Ключевые слова: кейтеринг; управление; ключевые факторы успеха; аналитическая иерархия.

Introduction. Rapid development of economy, enhancement of national income, change of life style, increase of female employment, and frequent social activities in industrial and commercial fields in Taiwan, consumption patterns and the concept of value have been changed. Dining in restaurants used to be a luxury; however, restaurants are now regarded as places for dining, amusement, and reunion and the trend to eat out has increased.

Directorate General of Budget, Accounting and Statistics, Executive Yuan announced in 2010 that eating-out population over the age of 15 would averagely eat out once a week; so, 13.27 mln. people dine out every week; and about 2 mln. people eat out every day. In terms of family, dining-out increased from NT\$41,523 in 1994 to NT\$84,510 in 1999. Apparently, the growth of the eating-out market is considerable. Catering therefore has boomed and the number and types of catering have rapidly increased. For this reason, catering industry needs to provide more product options to meet customer demands as well as to examine its management strategies to cope with fierce competition (Tsai, 2009).

Literature review

I. Key success factors. Key success factors (KSF), or Critical Success Factors (CSFs), have become an important principle in strategic management. The concept of key success factors has been widely applied. Based on various research fields, subjects, and topics, key success factors were named differently, such as limited factors, strategic factors, success factors, key result areas, and strategic variables, which were mainly focused on management information system. In recent years, since strategies have been emphasized, most research on success factors was stressed on strategy management. In spite of the dimensions and the fields, research on key factors was consistent with the promotion of management performance at enterprises.

II. Definition of key success factors. Since key success factors were proposed, several scholars have studied in-depth their definition. According to the research field, the definitions were distinct. Boynton and Robert (1984) indicated that the key success factors were special affairs requiring sustained attention when success or excellent performance was expected. The definition contained major factors in business operation that the importance of the key success factors as well as present and future factors should be emphasized. Perspectiveness was required in business operation so that strategic planning presented positive meaning. The key success factors were the condition or the asset for successful business operation so as to highlight the performance of key success factors in business operation was the strength of an enterprise (Aaker, 1984). Contrarily, unsuccessful enterprises were considered to lack one or some key success factors. Enterprises could simply establish a sustainable competitive advantage by controlling the key success factors. Hofer and Schendel (1985) mentioned that the key success factors were the variables which had virtual effects on the

entire competitive status in the decision-making of a management authority. The factors would change with industries. From the strategic environment analysis in Glueck management, Boseman (1986) considered that the key success factors were based on the analyses of strength, weakness, opportunity, and threat of an enterprise. Aaker (1988) indicated that, with the unique assets, technology, sources, and activities of the key success factors, enterprises could develop the unique and favorable status relative to the competitors. Wu (1988) regarded the key success factors as the required technology or assets to successfully compete with others in a certain industry. By analyzing the coordination of strengths and the key success factors at an enterprise, competitiveness would be determined. When strengths of an enterprise are the key success factors of an industry, an enterprise is likely to obtain a competitive advantage. Bamberger (1989) mentioned in "Developing Competitive Advantage in Small and Medium-Size Firms" that the key success factors were the characteristics and the basic requirements of an industry and a market that they would affect competitive advantages of an enterprise. Huang (1994) considered the key success factors as the essential factors of operations in industries. Thompson and Strickland (1998) indicated that the key success factors were the focus and high priority tasks for successful management of manufacturers.

III. Key success factors in catering industry management. To present efficient management and achieve predetermined target earnings for a catering enterprise, effective resource application and excellent management are required, where management contains planning, organizing, staffing, directing, and controlling tasks. In this case, catering management includes appropriate applications of planning, organizing, directing, staffing, controlling, and negotiating tasks. It aims to effectively apply the factors of human resource, capital & equipment, material, market, and work ethos to develop the efficiency by close cooperation among the factors to achieve the predetermined target (Lin, 2000; Chen, 1999).

Jaime & Mahajan (1998) indicated that, when developing management, price could be coordinated, service could be expanded and improved, products could be overlapped, and the promotion could be imitated, but the advantage of location would be hardly attacked and impaired. It further proved the importance of location selection to successful management of a restaurant. With analytic hierarchy process, Tseng & Teng (1997) established a hierarchy system to evaluate the location of restaurants. It contained 5 dimensions (economy, transportation, competition, business area and environment) and 11 criteria (rental cost, transportation cost, convenience of mass transportation network, parking space, pedestrian flow, number of similar competitors, intensity of similar competitors, business area of a restaurant, completeness of public facilities, convenience of garbage disposal, and sewage treatment capacity). Location selection for a restaurant was considered the most crucial dimension in the evaluation hierarchy.

