

# **The Ministry of Education of Azerbaijan Republic**

## **Impact of marketing tools on consumer behavior in the restaurant industry**

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## **ABSTRACT**

The role of marketing process in the restaurant industry has become more important especially in recent years due to increasing competition in this sector. Every restaurant wishes to gain more customers and maintain existing ones. For achieving such a competitive advantage restaurant enterprises should professionally plan their marketing processes and use the most powerful marketing tools for attracting clients.

This dissertation includes research regarding the marketing tools that are used in the restaurant industry worldwide and in Azerbaijan, evaluation of the impact of marketing tools on customer of this service, and the possible ways of improving them in our country.

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## **INTRODUCTION**

### **Background and Essence of Study**

Based on the scale and pace of development of the world economy, the endless process of interchangeability and interdependence of all mechanisms of the functioning of society in the sphere of consumption and provision of goods and services should be concluded. At the moment, for any person there is an extensive choice in all spheres of life, also in the field of restaurant industry. The number of restaurant enterprises is increasing day by day, and so the competition becomes stronger and for winning competitors more resources are required. Marketing becomes a powerful tool for achieving purpose of gaining a competitive advantage in such situation.

Marketing of service industry is different from the marketing process implemented for products. Restaurant marketing is different from any other marketing activity only by the presence of some specific tasks, but basically it is the same process for developing and providing consumers with services that provide a certain lifestyle.

Even the most popular and profitable catering establishments at the initial stage of their existence face very serious obstacles in turning their enterprise into a stable and profitable business. The problem in most cases is that managers are mainly focused on managing only the restaurant, and completely forget about business management, which is understandable - after all, the restaurateur is fully loaded with routine daily work and releases the strategic aspects of marketing, finance and many other important actions, which ultimately determine the future success of the business.

The main function of marketing research in the field of public catering is to help assess the situation, develop an optimal strategy, the possibility of reducing the

risk of making wrong decisions. In order to effectively interact in a competitive environment, the manager must objectively present his actual position, prospects and development trends of everything that is directly or indirectly determines the state of the market for goods and services. Thus for the implementation of marketing measures, reliable information support is necessary; therefore, the collection and analysis of information is the basis of restaurant marketing.

### **Aims and Objectives of Study**

The main purpose of this study is identifying the impact of various marketing tools used in the marketing process of restaurants on the customer of these enterprises. By analyzing current situation in the restaurant industry of Azerbaijan and their marketing activities, the ways for improving their effectiveness are offered.

### **Data and Methodology**

This dissertation work consists of theoretical and methodological approaches. In this study process I used information from various books of different marketing specialists. Some statistical data was included I the work from the State Statistical Committee of the Republic of Azerbaijan. I have used several methodological ways of analyzing, which include five forces analysis for assessing the competitive environment in the restaurant industry, SWOT analysis for assessing the impact of internal and external environment on the restaurant enterprise, and survey analysis for assessing customers' opinion.

### **Practical significance of the study**

The marketing tools analysis of the restaurant industry implemented in this dissertation creates an opportunity of precise evaluating of the effectiveness of used tools in the restaurant industry of Azerbaijan and in the result, offers practical ways for improving and increasing the effectiveness of marketing process of restaurant enterprises.

# **1. LITERATURE REVIEW**

## **1.1. Various marketing tools used in the marketing process**

Marketing is a type of human activity aimed at satisfying needs through exchange.

Marketing is a social and managerial process aimed at satisfying the needs and requirements of both individuals and social groups through the production, supply and exchange of goods and services and the process of extraction of profits from customer satisfaction.

For many people marketing is just sales and advertising. And this is not surprising: every day a vast number of commercials, sales announcements and advertisements in newspapers fall on us. Whereas, advertising and sales are just a small part of marketing. They function as two important elements of marketing.

Marketing is the process of understanding the needs of potential clients and meeting these needs by offering the suitable goods - products, technologies, services, etc.

The goal of modern marketing is not to sell a product or service in any way, but to attract new customers, ensuring the highest customer value, and maintain old customers, continually meeting their changing needs.

