

# Competitiveness of Restaurant Services of Samarkand Region: 7P's and CSI Approach

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**Abstract:** This article describes the relationship between the level of customer satisfaction and the expanded marketing complex to increase the competitiveness of restaurant services in Samarkand region. Based on social surveys, the level of importance of the Marketing-mix (7P's) elements and the Customer Satisfaction Index (CSI) were determined and conclusions were given.

**Keywords:** restaurant services industry, restaurant services competitiveness, Customer satisfaction index, Marketing mix (7P's), servicecape, event marketing.

## 1. Introduction

Today, the restaurant industry in Samarkand region has a slow dynamics in line with the macroeconomic situation and is in the process of "waiting". we think. In our opinion, such an impact of external environmental factors leads to an increase in consumer spending on meals outside the home, a decrease in the average amount of checks per capita, an increase in the number of chain restaurants.

Analysis of the relationship between the factors influencing the volume of restaurant services shows that all factors are a strong factor in the growth rate of gross income per capita, the dynamics of GRP per capita (Amofah, 2017), the consumer price index of food and the average price of restaurant services based conclusions. Our research has shown that the average per capita consumption in our country is 43,127 soums (\$ 43.1). For comparison, in the United States this figure is 67,770 soums (\$ 67.6), in Germany - 215,613 soums (\$ 215.4) (Ibodov, 2020).

In Uzbekistan, 1.7% of daily consumption is spent on meals, in the US - 4.7%, in Canada - 3.9% (Euromonitor, 2020). However, these figures may not be the basis for a general conclusion about the future increase in the volume of restaurant services in the Samarkand region. However, in most developed countries, consumer trends (Mustawadjuhaefa, 2017), consumer behavior, and the growing trend of leisure time for the population are also prevalent in Uzbekistan, leading to the conclusion that an increase in demand for these services is inevitable. This, in turn, indicates that the saturation of consumer markets is a topical issue in the future application of the customer satisfaction index (B. Turaev et al., 2020) and the expanded concept of marketing (Lovelock Ch, Wirtz J, 2010).

## 2. Literature Review

Economics in the field of services (Haksever, 1967), strategic marketing (Fatkhutdinov), (Yushkova, 2012), research in the field of catering (Borodina,), (Pashkina, 2015) in scientific works, restaurant

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services and marketing in it from foreign scholars (Weinreich , 2016), (Amofah, 2016), (Rahman, 2017). The scientific works of Uzbek scientists (Abdukarimov, 2010), (Sharipov, 2012), (Ivatov, 2010) reflect the issues of efficiency and management of public catering establishments. The author's scientific and methodological work also reflects the competitiveness of the enterprise and its evaluation (Ibodov, 2020), the competitiveness of restaurant services, theoretical issues of marketing in restaurants (Ibodov, 2020), methods of statistical analysis in marketing research (Ibodov, 2020).

### 3. Methodology

The tradition of eating away from home is also inextricably linked with the transformation of consumer behavior into market relations. This is a process that lasts long enough and requires significant changes in consumption patterns (Ibodov, 2020). However, in the current pandemic environment, although there are some interruptions, negative changes in this process, it is possible to predict that recovery processes will begin after the end of the pandemic. This means that the post-pandemic period will undoubtedly lead to significant changes in this area. While the severe consequences of the pandemic are a factor that negatively affects the dynamics of the volume of restaurant services, it is also a dynamic process that leads to an increase in the population's spending on meals outside the home. In our opinion, it is necessary to take into account and pay special attention to the national restaurant industry in our country, first of all, in assessing the positive impact of this industry on consumption and quality of consumption, its role in the economy and formulating future development policies. In the current socio-economic situation, it can be expected that the majority of the population will visit cheap cafes, fast food, street food, and public restaurants (Rahman, 2016).

In our opinion, in determining the direction of development of the restaurant industry, it is necessary to focus primarily on the technological aspects of service, the widespread introduction of fast food and catering services (Pashkina, 2002).

