

Introduction to the Hospitality Industry

European Institute of Innovation, Entrepreneurship and Technology
Lessingstraße 79, 13158 Berlin, Germany

Mahmoud Abdou | Berlin



**Lessingstraße 79,
13158 Berlin, Germany**
Phone: +49 30 233618555
Fax: +49 30 233618556
Email: info@eiiet.com

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1- The Restaurant Business



1- The Restaurant Business

Importance of Restaurants



- Restaurants are a vital part of everyday life.
- People visit restaurants to:
 - Eat and drink
 - Socialize
 - Relax
 - Meet family, friends, colleagues, and business associates
- The word restaurant comes from the word restore.
- Traditionally, restaurants were places where people could restore their strength and energy through food and hospitality.

2- Successful Restaurant Operation Factors

Importance of Restaurants



- Developing a Restaurant

- Developing a restaurant may be the ultimate entrepreneurial dream.
- You need to acquire knowledge and skills through experience in the type of restaurant you intend to open.

- The successful operation of a restaurant is dependent on several factors, including:

- Operating philosophy
- restaurant Market
- Restaurant Concept
- Restaurant Location
- restaurant Ambiance

2- Successful Restaurant Operation Factors

A- Operating Philosophy

- At the heart of an enterprise is the philosophy of the owner.
- The philosophy represents the way the company does business.
- It is an expression of the ethics, morals, and values by which the company operates.
- Many companies have formal mission statements.
- A mission statement explains the reason for being in business.