The main task of marketing is to be aware of the requirements and needs of each market. This will create the opportunity for the company to produce higher quality goods and therefore expand their sales and get larger revenues by better meeting the needs of target customers. [17]

Only if the company uses different marketing tools to promote a company to the market on time and appropriately, and not limited to a single advertisement, then

it can achieve a tangible effect. The tools of the marketing of an enterprise must be carefully chosen and built into a well organized marketing plan system.

Marketing tools are tools that businesses use to promote and improve their goods and services. In this respect, the word “tools” refers to strategies, tactics, and materials. The major part of companies uses a number of different marketing tools, such as direct mail, advertising, and market research to increase their sales.

Companies have variety of marketing tools at their disposal. Several of them are particularly for boosting sales, while others concentrate on gathering data from consumers. In the other hand product features also affect the choice of marketing promotion tools.

It is crucial to know which tools are best suited for your company. In other words, which tools you need to have to achieve your initial objectives and goals. Often people use multiple marketing tools simultaneously. [12]

Thus, companies have a vast number of marketing tools, such as marketing research, product policy, distribution channels, price, advertising, service. Therefore, the selection of the most appropriate combination of these tools for the implementation of the objectives of the company's marketing plan is the most important task of the marketer.

As competitive situation in the market offers numberless options, companies try to find ways to create emotional relationship with customers, become unique and unrepeatabe. A powerful brand becomes conspicuous in a heavily crowded marketplace. Customers fall in love with brands, believe in them, and trust their superiority. How a brand is recognized determines its successfulness, irrespective of whether it is a nonprofit, a start-up or a product.

Branding is admittedly one of the most significant characteristics of any business. Enterprises that seriously concentrate on their brand are likely to differentiate themselves better from rivalry, and have better marketing. Additionally, our way of judging products by contrasting benefits and advantages no longer works. Nowadays we make more choices based on symbolic attributes. The level of trust we have towards a product rather than the evaluation of its benefits and features, will determine which products we will choose. [23]

Branding is a brand building process, a tool creating a long-term relationship with consumers based on the actual values for consumers embedded in the brand.

In comparison with the trademark of a company or product (service), a brand has a wider meaning: it creates not only the graphic image (logo), name, sound symbolism but also the development concept of the company or its product and extra elements of positioning. In brief, a brand is recognized as a trademark with an established image, the creation of which includes the following additions:

information about the main audience of consumers;

products (goods or services) with all the characteristics;

a list of emerging associations and attributed expectations perceived by the consumer (user) of the product;

product benefits and promises, data (promised) to the consumer.

The major objectives and functions of the brand, determined by the development of its strategy, are: identification, individuality, uniqueness, clear differentiation in relation to the other competitive brands of its market segment, loyalty of the target audience, popularity and stable demand. A brand can be a person, a service, a company (society, organization), a product, a country or another entity that has

taken a special place in the understanding (consciousness) of the consumer and allows the owner to be competitively protected and earn stable. [7]

Nowadays only strong brands will survive on the market.

Branding is the set of values, ideas and associations in the minds of potential customers. Its goal is to multiply the value of the product or service for a potential consumer.

For new products branding is highly needed in order to declare themselves loudly. The products that have developed spontaneously, very quickly, while customers do not have a single communication strategy and image, need branding too. Branding needs to be formed for conveying to customers the main values and promises, and it is very important especially for companies that have very high competition and want to stand out.

Brand is an opportunity to better communicate with the audience and add some value to products and services. For example, the cost of iPhone X is \$ 413. While in the US it is sold for \$ 1,149.

Nowadays the benefits of branding for business become more obvious due to the fact that potential consumers have become extremely selective. Hence, in our time, the creation of a brand is a matter of survival of your products or services in the market. [8]

Branding is very important for a company because of its impact it makes on business in general. The most important reason why branding is so significant for a business is because it helps an enterprise to get recognition and to become known to the consumers. The logo is the first important element of branding, as it acts as a face of the company. So a professional design of logo should be easily memorable and powerful, in order to make an impression on a person immediately.

Strong branding creates a positive sense of the company for consumers and they are more likely to use the service or product of this company because of using a name they can trust and the familiarity.