The results of the analysis showed that many restaurants in the country effectively use the interactive menu (R-Keeper and others). Its advantage is that customers can get information not only about its price, but also about its composition, nutritional value in the process of choosing dishes on the menu.

It should be noted that in the context of the pandemic, economists predict the volume of restaurant services and the dynamics of declining incomes. In the context of macroeconomic constraints, the expansion of the network due to the opening of new restaurants is inevitable due to the crisis of existing restaurants or the restriction of their activities. Correlation-regression analyzes conducted during the study show that the main factors that strongly influence the dynamics of the volume of restaurant services are the average cost of restaurant services, income of the population and the increase in spending on meals outside the home. The indicators of these factors are productive and are important in that their impact on the increase in the volume of restaurant services can be managed in the future.

The integration of global and national restaurant services requires a special approach to the analysis of modern trends in the restaurant business.

Outdoor dining and recreation are popular in foreign countries. Therefore, the volume of restaurants and restaurant services per capita is much higher than in our country. Today, the market of restaurant services in Uzbekistan is developing in different directions and trends, creating a competitive environment. The market of restaurant services in European countries is characterized by its strong competitive environment and high degree of differentiation of services.

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The volume of restaurant services provided varies across the country. For example, in Samarkand region this figure is 45.3 billion soums. In Tashkent, 102.6 billion soums were spent. Soums, 41.0 billion soums in Khorezm region and 5.33 billion soums in Bukhara region (Uzbekistan Statistical Service, 2016-2020). The number of newly established restaurants in Samarkand region reaches an average of 78 a year, and according to experts, this trend will continue for the next 10 years. However, the level of provision of restaurant services in Samarkand is still low (0.02) compared to leading foreign cities. For comparison, in the Moscow metropolis it is 0.55 per 1000 people (L.A. Mayurnikova, 2015), in Paris - 7.0, in Prague - 6.5, in New York - 4.32.

Marketing research has shown that attracting new customers to a restaurant is seen by the business community as one of the most pressing challenges in expanding the market segment. Satisfaction of the visiting customers with the quality of services, increasing their level of satisfaction is very important for the restaurant today from a financial point of view. Although the Customer Satisfaction Index (CSI) is not a financial indicator, it is one of the most important conditions for attracting additional customers and achieving cost-effectiveness in the restaurant services sector today.

We found it appropriate to use the Latent-SEM model based on the selected factors in analyzing the level of customer satisfaction with restaurant services. Because with the help of this model it will be possible to assess the impact of each factor on the final result.

Determining the Customer Satisfaction Index (CSI) based on a survey conducted through social networks was done using the following formula and evaluated on a 5-point scale:

$$CSI = \sum W_j (P_{ij} - E_{ij}) \quad (1)$$

here

$k$  – the number of factors analyzed;  $W_j$  – the number of factors analyzed;  $W_j$  is the significance level of the factor  $P_{ij}$  – the level of consumer perception of factor  $i$  relative to factor  $j$  or consumer price;

$E_{ij}$  –  $j$  is the normative sensitivity of the factor or the set maximum score (5 points).

A total of 226 respondents took part in the survey, of which 142 (62%) were men, 72 (38%) were women, 51 (22.5) were in the 15-29 age segment, and 98 (43.3%) were 30-45 years old, 77 people (34.1) belong to the segment over 45 years old.

In the analysis of consumer satisfaction, all respondents were divided into three groups according to the level of satisfaction:

### 1. Consumers with a high level of satisfaction ( $CSI > 80\%$ ):

$$EA(\text{extremaily agree}) = \sum EA * 5 + \sum EA * 4 \quad (2)$$

### 2. Consumers with a moderate level of satisfaction ( $60 > CSI < 80$ ):

$$A(\text{Agree}) = \sum A * 3 \quad (3)$$

### 3. Consumers with low levels of satisfaction ( $CSI < 60\%$ )

$$ED(\text{extremaily disagree}) = \sum EA * 2 + \sum EA * 1$$

#### 4. Data Analysis

According to the analysis, 23.9% of consumers with a high satisfaction index ( $CSI > 80\%$ ), 32.8% of consumers with an average satisfaction index ( $60 < CSI < 80$ ), and a low satisfaction rate ( $CSI < 60\%$ ) consumers accounted for 43.3 percent. Based on the results of the analysis, consumer satisfaction with restaurant services is above average, and the selected factors are important for 56.7% of consumers.

