RESTAURANT MARKET IN KAZAKHSTAN: A PORTRAIT IN COMPARISON WITH THE US MARKET

Farida YERDAVLETOVA[1], Temirkhan MUKHAMBETOV[2]

[1]*International Academy of Busines, 227 Rosybakiev str., Almaty, Republic of Kazakhstan*
[2]*Almaty Technological University, 100 Tole str., Almaty, Republic of Kazakhstan*
E-mails: [1]vip.erdavletova@mail.ru (corresponding author); [2]mukhambetov_t@mail.ru

Abstract. Market for restaurant services is one of the leading providers in terms of employment, scope of provided services and impact on the quality of life. At the same time, it remains as one of the closed and unexplored markets in terms of analysis of its problems and emerging trends. The aim of this article is a comprehensive analysis of industries in Kazakhstan by comparing it to the US market of restaurant industry. Furthermore, to improve management efficiency in restaurants, a research was conducted on behavioral differences of customers and level of management in restaurant industry, giving few recommendations on the use of management models.

Keywords: restaurant services market, comparison method, restaurants management, customer preferences of restaurants, restaurant staff motivation.

JEL Classification: M31, P42, L89, L11.

Introduction

From the research point of view, restaurant industry in Kazakhstan remains as one of the most unexplored markets. Particular aspects of market performance had been researched by Toleubaev (2010), Semykina (2000), Zhaksybergenov and Kulazhanov (2000), Choimbekov *et al.* (1996). The restaurant market is very dynamic in the developing countries and on one hand, these works are largely outdated but on the other, these works paid less attention to the comparative analysis of different markets.

The comparative method is known to act as general orientation of knowledge. The research tries to find something in common or different when comparing processes, facts, concepts, elements of structure and the quality of the phenomena. In other words, comparison acts as a method of knowledge and in a way identifies general and particular in the studied phenomena, further becoming an orientation and navigation in the world of many phenomena.

Moreover, science has developed many methods for quantitative and qualitative comparisons and it fact it is very hard to establish a single measure of differentiation.

To emphasize, the most frequently mentioned and debated methods in the literature are: case-study, binary, regional, global and cross-temporal comparisons (Keman 1993; Stepan 2001; Landman 2008; Peters 1998).

Case-study method of comparison. This type of comparison is used when one country is analyzed against the backdrop of other countries; usually those countries are more economically stable or have better conditions (Almond 2007; Dalton, Ström 2011).

Binary comparison is a strategic research of two countries, which allows identifying common and specific aspects in economic, social and political development (Dogan, Pelassy 1990; Peters 1998).

This method can be successfully applied to compare Kazakhstan and the US restaurant markets, especially if not

to use absolute but relative indicators of market development and relative indicators of supply and demand.

Furthermore, to compare the restaurant and other markets, it is not necessary to use and apply mechanical conclusions. The given method does not exclude mentality and other social factors. For example, Lipset (1997) analyzed the research of binary comparative study of Japan and the US as two examples of the most successful industrial countries. As a result, he noted that in such comparison it is possible to highlight more characteristic differences between those countries. In this case, Lipset gave a completely different perspectives and ways to achieve commercial success of these countries (Lipset, Marks 2000).

Besides the case-study method and binary method, there are other ones, such as regional, global and cross-temporal comparisons (Smelser 1994; Bartolini 2006).

In given case, a study of development level of Kazakhstan restaurant market calling for a combination of difference methods of comparative studies (Ragin 1989). In this regard, as a research methodology, a dual strategy combining binary research and case-study of Kazakhstan will be used. This will allow answering many questions, including:

– At what stage of development the restaurant market in Kazakhstan stands?
– What needs to be changed in the development of restaurant market and, in particular, the relationship between the restaurant and client, to improve the management of restaurants?
– What is the prognosis and what are the trends in the development of various segments of the market?

In terms of scientific research and analysis, how important is the restaurant industry? Although, this industry looks prospering, there are many hidden and latent problems. These problems appear due to the specificity of the industry, such as small size enterprises, secret recipes and etc., seem as not important in business but have not been researched well. That is why; science today has little understanding of the situation in the industry.