Another importance of the brand is related with employees of the enterprise. An employee will be more satisfied with his or her occupation and have a higher degree of pleasure in the work when he or she works for a strongly branded company. Working for a brand with high reputation makes working for that company more gratifying and pleasant, and help employees to have a sense of belonging to the company. A professional appearance and strong branding affect not only employees of the company but also will help the company create trust with customers and potential clients. [2]

The purpose of creating a brand is to achieve long-term strategic competitive advantages in promoting a product or service on target market. Effective brands have strong convictions and original ideas. They not only change the attitude of the potential customer to the brand, product, and service, but also transform their minds.

In modern world, the "brand" is becoming one of the most popular terms in the modern press, from news programs to business publications and the public increasingly understands the meaning, benefits and the power of well managed brand.

Brand management is the application of marketing techniques to a specific product, product line, or brand. The goal is to increase the importance of the product in the perception of the consumer, increasing the brand value. The brand value is the benefit that the brand brings to the manufacturer: an increase in sales, an increase in price, a decrease in cost. And because the effectiveness of brand management is measurable, brand managers often keep financial statements - unlike marketers, who are provided with a budget and tasks "from above". Accordingly, a brand

manager, unlike a marketing manager, plays a strategic role in managing an organization.

In Azerbaijan, branding has been actively developing for just under 20 years. It is related with the actual lack of competition between goods and services in Soviet times, especially given their shortages. And just recently domestic manufacturers have realized that the market tendency has become very serious, attempts have been made creating domestic brands.

Nowadays Internet is rapidly socializing, and it is the main trend of modern market and business. Today there are ten thousands of various social networks and services: communication, news, professional graphic, blogging, video- and many others. In social networks, there are many opportunities to raise awareness brand, informing users about the company and its products, increasing brand loyalty.

Today the average user views up to one hundred pages per day. Psychologists are already seriously talking about the so-called Facebook addiction - this is the painful attachment of a user to what it happens on Facebook, VKontakte, Instagram or other social networks.

There are a great number of people who go online only to communicate in social networks. And this is a unique audience, which is nowhere else can be found - not on themed portals or search engines. For such users, their favorite social network is an absolute synonym for the Internet: here they gather together, watch videos, listen to music, looking for information, making purchases, reading new posts and articles. Non-online media, especially well-known by the volume of its audience, still open their accounts in social networks and integrate their sites with Facebook, VKontakte, Twitter and other popular sites. However, despite this, there is a wide range of examples of blogs and communities, the number of users of whom are larger than the size of the audience of ordinary media.

The task of marketing is to be where there is an audience. And, of course, such a big and active environment could not be unattractive for marketers. Gradually it became apparent that the marketing potential of social networks is much wider than it have been realized. It became obvious that users not only consume information, but they do something themselves, communicate, join communities with like-minded people. Besides, it have been discovered that in social networks people perform with another behavior. In social networks people share information about themselves, about their personal and professional interests much easier than in real life. For marketers, these facts opened up additional opportunities to segment and individualize their advertising message. Then they began to build better communication and develop an interaction with their customers. This is how Social Media Marketing (SMM) appeared - a complex of social promotion activities. [14, p. 29]

Social networks have a number of advantages like other online marketing tools (search engine optimization, contextual and banner- advertising), and before traditional advertising instruments (television and outdoor clam, BTL, product placement).

Perhaps the key advantage of social networking is great opportunities for audience targeting (i.e. focusing advertising campaigns for a specific segment). You actually can focus a campaign as deeply as you see fit. Users have already registered themselves in social networks and reported about themselves maximum information: age, place of residence, marital status, education, profession, hobbies and many other data. As a result, a company has significantly more information than is the case with other marketing tools, and it gives you the opportunity to work only with those users who fits idea of target audience.

Modern user is overloaded with advertising. Advertising falls on him from all sides: from the TV, from pages of print media, billboards and posters in transport. The Internet is one of the most aggressive channels in terms of advertising. As a

result, the people's brains produces special anti- screen advertising filters. In online media advertising, when a person enters the site and his brain blocks the some parts of the page because there banners are usually placed there. As a result, all this affects the effectiveness of advertising. In the case of social networks, anti-advertising filters do not exist. The fact is that in SMM enjoys an ad format. Main mechanism interactions - this communication is relevant to topics that are interesting for user.