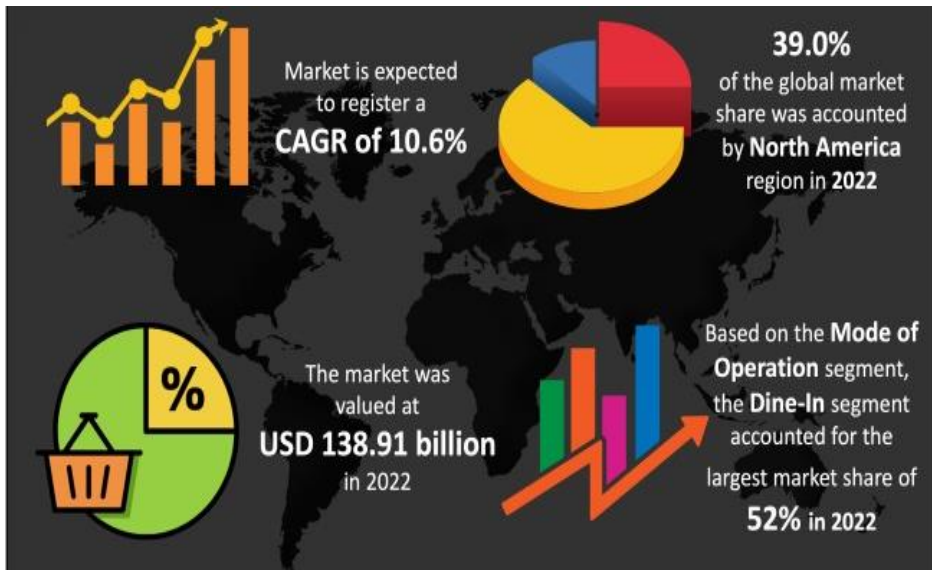


**What Is
Operations
Excellence?**

By Muhammad B. Al- Rahhalah

2- Successful Restaurant Operation Factors

B- Restaurant Market



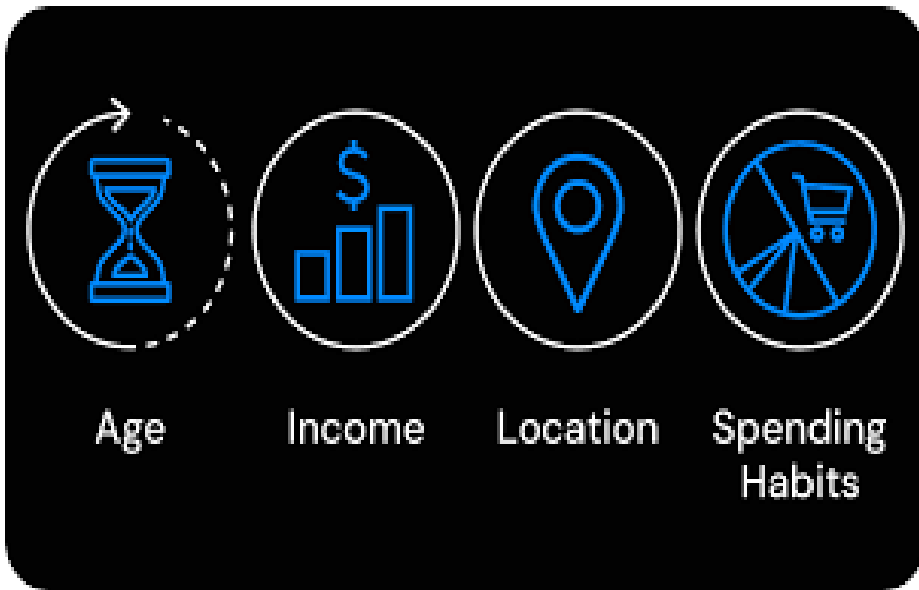
- The market is composed of guests who will patronize the restaurant.
- Restaurant owners analyze the market to determine demand.
- Demand may be based on specific niches such as:
 - Italian cuisine
 - Southern cuisine

- Niche Definition

- A niche is a specific segment of a market.
- It represents a defined share or category of customer demand.

2- Successful Restaurant Operation Factors

B- Restaurant Market



- Market Analysis

- Demographics

- The catchment area population is analyzed for:

- Age
- Ethnicity
- Income levels
- Gender
- Religion

- Data sources include:

- Chamber of Commerce
- Local libraries
- Real estate offices

2- Successful Restaurant Operation Factors

B- Restaurant Market



- Market Competition

- Some areas may have multiple restaurants of one cuisine.

- Example:

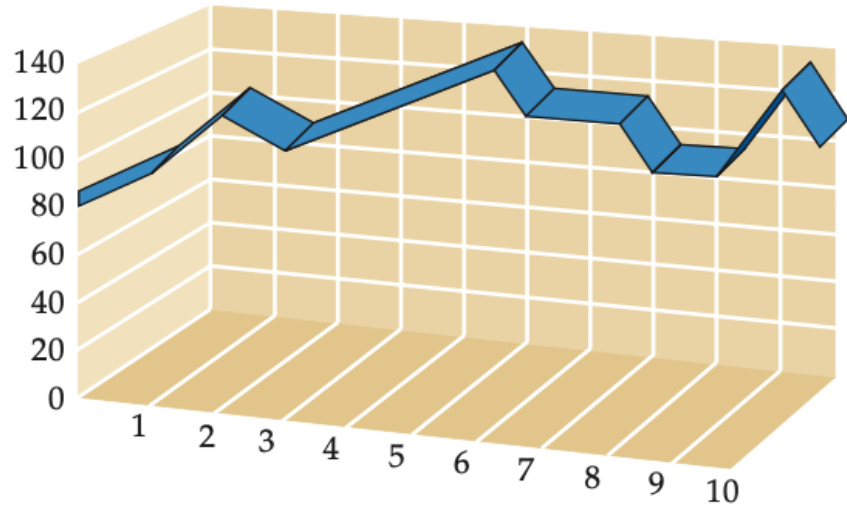
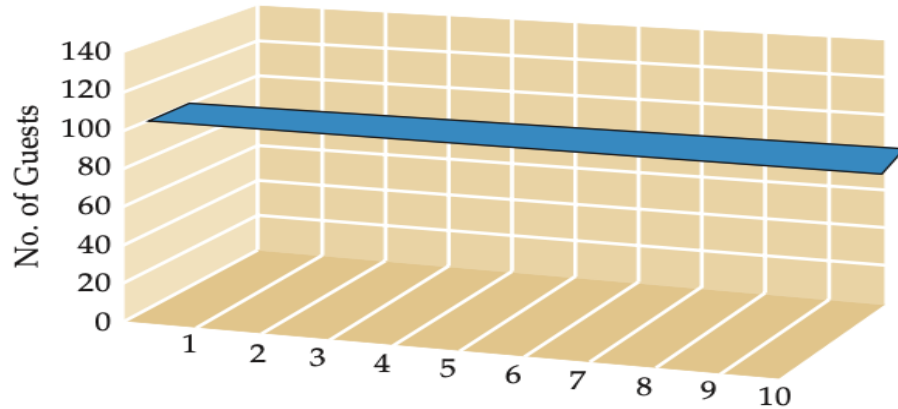
➤ Several Italian restaurants