Comparative analysis, to a large extent, will help with understanding the level of development of a sector and industry problems. Especially if the comparison is made with those countries that have traditionally developed restaurant industry and have pervasive tradition of management.

The US traditionally refers to the country that has the best, rich and most accumulated experience in management, formation and development of the restaurant industry. Methodology for comparing features and market trends of Kazakhstan and the US restaurant services allows understanding problems and building strategic development and operational management in restaurants. Methodology for applying common achievements in management for running restaurants helps to develop the market of restaurant services with a purpose of satisfying the customer needs and achieving dynamic development of the industry.

1. Market of restaurant services and its potential

Table 1 shows comparative binary "portraits" of restaurant market in USA and Kazakhstan.

Table 1 shows that even if judged by the relative figures, the restaurant market in Kazakhstan is at the initial stage of development. This explains the relatively high growth of the market that demonstrates an annual growth of 20%, although in 2012 it declined and was only 13%. The US market, in contrast to the Kazakhstan is fully formed and stands at a high level of saturation. This is reflected in the rate of annual growth of the market, which in the US is lower than in Kazakhstan. Today, in Kazakhstan one restaurant (without café) accounts for 9259 people or one place for 35 people on average. Even if we take into account a small café, one institution accounts for 1700 people. Meanwhile, in the United States, one restaurant accounts for 322 people. By the way, in Europe, one restaurant averagely accounts for 250 people, for example in France around 150 people (Haykin, Trabskaya 2009). Thus, the potential development of the market for restaurant services exists even for the United States, where Kazakhstan market of restaurant services is far from saturation.

Table 1. Comparative portraits of restaurant industry in Kazakhstan and USA for 2013 (Source: Materials Statistics Agency of Republic of Kazakhstan 2013; Facts at a Glance 2013).

Indicators	Republic of Kazakhstan	USA
Sales in restaurant industry	$ 965 million	$ 660.5 billion
Population on 1 restaurant (people)	9 259	322
Average sales of a restaurant in a year	$ 231 000	$ 849 000
Share of sales in restaurant industry in GDP	0.3%	4%
Daily average turnover of restaurant industry	$1 159 thousand	$1.8 billion
Share of restaurant industry in total supply	56%	47%
Share of small catering establishments (less than 50 employees)	95%	93%

High level of development and saturation of market for restaurant services in the US is confirmed by its high share of restaurants in GDP structure – 4%. Kazakhstan will take many years to reach this level of development.

From the abovementioned data, it is difficult to estimate the number of customers who were served the US and Kazakhstan restaurants. It is possible that less saturated

restaurants in Kazakhstan led to greater number of served customers. However, this is unlikely since the profitability of premium restaurants (fine dining) in Kazakhstan is 500% and above, middle level restaurants (casual dining) 300–400 %. It is this high profitability of restaurants contributed to the fact that the average income of restaurants in Kazakhstan yielded only 3.7 times from US restaurants. The average monthly wage in Kazakhstan is about $ 640, whereas American earns $ 4 300, which is 6 and 7 times higher. This means that the average cost of the check and the average cost of meal in Kazakhstan is much higher than in the US and provides a high level of profitability for Kazakh restaurants.

Average check in premium level restaurants in Kazakhstan reaches $120–160 per person and in middle level restaurants about $50 per person. With average monthly wage of $640, these numbers are incredibly high for Kazakhstan.

The opposite portrait in the United States, where the average check in middle level restaurants is $25 per person with the average monthly salary of $4300 is quite acceptable to go to the restaurants several times a week. Thus, there are less available restaurants for middle class citizens in Kazakhstan than in the United States. That is why; the middle class citizen in Kazakhstan goes to the restaurant only 3–4 times a year and often to the low price level restaurants.

The abovementioned definitely affects the average daily turnover of restaurants. In Kazakhstan this figure is considerably less, while the share of restaurants in the total volume catering is respectively the same.

Thus, binary comparative portrait shows the situation on the market in Kazakhstan: bet on high prices and low availability of restaurants for the middle class citizen, who can rarely afford to go out to low price level restaurants.