Liu (1994) divided location selection in catering into market selection, area analysis, location evaluation, and business area definition. Aiming at in-depth interviews with catering industry experts, he proposed the considerations for selecting the location. (1) Market selection included population, sources and characteristics of a target market, transportation of material supply, consumer behavior, product acceptability, and product resources. (2) Area analysis considered the factors of traffic direc-

tion in a street, being the transportation hub, location for reunion and shopping, market potential, legality, structural proportion of consumers, living standards, and competitive environment. (3) Location evaluation included traffic streams, business environment, growth potential, type of store, size of store, parking, corner location, rent, lease expected earnings and costs. (4) Business area definition regarded distance, time, barriers, business environment, traffic, and flow of people.

Internal and external layout in catering is different from the other industries. Decoration, color, corporate identity, and brightness of light are emphasized, in which having technological remote control or laser and neon lights to create individual brand and establish special and comfortable environment could benefit the management achievement. Moreover, wall decoration, color and light control, and music were considered a part of catering industry management. In internal decoration, carrying distance and time should be minimal; and, aiming at permanent management, flexible arrangement should be applied for the convenience of expansion. Wu & Fan (1997) proposed 14 considerations, as (1) connection with relevant facilities, (2) customer route in a restaurant, (3) material route in the restaurant, (4) location of front clerk, (5) location of cashier, (6) type of dining tables and structure of seats, (7) buffet facilities, (8) number and location of fixing counters, (9) display number and location of food and alcohol (10) location of cooking demonstration, (11) ground lift, (12) location of amusement area, (13) connection between a kitchen and a restaurant, and (14) location of a bar.

Menus are considered as the key success factor for a restaurant as well as the plan of catering production and service that the planning of menus plays a critical role in the operation effectiveness. Menus could also be the communication bridge to transmit message to customers, so its design and planning present could have promotion effect (Shih, 1998).

The selection of dishes should 1) meet the needs of target customers; 2) coordinate with the entire dining experience; 3) does not have too many options; 4) lead to better profits; 5) be frequently changed; 6) balance the variety; 7) show the uniqueness; and 8) pay attention to cooking techniques of a chef. The contents of dishes should consider: 1) names and prices; 2) ingredients, unique seasonings, preparation & serving ways; 3) informative message, including the name, the specialty, the address, the telephone number, the trademark of a restaurant, its business hours, any additional charges.

Lundberg (1984) indicated that a profit-making restaurant should provide its menu in accordance with the market and make it attractive to the customers. Nonetheless, preferences and demands in catering are changing. Key success factors in restaurant management should focus on the response of the customers and make revisions of menu to ensure the sustainable management of a restaurant (Kao, 1999; Peng, 1995). The catering industry management stresses the effective application of resources and providing satisfactory meals and services to make profits. The resources in catering contain capital, location, time, and talents, in which talents is regarded as the key success factor in management. When recruiting new staff, unfavorable system or cursory execution could introduce inappropriate employees to a restaurant increasing difficulties in personnel management, resulting in high staff turnover rate, affecting the staff morale (Chen, 1999).

Staff recruitment. Based on the opinions of professionals and experts in catering, the key success factors in recruiting catering staff were organized as below (Civil

Services of Doc, MOEA, 2000; Chen, 1999; Wu & Fan, 1997). 1. Advertised in newspapers, magazines, or other mass media to recruit from. 2. Introduced or recommended by the same business. 3. Introduced or recommended by material suppliers or customers. 4. Introduced or recommended by associations in the industry. 5. Introduced by an employment agency. 6. Recommended by schools or training organizations. 7. Introduced and recommended by friends and relatives. 8. Self-recorded human resource database. (2) Staff training. The key success factors in development of catering industry depend on planning and target setting of management as well as managerial performance. Nevertheless, talents were the key that both the development demand of an enterprise and training and education of talents should be taken into account. Training and education of talents in catering is considered as the method to promote service quality of personnel to enhance the productivity.