➤ No Southern restaurant

- A unique restaurant may gain a competitive advantage.

2- Successful Restaurant Operation Factors

B- Restaurant Market



- Fair Market Share

- Potential guests are divided among similar restaurants.

- Example:

- 1,000 potential guests
- 10 Italian restaurants
- Each restaurant = 100 guests (fair share)

- Real Market Outcomes

- In reality, guest distribution is uneven.
- Some restaurants attract more guests than others.
- This is called actual market share.

2- Successful Restaurant Operation Factors

C- Restaurant Concept



- Successful restaurant concepts are created with guests in mind.
- A concept must match real market demand.
- Poor planning can lead to insufficient guests and low viability.

- Restaurant Operations

- Running a restaurant is dynamic and exciting.

- Involves:

- Constant guest flow
- New and returning customers

Creates a social environment for:

- Employees
- Guests
- Management

2- Successful Restaurant Operation Factors

C- Restaurant Concept



- Business Success

- A successful concept can:

- Attract the right market
- Use suitable location, food, atmosphere, and service
- Generate good return on investment

- Concept Development

- The challenge is to create a concept that fits a defined market.
- The concept should be better than competing restaurants.
- Every restaurant represents a unique concept and image.

2- Successful Restaurant Operation Factors

C- Restaurant Concept



- Target Market

- A restaurant's image appeals to specific groups:

- Casual diners
- Children
- Ethnic groups
- Formal guests
- Adults

- Key Alignment

- A successful restaurant concept must integrate:

- Location
- Menu
- Decor

- All elements must work together to attract the target market.

2- Successful Restaurant Operation Factors

D- Restaurant Location

- The restaurant concept must fit the location, and the location must fit the concept.
- The location should appeal to the target market.
- Prime locations usually cost more.
- Operators must:
 - Charge higher menu prices, or
 - Achieve higher sales volume
 - Rent/lease costs should be about 5–8% of sales.

2- Successful Restaurant Operation Factors

- Key Location Criteria



1- Demographics and Market

- Number of people in the catchment area
- Average income of the population
- Growth or decline of the area

2- Operational Factors

- Zoning regulations
- Drainage, sewage, and utilities
- Compliance with local requirements

2- Successful Restaurant Operation Factors

- Key Location Criteria



3- Customer Access

- Convenience of reaching the restaurant
- Visibility from passing traffic
- Accessibility for guests
- Parking availability and cost

4- Physical Appeal

- Customer Attraction
- Curbside appeal (how inviting the restaurant looks)
- Overall attractiveness of the neighborhood

2- Successful Restaurant Operation Factors

- Types of Restaurant Locations



- Common Location Types

- Stand-alone restaurants
- Cluster or restaurant row
- Shopping mall locations
- Freestanding units in shopping malls
- Downtown locations
- Suburban locations

2- Successful Restaurant Operation Factors

E- Restaurant Ambiance



- The atmosphere of a restaurant affects guests both consciously and unconsciously.