2. Features and trends of restaurant market in Kazakhstan

Consider the development of main segments of the restaurant market in Kazakhstan.

The segment of *premium level restaurants* is fairly closed and unadvertised. In Kazakhstan's largest city Almaty some examples of such restaurants are Le Dom, Paladium, Bibliotheque, El Mirador, Café Del Teatre, Sadu, Via Del Mondo, Porto Malteze, Villa Del Fiori and others who have own circle of customers with high incomes. On one hand, this market is far from saturated since in the country, there are not more than 20–25 successfully working premium level restaurants. On the other hand, customers often are not in a hurry to go to these places. Therefore, the total amount is less than 1% of the population or 25% of potential customers.

Moreover, high profitability of restaurant courses with low total amount of coverage and higher investment costs

leads to a slow payback of a restaurant, about 5–6 years. As a result, fine dining restaurants are experiencing difficulties in their work due to: continuing need for financial resources to maintain theirs standards, high level of competition among the elite restaurants, increased payback period of projects for the development of a restaurant, a need to import expensive and high quality products.

Restaurants of this segment are oriented on high level of dining or have a national-regional specialization of cuisine.

Middle level restaurants (casual dining) get rapid development in Kazakhstan. Restaurant market of this segment is more saturated at the moment than 5–6 years ago. However, this segment is not fully formed but has great potential. Significant development of this segment is explained not by the communion of population to the culture of eating out in restaurants but by the fact that restaurants of this segment are largely focused on the wedding-banquet services. Banquets, weddings, anniversaries became a major source of income for these restaurants and their profitability depends on the owned area of banquet halls and the capacity of people fitted in this area.

Another popular trend is the expansion of free-flow concept and business lunches at the affordable prices. Not everyone can visit these restaurants in the evening due to the high cost of individual services. On the other hand, restaurant sometimes cannot reduce costs because of high prices on food and raw materials which are not produced domestically.

The competitors for this segment of restaurants in recent years is booming market of coffee shops and market of low price restaurants lower, sometimes so-called fast food.

Sector of low-end restaurants and fast food is the segment that has been booming in the Kazakhstan market for the last 5–6 years. It firmly riveted the bulk of customers interested in eating out. Mainly this segment firmly seized the market of young people, who are the main customers for fast food chains. Such places as Pizza Land Fast Food, Ozyurt, "Chicago Dogs", KFC, Burger King, Hardee's, Ciao Pizza, Del Papa, Pizza Hut, Texas Chicken, etc. have become places of leisure and gathering of youth. Furthermore making these restaurant chains booming locally and regionally, some of such examples are McDonerci, Uzbechka, Dastarkhan food and "Perekus Centre".

The rapid growth of this segment is explained by the cheap projects, quick payback, and democratic prices. Average check in this market is around $10–15. Thus, fast food restaurants in the past six months and had around 70% of visitors from major cities of Kazakhstan and the age range is from 18 to 55 years old. This is the highest indicator on the restaurant market.

Moreover, another trend and feature on the market for restaurant services in Kazakhstan is a sharp increase in beer and pub restaurants. Although pub is not classified as

restaurant, it should be noted that its growth significantly pulls customers from restaurants sector. According to the forecasts, pubs have huge potential for growth in the future and they might become a significant competition to restaurants. Demand for pubs is satisfied in Kazakhstan by not more than 40%. About 30% of people regularly visit Almaty beer restaurants, where the bulk of the visitors are men aged 25–35 and about 10% of women regularly visit beer bars.

Organization of own brewery is quite expensive project, from 500 thousand dollars to $1 million. The cost of opening a restaurant with its own brewery is from $1.5 million and initial investment will be about 200–300 thousand dollars (in midtown area – 140 sq. m.) together with the costs of facilities, equipment and security. Payback will be about 1–2 years. Besides, this business attracts because of a quick implementation of business itself in the event of closure. Average duration of exposure is usually not more than 3 months.