Interaction in case of most other marketing instruments work with the audience in one side format: the advertiser informs the formation of its product and has no opportunity get feedback. In social networks this process is two-sided: users may express their opinions, ask information and give feedback. As a result, social media creates deeper interaction with the target audience, rather than in the case of traditional advertising. [14, pp. 36-39]

Nowadays social networks are a crucial part of almost all marketing strategies, and the advantages and benefits of using social media are so enormous that anyone who does not implement this cost-effective tool is missing out on an exceptional marketing opportunity. Social media marketing has become a crucial element for success in marketing today and many marketers understand that using the platform can increase the potential for business growth.

Social media is one of the most cost-saving digital marketing methods that increase the visibility of your business. Implementation of a social media strategy will increase your brand recognition to a great extent since you will be attractive for a wide range of consumer audience. SMM helps to interact with people by created content and therefore it will increase awareness of brand and begin to build a business reputation in the market.

For companies which do not use social media as part of their marketing strategy, reaching anyone outside of their usual customer circle will be much more complicated.

By marketing on social media company can effectively open its business to a wider variety of different consumers all over the world.

By increasing visibility business gains more opportunities for conversion. Each image, blog post, video, or comment will attract customers to the website of your company and increase traffic. Sharing content, commenting, and posting statuses on social media make brand interactive and personifies a brand. More than 51% of marketers declared that developing relationships with consumers results in increasing sales. When a company make the better impression on a visitor, they become more likely to think of this business when arises the need for product or services of this company. Moreover, when a brand is active online, then consumers who follow brand's accounts often begin to trust the credibility of this business.

“When a company interacts with customers on a one-to-one basis on social media, it makes them more loyal. Loyal customers spend more with you, stay with you longer and tell their friends about you.” – said Dan Gingiss, Marketing & Customer Experience Executive.

Each customer interaction, through social media accounts of the business, is an opportunity to publicly express care and kindness of it for customers. Social media creates an opportunity for interpersonal dialogue, whether an individual has a question or a complaint.

Establishing a loyal customer base is one of the most main aims of all businesses. It is obvious that customer satisfaction and brand loyalty usually go hand in hand, so it is necessary to constantly engage with consumers and start to develop a connection with them. Social media is not just introduces your products, services and promotional campaigns of a brand. For customers, these platforms are a service channel where they can directly communicate with the business. The millennial generation is the most brand loyal customers. Studies show that customers are 62% more loyal to that brands which directly interact with them on social media. Since these customers need

communication with their brands, companies should implement SMM in order to get the attention of the most influential consumers.

It makes a business more credible in the eyes of consumers when users see that a company posts on social media, also replies to clients and posts original content. Interacting with customers regularly, demonstrates that a company cares about satisfaction of its customers, and is ready to reply any questions that they have. Satisfied customers are more likely to spread information about a good product or service and they frequently use social media to express their opinion. Having customers who mention the company or brand on social media will promote this business, and show new visitors the significance and authority of this brand.

Perhaps, social media marketing is the most cost-effective component of an advertising strategy. Signing up and creating a profile is free in almost all social networking platforms, and the cost of paid promotions to invest in is relatively low compared to other marketing campaigns. Being cost-effective is a great advantage for the company because business can get a greater return on investment and save a bigger budget for other marketing and business expenses. [16]

Nowadays, the Internet is almost everywhere and plays an important role in the spreading of information. The number of social networks is constantly growing, and the time that people spend on the net is increasing day by day. It has been proven by scientists that people have developed a psychological dependence on being in social networks and searching the news. Today there are a huge number of social networks on various topics: communication, entertainment, news, scientific, professional, graphic, video, and others, and it is difficult to find a person who does not use the Internet. The answer to the question of where to look for customers is obvious.

Of course, each company in its activities uses marketing tools. Marketing in this context is communication with consumers in order to sell goods or services to

them. Nowadays, the word “Internet” has been added to the word “marketing” and advertising through the Internet occupies a key position in promoting goods and services. Social networks give a lot of opportunities for marketing activities.

