Chapter 4
Understanding the Restaurant Industry

Introduction to the World of Hospitality
After reading and studying this chapter, you should be able to:

• Define and describe the segments of the restaurant industry
• Explain who contractors are in the restaurant industry
• Describe qualities needed for opening new restaurant and reasons why restaurants fail
• Explain what is necessary for a restaurant to become successful
• Discuss characteristics of sustainable restaurant
The Restaurant Industry

The restaurant industry consists of different organizations that provide food and beverage services to their customers.

What companies do you think belong to the restaurant industry?
The Restaurant Industry Segments

1. Eating and drinking places (restaurants, bars, etc.)
2. Lodging
3. Transportation
4. Recreation and sports
5. Business & industry
6. Education
7. Health care
8. Retail
9. Correction food service
10. Military food service
11. Contractors
Restaurant Classification

• **Full-service**
  – Feature a dozen or more main-course items
  – Cook to order

• **Quick-service**
  – Narrow selection of food
  – Focus on convenience – speedy preparation and delivery
  – Limited service
Full-service Restaurants

- Price (luxury=fine-dining, high-priced, mid-priced, low-priced)
- Menu (ethnic; specialty e.g. seafood, steak; regional; vegetarian; fusion)
- Atmosphere (result of architecture, décor and setting – e.g. theme restaurants)
- Other types (casual, family)
Questions

1. Which was the top independent full-service restaurant in the USA in 2008?
2. The top casual chain restaurants?
3. The top family-dining restaurant chain?

1. Tao Las Vegas Restaurant & Night Club
2. Applebee’s Neighborhood Grill & Bar
3. International House of Pancakes
Type of Restaurant?

Family
Type of Restaurant?

Luxury
Type of Restaurant?

Casual
Type of Restaurant?

Theme
Type of Restaurant?

Theme – Dining in the Sky
Type of Restaurant?

Theme – Dining in the Sky
Type of Cuisine?

Ethnic - Japanese
Type of Cuisine?

Regional – Sichuan, China
Type of Cuisine?

Fusion
Type of Cuisine?

Molecular
Restaurant Classification

• Full-service
  – Feature a dozen or more main-course items
  – Cook to order

• Quick-service
  – Narrow selection of food
  – Focus on convenience – speedy preparation and delivery
  – Limited service
Quick-service Restaurants

McDonald's

Burger King

DQ
Why Do Restaurants Fail?

• Lack of business knowledge
• Lack of technical knowledge
• Lack of sufficient working capital

Task: p.96, find more details about each reason
How to Build a Successful Restaurant?

- The Concept (first: market trends for menu)
- Site Selection (location)
- The Feasibility Study (later - Business Plan)

Task: p.101, which four areas are popular for new restaurant sites?
Green Restaurant Certification

• Water efficiency
• Waste reduction and recycling
• Sustainable furnishings and building materials
• Sustainable food (p.105)
• Energy
• Disposables
• Chemical and pollution reduction
Homework

- Read Chapter 4,
- Answer Revision questions p.107