The high cost of restaurant services has caused a significant increase in the number of coffee shops and cafes. Today in Almaty, there are about 20 coffee shops (100 thousand citizens – 0.3 coffee shops) whereas; the first coffee shop is Phloston Paradise opened just five years ago. Some examples of most popular coffee shops in Almaty: Gloria Jean's Coffees, Chocolate, Marrone Rosso, Coffeedelia, Costa Coffee, Coffeemania and Cafeteria. Further, in Moscow and St. Petersburg, there are 100,000 citizens per 0.7 coffee shops. In New York City – 27, in Seattle – 62, in Milan – 135. These figures indicate that this market will continue to flourish.

Business in terms of coffee shops is attractive and fast growing since the cost of a cup of coffee is several times lower than the price quoted on the menu (return 500–700%). However, initial investments in the coffee shop (coffee and refrigeration equipment, interior, furniture) range from 80 to 150 thousand dollars, excluding the cost of rental space. Additionally, operating expenses should be added among other things, including the cost of training baristas (bartender, person making coffee) and pastry-cook from foreign experts. The payback of a coffee shop is estimated between 2 and maximum 3 years.

Special characteristic of Kazakhstan coffee shop market is that the emphasis is placed on the coffee and pastries that are usually homemade. Close attention is paid not only to the quality of coffee, but the range of drinks and cocktails based on coffee. Often, one can find in the menu totally unconventional products, such as beer and hot dishes. According to the owners of coffee shops, the menu and what they serve is dictated by the demands of the local consumer. Currently, they are at the stage where coffee houses have to compete not only among themselves but also with restaurants and cafes. At the same time, this situation is advantageous, even in the case when coffee shops become less popular, it will be easier to reposition their strategy.

3. Business model of restaurants

Big portion of restaurants are based on the use of own resources of restaurant owners.

As the conducted survey of 30 restaurants in Almaty shows, only 20% of owners have resorted to bank services for building restaurants. 90% of the surveyed restaurants used tax benefits through the use of a simplified tax regime. This mode is used when the company's turnover in a year is less than 487 thousand dollars (2013), number of employees less than 50 people and corporate tax income in this case is 3%.

Coffee shops and restaurant chains mostly use franchising.

Franchising options, often used in Kazakhstan:
– The franchisee pays an initial fee and then lists the monthly or quarterly royalty – from 4% to 12% from turnover. Sometimes royalty paid on the profits or gross purchases.
– Franchisee actually buys know-how without the brand and does not pay royalties.
– The franchisee buys the know-how and the brand, but does not pay royalties.
– Under the agreement, the franchisee does not pay royalties, but must buy in the semi-finished products of the franchisor.
– Benefits from franchising for the local business are obvious. For example, developing own business under a well-known brand is usually less risky investment and there is an increased chance to earn more. Franchising provides high efficiency due to already detuned business processes, ready portfolio of consumers loyal to the brand. Buying a franchise from an established network of restaurants reduces the commercial risk of a new business 4–5 times.

The sellers of franchises are able to carry out regional expansion and by "proxy" conquer new markets. Franchise development program gives new impetus to further promotion of the brand, including empowerment, promotion from received franchisee contributions to the advertising fund.

However, as shown by the survey of coffee houses chains of Almaty, in practice, the franchisee may encounter some problems. Thus, there may be difficulties in completing the term of a franchise agreement making franchisor often initiate changes in the conditions of cooperation or sometimes does not renew the contract. Seeing the success of the brand in the local market, the franchisor usually prefers to open own retail outlet. To exclude such cases, one should pay attention to the details and conditions of the agreement with the franchisor.

Sometimes, when entrepreneur buys a franchise he can end up empty handed. For example, the franchisor verbally promises a powerful business support, such as management

technologies, smoothly running logistic schemes, training of personnel and advertising. Later it turns out that all contract obligations of the parent structure are rather vaguely written but has well-prescribed obligations for the entrepreneur.

Support from the franchisor does not guarantee the success. High expectations and illusion that successful technology will be effective anywhere and under any circumstances, often leads to no return on investment. Entrepreneur often forgets that along with the franchise system he acquires a system of relations with the external environment, which does not always correspond to the current market situation.

Furthermore, entrepreneur often naively relies on a guarantee of success because of the brand. As one of the leading American chains of fast food brands in Kazakhstan is experiencing significant difficulties due to poor acquaintance with the local population and culture, hoping and thinking that the locals know this brand.