- It influences:

- First impressions

- Decision-making when choosing a restaurant

- Immediate Reactions

- Guests notice ambiance upon entering the restaurant.

- Factors affecting reaction:

- Noise level

- Table spacing

- Overall comfort

3- Menu Planning

Menu

Starters

Goat's Cheese and Golden Salad

Main

Salmon with Lemon and Butter Sauce
Baby Rack of Lamb
with Fresh Herbs and Spices

Dessert

White Chocolate Cheesecake
Passion Fruit Cake



Grilled chicken with tomatoes

🕒 25 minutes

★☆☆ Easy



Homemade Vegan burger

🕒 30 minutes

★☆☆ Easy

3- Menu Planning

- Menu Planning



- The menu may be the most important ingredient in a restaurant's success.
- The menu must agree with the restaurant concept.
- The concept must be based on the expectations of the target market.
- The menu must exceed guest expectations.

- Main Types of Menus

- A la carte menus
- Du jour menus
- Cyclical menus
- Table d'hôte menus
- Tourist menus

3- Menu Planning

- Menu Composition

- A Typical Menu Includes

- 6–8 appetizers
- 8–16 entrées
- Several salads (as appetizers and entrées)
- 2–4 soups
- 4–6 desserts

- Menu Planning Considerations

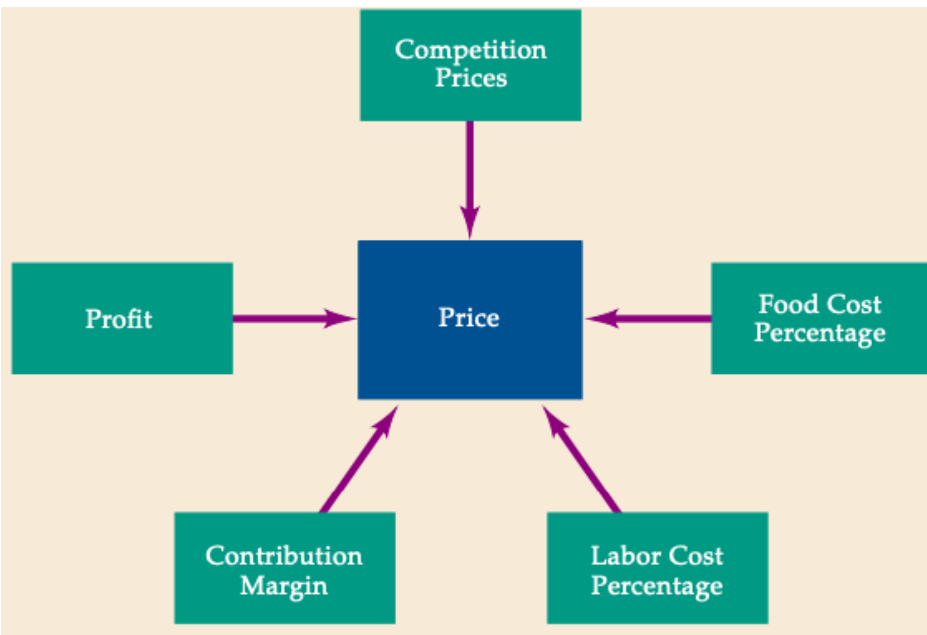
A- Guest and Operational Factors

- Needs and desires of guests
- Capabilities of cooks
- Equipment capacity and layout
- Consistency and availability of menu ingredients



3- Menu Planning

- Menu Composition



B- Financial and Nutritional Considerations

- Price and pricing strategy (cost and profitability)
- Nutritional value
- Accuracy in menu

C- Menu Evaluation and Design

- Menu analysis (contribution margin)
- Menu design
- Menu engineering
- Chain menus

3- Menu Planning

- Menu Composition

- Menu Planning Requires Consideration of:

- Guest expectations
- Kitchen capabilities
- Equipment limitations
- Ingredient availability
- Cost and profitability
- Nutritional considerations
- Menu performance and design