**Table 1 The results of a survey to determine the level of importance of the elements of the extended marketing complex (7 R)**

№	Factors	Expert assessment					total	Significance level of factors
		5	4	3	2	1		
1.	Product	3	-	8	18	1	30	13,3
2.	Price		3	-	4	13	20	8,8
3.	Place	10	7	-	13	8	38	16,8
4.	Promotion	-	10	12	1	14	37	16,4
5.	People	14	-	8	3	4	29	12,8
6.	Process	11	4	12	-	6	33	14,6
7.	Physical evidence	16	8	2	13	-	39	17,3
8.	Customer satisfaction level	23,9	14,2	18,6	23,0	20,4	226	

Based on the data in Table 1, we draw the appropriate conclusions:

The range of food and services (products) is wide, prepared in different standards and styles, presented at different levels of service, and in the process of packaging, delivery is important, the level of importance is 13.3.

The price of food and services (price) was analyzed at the average check value and found to consist of fixed prices in the range of 10,000-20,000 soums, the significance level is 8.8.

The location of the restaurant was found to be strategically important, close to most consumers and less than 5 km away (Puspita, 2015), with a significance level of 16.8.

In the promotion of restaurant services, mainly banners and traditional brands, WOM-marketing, social networks and various price discounts have played an important role for consumers, the importance level is 16.4.

In the field of restaurant services, service personnel (people, participants) have played an important role in attracting consumers and encouraging repurchase. Features of employees such as constant smile, politeness, timely delivery of necessary information to consumers are considered important for consumers, the level of importance is 12.8.

In the field of restaurant services, service processes (proceses) are associated with the organization of a self-service system, additional service, a high level of service. For the consumer of restaurant

services, especially electronic payment systems, electronic menus, payment delay options are considered important, the significance level is 14.6.

In the field of restaurant services, the physical evidence of services has served as an important factor in increasing consumer satisfaction (Puspita, 2015). In particular, the aesthetic features of the restaurant, music, unique odors, decoration of the hall, high standards of cleanliness, hygiene and ergonomics were positively assessed by the majority of respondents, the level of importance was 17.3.

The results of grouping the consumer satisfaction index by elements of the marketing mix (extended mix - 7P's) are presented in Table 2.

**2-table Grouping of consumer satisfaction by elements of marketing mix (extended mix – 7P's)**

<i>Marketing mix elements</i>	<i>Consumer satisfaction rate, %</i>	<i>Level of group</i>
<i>Product</i>	36,7	<i>ED</i>
<i>Price</i>	15,0	<i>ED</i>
<i>Place</i>	44,7	<i>ED</i>
<i>Promotion</i>	59,5	<i>EA</i>
<i>People</i>	75,9	<i>EA</i>
<i>Process</i>	81,8	<i>A</i>
<i>Physical evidence</i>	66,7	<i>EA</i>
<i>Average level</i>	<b>54,3</b>	<b><i>ED</i></b>

Based on the data in this table, the level of satisfaction of the respondents with the marketing-mix elements is moderate, and we can see that the service processes, the service staff and the service landscape of the restaurant are important.