Nevertheless, the advantages outweigh disadvantages in franchising, and today Kazakhstan is committed to more famous brands. In particular Kazakhstan eagerly awaiting the opening of the first American coffee shop "Starbucks".

4. Features and trends of restaurant market in the USA and Kazakhstan

To a large extent the development of market for restaurant services determines the consumer of these services. Very interesting results from a research had been published by the US National Association of restaurants which we tried to compare with the portrait of Kazakhstan consumers (Table 2). In examining 30 restaurants in Almaty, we surveyed customers in restaurants and the results are shown in the following table.

Both of these findings suggest that the weakness of the restaurant industry is influenced by both objective factors such as low purchasing power of the population, and subjective factors, such as poor quality management in restaurants who have to make them more attractive.

It should be noted that Kazakhstan restaurants use different methods to improve their competitiveness and attract customers. They use different shows, for example contests between customers, chefs, fashion shows, events for children, inviting famous artists, and etc. One of the common methods of attracting customers is the use of discount cards. Wi-Fi has become the norm in the restaurant.

Nevertheless, it should be noted that such events are organized rarely. Kazakhstan restaurants still poorly use the reserves to increase attractiveness of a restaurant and do not develop programs for regular customers and customer loyalty programs.

Table 2. American and Kazakhstan consumer preferences (Source: Restaurant Industry Pocket Factbook 2013; researches of authors)

Question	Number of affirmative answers in the US	Number of affirmative answers in Kazakhstan
Do you think that the restaurants are offering healthier food than 2 years ago?	85%	8% (70% found difficult to answer the question)
Do you use internet to find the right restaurant?	34%	12%
Are you ready to use self-service terminals (self service ordering terminal) at fast food restaurants?	44%	30% (50% prefer to receive information from "first hand")
Would you prefer restaurants that encourage customer loyalty and loyalty reward system than other restaurants?	66%	70% (90% customers did not encounter cases of customer loyalty in restaurants)
Would you like to receive gift cards and certificates during gift occasions?	79%	92% (86% do have discount cards in restaurants)
How much your family spends on average per year on eating out?	$2 620 (2011)	$350 (not counting the invitations to banquets and events)
Do you think that restaurants are an essential part of your life?	45%	8%
Do you think that cooking your favorite restaurant meal and ensuring those taste qualities is not easy to do at home?	68%	56% (only 15% of Kazakhstan have their favorite restaurant meals)
Do you think that the restaurant is the best place to spend time with friends and for making connections?	79%	74% (But only 8% of Kazakhs prefer to spend their free time in the restaurant)

Today, competition policy among restaurants is reduced to only compete for various events, such as weddings, anniversaries, corporate events and etc. Such competition distorts the original meaning and nature of the restaurant, which is an institution that meets the diverse needs of people

in food, rest, culture, communication and etc. A restaurant which only satisfies the need for the event is not a restaurant in its true sense. Such functional limitation of restaurants creates institutions working on the principles of the simplest catering services.

The low level of living of the majority of the population, coupled with low level of management, leads to the fact that Kazakhstan family spends an average of 3 to 5% (depending on region) of consumer budget on food "away from home".

At the same time, this situation allows to assess market opportunities very high: the market potential is huge for restaurant services. This also contributes to the influx of tourists in Kazakhstan. Structure of tourist flows largely depends on domestic tourism and outbound tourism. In Kazakhstan, number of tourists coming directly and purposely for tourism is not even 0.1% of the total tourist flow. From this perspective, the expected growth in tourism will lead to the development of the restaurant market.

Moreover, the restaurant market in Kazakhstan has high level of bankruptcies and preservation risks in this industry. In Kazakhstan, 20% of new restaurants go bankrupt in the first year of its existence and in three years up to 60%.

High level of bankruptcies in restaurants is a common phenomenon regardless of the country. Thus, even in Europe 45% of projects do not survive during the first 2 years. According to the World Directory of Bankruptcies D&B, the restaurant business confidently takes 4th place in the list of bankruptcies after the dress shops, furniture and photography shops (D&B Supplier Evaluation... 2013).