Lin (2000) regarded promotion as a temporary incentive to encourage the sales. The procedures for promotion were considered as (1) defining the objective of promotion, (2) selecting an appropriate promoting tool, (3) making the promotion project, (4) proceeding pre-test and actual promotion and control, and (5) evaluating the outcome. Shen (1996) considered promotion as a temporary and short-term activity which could appeal to the customers to purchase in a short period of time. In such a promotion-focused trend, it has become the essential principle in catering to achieve promotion by advertisement and activities. According to the above literature and the key success factors in production, sales, service and management as proposed by professionals and experts, they were concluded as follows (Lin, 2000; Chen & Kao, 1999; Hsieh & Sun, 1980): (1) Complete work manual of retail sales including: 1. Tailor-made products; 2. Short product processing period; and 3. Prediction of product sales. (2) Image of a chain system contains: 1. Area of location; 2. Business hours; 3. Luxury equipment with noble atmosphere; 4. Quick capital turnover; and 5. High gross profit. (3) High quality human resources are: 1. Expertise of service personnel; 2. Attitude of service personnel; and 3. Response of service personnel. (4) Location selection in catering industry includes: 1. Appropriateness to invest in catering; and 2. Favorable location of a business.

Research method

I. Research framework. Based on the literature, variables with high significance are organized within the analytic hierarchy process framework to discuss the key success factors in catering industry management.

II. Distribution and retrieval of questionnaires. Sun-Island Coffee & Teas & Foods Co., Ltd. founded in 1968 in Taiwan, cooperated with China-town Group and took root in Hainan Province in 1997, establishing branches in Beijing and Guangdong 2 years later. Sun-Island Coffee & Teas & Foods Co., Ltd. opened the first store in the busy street in Hainan in 1997; now there are more than 500 chain stores in China, thus it has become one of the most popular coffee chain restaurants. Total 600 questionnaires were distributed among the customers of Sun-Island Coffee & Teas & Foods Co., Ltd., which is a famous coffee chain restaurant. The leisure and pleasant atmosphere, quality coffee, variety of meals, delicious desserts, and natural drinks have won great attention of people. Total of 433 valid questionnaires were retrieved, the retrieval rate is 72.2%.