According to the results of a survey conducted using this model, the following assumptions were made:

*H<sub>1</sub> - the level of consumer satisfaction will lead to an increase in the innovative potential of the restaurant services industry in the future;*

*H<sub>2</sub> - The level of customer satisfaction justifies the importance of further improving the "service landscape" in the field of restaurant services.*

*An analysis of these factors according to the Latent-SEM model should be performed to substantiate the H<sub>1</sub> hypothesis that the level of consumer satisfaction may lead to an increase in the innovative potential of the restaurant services sector in the future (Table 3).*

**Table 3 Satisfaction correlation of marketing mix (extended mix – 7P's) elements**

	<i>Product</i>	<i>Price</i>	<i>Place</i>	<i>Promotion</i>	<i>People</i>	<i>Process</i>	<i>Physical evidence</i>
<b>Product</b>	1,000						
<b>Price</b>	-0,359	1,000					
<b>Place</b>	<b>0,309</b>	<b>0,412</b>	1,000				
<b>Promotion</b>	-0,492	<b>0,322</b>	-0,691	1,000			
<b>People</b>	-0,470	-0,596	-0,165	-0,374	1,000		
<b>Process</b>	<b>0,873</b>	-0,482	-0,402	-0,403	<b>0,700</b>	1,000	
<b>Physical evidence</b>	<b>0,105</b>	<b>0,974</b>	<b>0,903</b>	-0,951	<b>0,255</b>	-0,033	1,000

$H_1$  It is assumed that the following factors have a high impact on the level of consumer satisfaction:

**Location of restaurant service providers:** importance to the level of consumer satisfaction is high ( $r < 0.01$ ) and has a strong impact. The change in regional location leads to a change in the level of satisfaction with the cost of services, which is statistically significant at 30.9%.

**Service staff in the field of restaurant services (people, participant):** the importance of consumer satisfaction is high ( $r < 0.01$ ) and has a significant impact. Changes in the level of professionalism, courtesy and timely provision of necessary information will lead to a reduction in the level of satisfaction with food and services by a factor of 0.570, WOM-marketing, social networks and various price reductions by a factor of 0.546.

**Service processes in the field of restaurant services (procces):** the importance of consumer satisfaction is high ( $r < 0.01$ ) and has a significant impact. self-service system, additional service, the organization of a high level of service will serve to increase the strategic importance of the restaurant location by a factor of 0.873.

**Materialization of restaurant services (Physical evidence):** the effect on consumer satisfaction is significant ( $r < 0.01$ ) and has a direct effect. A change in aesthetic properties leads to a change in the level of satisfaction with services by a factor of 0.105.

The restaurant's aesthetic features, music, unique smells, hall decoration, cleanliness, hygienic and ergonomic requirements increase consumer satisfaction and lead to an increase in repeat visits and purchases by a factor of 0.974, self-service system, additional service, high level of service by a factor of 0.255 .

In the field of restaurant services, we conclude that the hypothesis that repeated visits are directly related to the Process, the People and the Physical Evidence of Services leads to an increase in the innovative potential of the restaurant industry.

Based on the data in the table, the  $H_2$  hypothesis is that the level of customer satisfaction in the field of restaurant services is important to encourage future visits and improve the "service landscape".

## 5. Conclusion and Recommendation

In our opinion, taking into account the peculiarities of the restaurant business, it is advisable to include the following in the service landscape: the comfort of the restaurant environment (noise level, lighting level), customer-friendly design and ergonomic appearance. elements, symbols, colors, smells and music), quality of service (time, level of service, professional competence of employees), the atmosphere in the hall, self-service, the provision of additional services and the use of modern information technologies in the provision of services.

That is why the restaurant services industry is adapting to the current crisis, developing loyalty programs, using advanced sales methods (Ramadhania, 2017), social networking from marketing to social networking, and marketing from the Internet. .

In our view, the lack of event-marketing and event-management activities aimed at its effective management, which are among the most promising segments of the restaurant services market in our country, also hinders the development of the restaurant business. The organization and effective use of various celebrations and entertainment events in the cultural life of our country is often unique to some large cities.

In our opinion, it is necessary to find a sufficient solution to the issues related to the organization of such events in the regions and the involvement of the population in the restaurant business. While taking advantage of the large capacity of banquet and service halls, it is necessary to pay special attention to the organization of various competitions, concerts, various performances in all regions.

Taking advantage of these recommendations will create a synergistic effect in terms of customer satisfaction, as well as mitigate the negative effects of the pandemic and allow the restaurant industry to recover and grow at a higher rate in the future.

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