However, if in the US and Europe, bankruptcy is associated with the high level of competition, then in Kazakhstan, this phenomenon has its own specific terms, where competition plays a smaller role. Bankruptcy of restaurants in Kazakhstan is connected, first of all, with a low level of management and poor preparation of the restaurant concept during its planning. Often you can find pretentious and uncomfortable restaurants that in order to payback are forced to raise prices regardless of the quality of food and level of cuisine. Other restaurants are going bankrupt because of the lack of parking space, wrong choice of location or lack of professional service. In general, the restaurant market is characterized by elemental, sometimes with largely spontaneous demand and lack of regular customers.

Unlike the restaurant market in the US, Kazakhstan restaurant market has not yet agreed on common standards of facilities and service standards. Restaurant service and business processes have little attraction for restaurateurs. As a result, one can still find a lot of restaurants where the quality of service does not match the initial clamed level.

Also, in Kazakhstan it is often possible to meet such phenomenon as the preservation of a clan system in the management of restaurants. Investors entrust their relatives to manage restaurants and in most cases their relatives are far from the restaurant industry and have a very vague idea on how to run such business.

5. Problems in restaurant management

As the survey of 30 restaurants of Almaty shows, most of these restaurants do not have management system at all levels. So, even fine dining restaurants and local chain restaurants do not have a clear strategic management system. Most restaurateurs have not been specifically trained for strategic management and sometimes people with no background in restaurant business and similar industries run these companies.

As a result, mistakes start from the initial stage, such as choosing the restaurant concept, choosing wrong location of the restaurant, or the location does not match the concept of the restaurant, not analyzed map of the territory, traffic flows and a segment of population of the area.

Such amorphous state of the market leads to the fact that the restaurant industry is not fully developed in the professional restaurant management. Business itself has not yet become socially responsible business, making prices in restaurants to remain at a high level and does not tend to decrease. The culture of catering remains low: one of the common phenomenons is the inclusion of 10–15% tip to the check amount.

Moreover, a real external threat to the restaurants is that there are no reliable local suppliers of raw materials. Raw materials in most cases come from neighboring countries: Kyrgyzstan, Uzbekistan and Russia.

One of the acute problems of the market is the lack of professional personnel at all levels. Today, in the highest demand are chefs, second place take waiters and the third are bartenders.

Also, the demand far outstrips the supply of managers, administrators and restaurateurs. The country has almost no specialized educational institutions, which would prepare the top managers for the restaurant industry. In recruitment agencies, there are 70–80% of requests for managers and chefs who have successful experience in opening and promoting restaurants that can operate efficiently and effectively, bringing new ideas to the business. In recent years, the demand increased for restaurateurs in the other regions. Generally speaking, not only administrative staff does not have the specific training in restaurant industry, but also the main production experts and there are no cooking schools.

Often, the premium level restaurants prefer attracting professional chefs from foreign countries. However, this does not always meet expectations, as these chefs do not take into account the specificity and of the local population and its mentality.

In most cases, low level of management leads to the inability to make quality menu and develop a competitive concept of meals.

In addition, what hinders the growth of quality is the high level of employee turnover in the industry. The highest turnover among waiters is 50% and among chefs turnover is 20%. In most cases this is due to the lack of regular systems of motivation. In Kazakhstan, tipping had not become the norm for customers, but the culture of good service regardless of the tip had not become the norm for waiters.

From the surveys of Almaty restaurants, the Table 3 shows the average motivational structure for the restaurant staff and the recommendations to develop better motivation system.

In the strategic and operational management of restaurants, all management models can be applied. The problem is that management in restaurants does not use the worked out by theory and practice known strategic and operational management models.

Moreover, SWOT analysis should be a tool for strategic analysis of any restaurant, it will allow to develop strategic alternatives (Mill 2006; Hill, Westbrook 1997). This type of analysis should be used from the start when the strategy of a restaurant is created. Every restaurant should have its mission and vision. Yearly diagnosis of a restaurant should be aimed at creating strategies to achieve that vision. Then, on the basis of that SWOT analysis, top management of the restaurant will be able to identify strategic gaps and develop capacity for new opportunities and activities to build more strength that is aimed at the elimination of the threats and weaknesses. However, often management does not focus on the vision of the restaurant. Importantly, achieving the vision is a way to develop the restaurant strategy after the diagnosis and analysis.