The first opportunity which SMM creates is the easiness of attraction of subscribers, and it means the attraction of potential customers too. People communicate with pleasure to share with each other useful and interesting information. This makes it easy to distribute interesting content to a certain group of people, in addition, they themselves advise this information to friends. People become tired of annoying ads. SMM does not annoy them with advertising. Instead it offers communication in interest groups, various publications, videos, articles with fascinating content.

Another opportunity of social media marketing is relatively accurate targeting of audience — selection the target segment by specific parameters. SMM allows a company to accurately select people of the right age and gender, in the right place, at the right time with the right interests, so that the information will reach the most interested potential customers. Moreover, the number of registered users is growing every day in social networks. Social networks by their popularity surpass all traditional resources. This allows a brand to reach the maximum number of potential customers without spending a lot of effort and resources.

This type of marketing makes the communication process between company and client much easier. The company is always able to be in touch and have the ability to quickly respond to comments and various actions of customers. Thanks to this, interaction with the target audience and deep contact with customers is improved.

The important point is that social networks are not affected by the crisis and in general the influence of any external factors, they do not depend on the political and economic situation in the country. This makes SMM a relevant, modern, reliable, high-quality way to attract customers.

SMM is suitable for any type of business, both for large and small Internet projects, as well as for companies in the B2b sector. As mentioned earlier, communities in social networks are divided according to various parameters, including professional and social interests. B2b companies can be promoted in social networks by choosing the right target audience. This can be an advertisement for people of a certain profession, education, place of work. It is also possible to create communities, groups, attracting people from the desired industry.

Social media marketing provides a good opportunity to customize interaction with potential and existing customers, influence their choices, attract attention and push to action. You just need to choose the right topic that excites your audience, as well as the time and place where SMM tools will be used.

Modern social networks allow you to receive detailed reports on the rating of the use of links, articles. There are many professional automated social network monitoring services that allow you to get all or some of the quantitative data without your intervention (for example, using Google Webmaster Tools, Facebook Insights) you can see what information attracts the target audience, and what does not, get feedback on the product. All this ultimately allows you to create a loyal customer base.

Thus, Social Media Marketing is one of the main areas of the company for the promotion and advertising of goods and services. The SMM should be held continuously, maintaining communication and reminding customers of goods and services. The company should be on the ear, constantly maintain communication with its customers, share news, and conduct various events. [18]

Nowadays the world has become a huge global market. Market is more competitive, dynamic, and consumer-oriented. The aim of whole marketing process is pleasing consumers more successfully than competitors. Consumer

satisfaction can be created by receiving information from market and sending right information to the market.

For attracting, informing, and convincing valuable customers, a marketer undertakes several promotional tools. Advertising is one of such powerful tools which help to inform audience about company's total offers. It is a leading element of market promotion and on many occasions, the entire promotional activity of the company can be replaced by advertising alone. [2]

Now, probably, it is not possible to find a person who would not have even the smallest idea about advertising. It is all because of the fact that nowadays advertising almost everywhere.

Advertising is information that reaches the consumer in several ways, while containing information about a particular product, service, etc. This is done to popularize products and draw attention to the advertised object.

The main objective of advertising is to increase the company's income by increasing the demand for the services provided or the goods sold.

Good advertising can keep consumers interested in the product for a long time and also promotes the products or services of the company on the market.

It performs a number of very important functions and tasks, such as formation of the brand image, informing consumers about the product or service, reminding consumer about the need to purchase the advertised product, persuading people to take action (for example, to buy a product or use the service), creating and maintaining an appropriate image of the company in the market, searching for new channels for product sales, increasing demand for the product, hold achieved positions in the market and dissemination of information among consumers about the good quality of the product.

Nowadays, it is almost impossible to imagine a successful company without well-organized marketing and a proper level of advertising.

The role of advertising in the activities of the enterprise has become a key moment of modern market. Advertising promotes the advantageous side of goods and services and thanks to advertising it becomes possible to select a product among many similar analogues on the market. It acts as a source of information and makes psychological impact on potential consumers. In other words, advertising affects demand, can manage it. [26]

First of all, advertising has a significant economic impact on market actors and participants, affecting both consumers and producers. It helps to create demand and to stimulate sales, and therefore stimulates the growth of turnover of goods and services, and, finally leads to the growth of production. As a result, advertising makes contribution to the economic development of society.