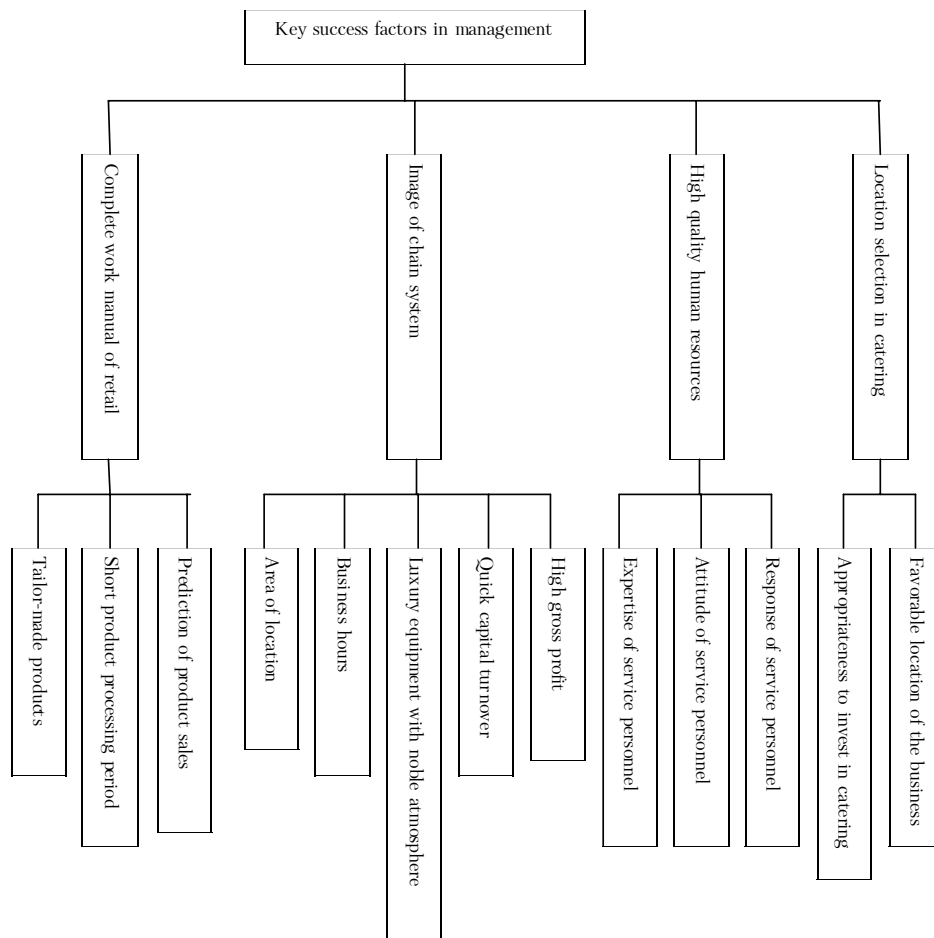


Fig. 1. Research framework

Empirical analyses

I. Evaluation factors in Hierarchy II in analytic hierarchy process. With questionnaire survey, the Hierarchy II evaluation in analytic hierarchy process about the key success factors in catering industry management was obtained, see Table 1. Within the paired data, the analytic hierarchy process matrix formed by the geometric mean of relative importance presents consistent result with the consistency ratio of $C.R. = 0.018 < 0.1$. The weights and the importance are listed in Table 1, as location selection in catering industry, complete work manual of retail sales, high quality human resources, and image of chain system.

II. The overall consistency evaluation of the analytic hierarchy process. Before evaluating the weights of evaluation indicators, the consistency ratio of the hierarchy (C.R.H.) should be calculated. The result $C.R.H. = 0.04680 < 0.1$ presents the acceptability of the consistency evaluation of the overall hierarchy structure. From Table 2, location selection in catering, complete work manual of retail sales, high quality human resources, and image of chain system are the major emphases.

Table 1. Weights sequence of the key success factors in catering industry management

Weight	Key success factors in catering industry management	
2	Complete work manual of retail sales	0.304
4	Image of chain system	0.112
3	High quality human resources	0.221
1	Location selection in catering industry	0.363

Table 2. Weights and sequence of the overall consistency of the analytic hierarchy process structure

	Hierarchy II (hierarchical weight)	Hierarchy III (hierarchical weight)	Overall weight (Global priority)	Sequence
Key success factors in catering industry management C.R.=0.012	Complete work manual of retail sales (0.304)	Tailor-made products	10.38%	5
		Short product processing period	13.67%	2
		Prediction of product sales	6.83%	8
	Image of chain system (0.112)	Area of the location	2.38%	11
		Business hour	5.02%	9
		Luxury equipment with noble atmosphere	3.26%	10
		Quick capital turnover	1.75%	12
		High gross profit	1.47%	13
	High quality human resources (0.221)	Expertise of service personnel	11.62%	4
		Attitude of service personnel	12.39%	3
		Response of service personnel	7.23%	7
	Location selection in catering industry (0.363)	Appropriateness to invest in catering industry	8.72%	6
		Favorable location of the business	15.28%	1

Conclusios and suggestions. Summing up the data analyses and the research conclusion, practical applications on the key success factors in catering are suggested. The findings show that location selection in catering, complete work manual of retail sales, high quality human resources, and image of a chain system should be mastered.

1. Location selection in catering is regarded as the most crucial factor. Investors should pay more attention to the selection items, particularly, since location in catering could affect the success of a business. Investors therefore have to investigate the area of a business and its population. Especially, customer flows during the day and in the evening, on work days and holidays should be calculated. Cost recovery should be ensured.

2. As the second important factor, complete work manual of retail sales, mass services are focused in catering. Standardized system, customer relationship reinforcement, and waiting management are the key success factors in transnational catering management.

3. High quality human resources could directly affect the success of the transnational catering industry. Professional capabilities of service personnel and rapport in

a team, should be designed and served with customer orientation. An organization, on the other hand, should design a system to assist and encourage its staff to satisfy customer demands. When customers experience excellent service, the intention to revisit would be enhanced; or, they would actively promote the organization.

4. In regard to image of chain system, the success of a brand depends on the acceptability of products as well as innovations and higher service quality to make a transnational catering brand survive at the top. The quality of a product could be judged after use; however, service quality is simultaneously evaluated by the people who accept the service. Service cannot be stored and there is no correct standard for it. Transnational catering industry should dedicate more to promotion of service quality for favorable achievements.

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