According to the survey, only 5% of restaurants have formally elaborated the mission and vision. But not in any case found that vision determines the development strategy and that staff has knowledge of the restaurant's mission and vision.

Boston Consulting Group model will help the management of the restaurant to analyze the menu and raise its efficiency. Expanding meals by the quadrants of "stars", "dairy cow" or "dead dogs", one should remember to make the right decision about the future (Henderson 1970). Thus, the analysis of Almaty restaurants showed that half of them have meals in the menu which are not popular with customers. However, they were still kept in the menu to make menu seem diverse, the chef thought that these dishes are not appreciated or that the waiters did not advertise it well to customers. In some cases it might be true. However, the annual analysis, in the form of unfolding all the meals depending on sales by the quadrant matrix contributes significantly to more analytical and reasoned

Table 3. Recommendations to motivate the restaurant staff

Position	Traditional system of motivation in the form of wages, USD	Recommended additional methods of motivation and incentives
Manager (director) of a restaurant	1000–3000 and higher	Participation in restaurant profit (profit percentage of net income or revenue). Opportunity to participate in ownership in case of long-term payback of the restaurant. Social security: service car, health insurance, etc.
Manager	700–1200	Bonuses depending on revenue. Payment and training depending on the work results. Social security: medical insurance, gym, etc.
Administrator	500–900	Similar to Manager's methods
Waiter	300–500 + tips	Work to attract and make permanent clients, stimulating growth in sales of new dishes, wine list, a bonus depending on the sales
Chef	1300–3000	Premium depending on revenue, a share of tips, bonuses for menu updates and sales growth from new dishes, kitchen modernization, maintenance, and the absence of comments from regulatory bodies, free room and board if necessary. Social security.
Sous-chef	1000–2000	Premium depending on revenues, free meals, share from tips, arranging delivery at night.
Cook	400–1000	Premium depending on revenues, free meals, share from tips, arranging delivery at night.
Kitchen worker	300–400	Meals and arranging delivery at night.

approach to planning the menu and updating it. This way attractiveness and interest of a menu can be achieved and maintained for customers.

Model of core competencies by Hamel and Prahalad (1994), as well as the models by Tracy and Virsemy (Harrison 2011) allows a restauran to choose those core competencies that will distinguish it from other restaurants.

As the research showed, 85% of restaurant executives were unable to determine the core competencies of their establishment. Most often, the answer to the question of core competencies was reduced to the standard response in the form: "Paying attention to the client", "Quality and healthy nutrition" and etc. However, those are not core competencies, any restaurant should focus on the customer and offer quality food. Otherwise, this restaurant will go bankrupt in the shortest time. In fact, the core competencies have to be original and unique to a restaurant. Core competencies will improve the competitiveness of a restaurant and ensure its lead over the competitors.

15% of restaurant managers noted that using such competencies, significantly lowered the maintenance costs by automating the processes of taking orders, use of modern software, online sales and online reservations, use of deposits forms to attract customers and many other.

Porter's Positioning model should serve as a basis to competitively position the restaurant on the market and help determine its strategy by focusing on cost or differentiation (Porter 1980). In fact, Porter's model can be used in conjunction with Prahalad and Hamel model. Further, restaurants can concentrate their efforts on reducing costs or product diversification. Specialty restaurants with ethnic cuisine and chain restaurants are focused on cost reduction and at the same time, most of the middle level restaurants in Almaty use a strategy of diversification and offer both European and Asian cuisine at the same time. However, such strategy is not typical for premium level restaurants which prefer to specialize in one kitchen. Among the most popular today are Italian and Mediterranean cuisine.

Lifecycle model by Adizes (1990) should be used to revive restaurants and allocate and introduce new services. Lifecycle service is the period from the release of a service into the market until its withdrawal from the market. There are six major stages of the life cycle services (Fig. 1), each of them is characterized by the combination of marketing activities, which provide an opportunity to carry out strategic plans and tactic forms on the behavior in the market.