4- Classifications of Restaurants



4- Classifications of Restaurants

- Restaurant Classifications

- There is no single definition of restaurant classifications.
- The restaurant business is continually evolving.
- Two main categories:
 - Independent restaurants (Indies)
 - Chain restaurants

- Additional Classifications

- Fine dining restaurants
- Dinner house restaurants
- Quick-service restaurants
- Casual dining restaurants
- Family restaurants

4- Classifications of Restaurants

A- Independent Restaurants (Indies)



- Characteristics

- Owned by one or more owners.
- Owners are usually involved in day-to-day operations.
- Each restaurant generally functions independently.
- Not affiliated with a national brand or name.

- Advantages

- Independence
- Flexibility
- Creativity

- Risks

- Uncertain popularity
- Insufficient cash flow before profitability
- Lack of knowledge or expertise

4- Classifications of Restaurants

B- Chain Restaurants

- Characteristics

- Similar market
- Similar design
- Similar food
- Similar concept
- Similar service
- Same name

- Marketing Strategy

- Remove uncertainty from the dining experience.
- Provide consistency in:
 - ☐ Menu
 - ☐ Food quality
 - ☐ Service level
 - ☐ Atmosphere
- - Consistency is maintained regardless of location.



4- Classifications of Restaurants

1- Fine Dining Restaurants



- Offer a good selection of menu items.
- Generally provide at least 15 or more entrées.
- Most food is cooked to order.
- Food is prepared on the premises from:
 - Raw ingredients
 - Fresh ingredients

4- Classifications of Restaurants

1- Fine Dining Restaurants

- Characteristics of Fine Dining

- Full-service restaurants

- Formal

- Casual

- Can be categorized by:

- Price

- Decor and atmosphere

- Level of formality

- Menu

4- Classifications of Restaurants

1- Fine Dining Restaurants

- Types of Fine-Dining Restaurants

- Steakhouses
- Ethnic restaurants
- Celebrity restaurants
- Theme restaurants

- Location of Fine-Dining Restaurants

- Near target guests
- In cities with:
 - Convention centers
 - Tourist attractions
 - Large crowds

4- Classifications of Restaurants

2- Casual Dining and Dinner House Restaurants



- The casual dining category includes several types of restaurants.
- Dinner house restaurants have become more casual over the years.

- Types of Casual Dining Restaurants

- Casual Dining Categories
- Midscale casual restaurants
- Garden family restaurants
- Ethnic restaurants
- Quick-service / fast-food restaurant

4- Classifications of Restaurants

2- Casual Dining and Dinner House Restaurants

- Trend in Dinner House Restaurants

- Trend toward more casual dining
- Reflects changes in society and customer preferences
- Provides a relaxed environment for guests

- Characteristics of Dinner House Restaurants

- Designed as enjoyable places to relax and socialize
- Many restaurant chains identify themselves as dinner house restaurants
- Some may also fit into the theme restaurant category

4- Classifications of Restaurants

A- Family Restaurants



- Evolved from the coffee shop style of restaurant.
- Most are individually or family operated.
- Location and Setting**
 - Generally located in suburbs or areas with easy access to suburbs.
- Atmosphere**
 - Informal dining setting.
- Menu and Service**
 - Menu and Service Style
 - Simple menu designed to please the whole family.
 - Service focuses on convenience and comfort.

4- Classifications of Restaurants

B- Ethnic Restaurants

- Majority are independently owned and operated.
- Often run by owners and their families.
- Offer something different for adventurous diners.
- Provide a taste of home for guests of the same ethnic background.

- Traditional ethnic restaurants developed to serve immigrant communities. Examples include:
 - Italian restaurants
 - Chinese restaurants
 - Mexican restaurants

4- Classifications of Restaurants

C- Quick-service/Fast-Food restaurants

- Quick-service restaurants consist of diverse operating facilities.
- Their main slogan is “quick food.”

- Types of QSR Operations

- Included Operations
 - Hamburger restaurants
 - Pizza outlets
 - Chicken restaurants
 - Pancake houses
 - Sandwich shops
 - Delivery services





5- Case Studies: The Cases of KFC and McDonald's

5- Case Studies: The Cases of KFC and McDonald's

KFC – History & Development



- KFC Overview

- KFC is a global fried chicken fast-food chain.
- Historical Background
- Founded by Colonel Harland Sanders in the 1930s–1952.
- First franchised in the 1950s.
- Built on the “Original Recipe” of 11 herbs and spices.

5- Case Studies: The Cases of KFC and McDonald's

KFC – History & Development



- Worldwide Expansion

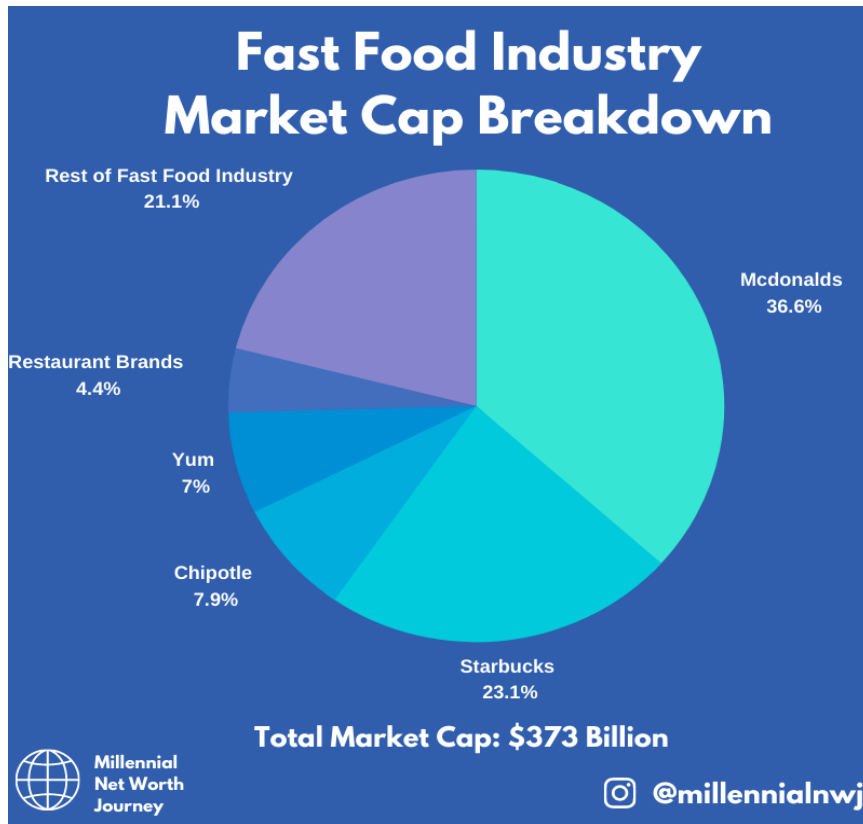
- More than 30,000+ outlets worldwide (approx.)
- Operates in over 145 countries

- Key Characteristics

- Signature fried chicken product line
- Strong franchising model
- Focus on takeaway, delivery, and quick service

5- Case Studies: The Cases of KFS and McDonald's

McDonald's – History & Development



- McDonald's is one of the world's largest fast-food chains.

- Historical Background

- Founded in 1940 in San Bernardino, California (USA).
- Developed into a global franchise model by Ray Kroc in 1955.
- Known for standardization, efficiency, and global brand consistency.

5- Case Studies: The Cases of KFS and McDonald's

McDonald's – History & Development



- Worldwide Expansion

- More than 40,000+ restaurants worldwide (approx.)
- Operates in over 100 countries

- Key Characteristics

- Strong franchising system
- Standardized menu (Big Mac, Fries, etc.)
- Focus on speed, consistency, and affordability

Thank you



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Phone: +49 176 55524449

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