Interestingly, one of the features of young undeveloped restaurant market in Kazakhstan is not tradition but the novelty. With the opening of a new restaurant, there is always an increase in number of visitors, which often serves as a pretext for calming down the owners of the restaurant. But this flow caused by the usual curiosity and desires to see a new restaurant. It is considered natural for a client who lives on a new, still developing and unsaturated market of restaurants. To prove, one can see a pattern of food courts in major shopping malls. Those restaurants are serving traditional and familiar food (Kazakh traditional manty, plov, etc.) and suffer losses in contrast to the American and other restaurants offering burgers. In this case, if a restaurant does not work on working to make clients regular or their retention, the lifecycle of that restaurant services quickly reduced and the life of the restaurant completed the first or second year of existence.

Such factors as high level of expectation, low level of satisfaction to meet customer interests and needs (most of whom have the ability to compare with the foreign level of service) are responsible for the rapid extinction of a restaurant. Key factors here are to work to make clients regular and updating the menu on regular basis. Restaurant managers should maintain the level of marketing (research and study of customers, support by innovations and popular positions, regular promotions).

6. Projections for Kazakhstan restaurant market

It is obvious that the "pyramid" in the restaurant market in the coming years will be more down to earth. Its top (fine dining) will remain the same or increase slightly, to 5–10%. Segment of affordable restaurants will grow with new restaurants, but at the expense of other bankruptcies, and increase by 10–15%. Probably, the base of the "pyramid" will not suffer and expected to continue increasing profits in some businesses of this segment.

Market of restaurant services in Kazakhstan is far from saturation, so the number of restaurants per year will increase by 10–15%, but the numbers of viable and profitable will not increase proportionately.

In recent years, the restaurant market is attracting more and more investors because if done right, this business is able work for a long time and bring a steady income.

Restaurants at the food courts will remain being popular for a long time, this is associated with city plans for further construction of new shopping centers and malls, as well as new business area, exhibition centers, and hence, the development of outlying areas and the emergence of new platforms. Middle level restaurants should put a considerable effort to divert customers from this segment. However, the trend of fast food is already cooling down and t in order to win customer over, the middle level restaurants should improve management and focus on attracting and forming their own clientele who will become loyal to their brand.

Development of services	Implementation of services	Consumption growth of services	Maturity of services	Market saturation of service	Decline in demand for the service

Fig. 1. Life cycle of restaurant services

Conclusions

Market for restaurant services in Kazakhstan when compared to the US market stands at the level of infancy.

Moreover, market is affected by two conflicting factors. On one hand, the limiting factors are low income of citizens and having no tradition of eating out. On the other hand, market development is strongly influenced by subjective factors in the form of low-level management of restaurants, lack of professional training and motivation, etc.

The segments of the market showed that in general, Kazakhstan holds traditional pyramid of restaurants with different prices, from elite restaurants to catering restaurants, coffee shops and bars. At the same time, when compared with the US restaurant services, some services in particular segments have their own characteristics. For instance, the middle price segment of restaurants mainly provides services for the organization and celebration of banquets for weddings, birthdays, and anniversaries. Further, low level or low priced restaurants are not acting as fast food places, where people quickly eat and go, most of the time it acts as a place for young people to spend time, "hang out" thereby replacing the the place of middle level restaurants.

To conclude, the weakest factor on the market of restaurant services is the lack of quality management. Market for restaurant services in Kazakhstan should start using accumulated knowledge of strategic and operational management and its basic model. This will greatly reduce the high level of bankruptcy, lack of permanent clientele and low culture of restaurant services.

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Farida YERDAVLETOVA is an Associate Professor of International Academy of Busines. Almaty, Republic of Kazakhstan. Her main research topics include accounting and auditing in financial institutions, accounting and valuation of the company, assets and liability management.

Temirkhan MUKHAMBETOV is an Professor of Almaty Technological University. Almaty, Republic of Kazakhstan. His main research topics pricing corporate management, strategic management of the company, innovation management.