Advertising has a positive impact on the creation, development and production of new types of products and services, providing effective ways to inform consumers about their feature and appearance. This effect, helps to attract investment, various innovations in all areas of production, increasing the quality of goods and services, and expanding the alternative opportunities of consumer choice.

Advertising inform consumers about features and characteristics of a product or service, and thereby helps them make the best buying decision. In succession, producers provide themselves with effective means of communication with consumers when introducing new goods or services to the market by using advertising opportunities.

No doubt advertising has a certain impact on the level of market competition too. In some sectors of the mass market, high investment in advertising creates customer loyalty to a limited number of brands and therefore provides a serious barrier to competitors.

Advertising as a social practice helps to create and consolidate in the minds of people certain consumer models, norms and values of a given society, and it can make definite influence on the nature of social relations.

Advertising creates a set of certain standards of social behavior and thinking of various social groups, and also affects and maintains the already existing established consumer habits and traditions.

Advertising indirectly makes contribution to improving the quality and culture of consumption, as the consumer tries to find and get really the best by comparing different goods and services.

Advertising transmits new knowledge and ideas about new ways to improve their lives to the minds of people. In some cases it may offer consumers a new social culture and new consumption patterns, especially in the process of introducing new products and technologies. Thus, it stimulates the introduction of innovations in various areas of social practice.

In general it indirectly has a significant impact on social development, as it contributes to the development relations in the sphere of production and consumption. But the degree of this positive effect, in some cases, depends on historical and cultural traditions of countries. For example, the customers of developing countries, in contrast with citizens of developed countries, may have a negative attitude to advertising, and it will decrease the positive effects of it.

The function of advertising as a marketing tool is to create demand for goods or services and stimulate their sales. Advertising activity in the system of market operations is considered as a set of non-price incentives for product sales and the formation of demand for it.

Moreover, advertising acts as a communication tool by informing consumers about goods and services. Advertising is the specific tool of mass communication, which

performs special practices of creating and broadcasting marketing information to target audiences - advertising messages. At the same instant, advertising not only provide consumers with information about goods or services, but also simultaneously converts information into a certain image that becomes associated with qualities of the advertised object in the mind of the consumer. Consequently, advertising informs consumers about the advertised objects, and so connects advertisers and consumer audience in the market.

The starting point of advertising communication is the advertiser who tries to establish contact with the consumer audience. The aims of such a contact are determined by the advertiser's marketing strategy. And the ending point is the reaction of consumers expressed in changes in the behavioral or psychological characteristics of the audience. [13]

An advertising objective is a particular communication task that should to be accomplished with an exact target audience throughout a specific time period. Objectives of advertising can be divided into classes by their main function—to inform, persuade, or remind. These objectives are based on previous decisions about the positioning, target market, and the marketing mix, which define the precise job that advertising do in the total marketing program. [10, p. 452]

## **1.2. Characteristics of service industry marketing**

Service industry is the part of the economy that focuses on creating services rather than tangible products. All economic activity in the world is divided into two wide categories, which are goods and services. Industries that produce goods are manufacturing, agriculture, construction and mining. Each of these industries creates tangible objects. Service industries include sectors like retail and wholesale trade, banking, communications, all professional services such as nonprofit economic activity, computer software development, engineering, medicine, all

consumer services and all government services, including administration of justice and defense. The characteristic of developed countries is the economy with dominant service industry. The characteristic of less-developed countries is production sectors and the majority of people work in primary activities such as mining and agriculture. [14]

It is difficult to describe and encompass the service sector. Generally the service sector includes a wide variety of industries, whereas can be classified into mainly consumer-oriented (producing a service directly to a consumer), mainly business-oriented (producing a service directly to another business) or mixed (creating services for both businesses and individual consumers).

There are three divisions within the services sector that had the most increase in the last decade; they are health care, business services, and social services.

Social services are the third industry that has the most jobs in the services industry division. Social services include management and engineering services; residential care for the elderly, daycare for children, and other family services; private education; membership organizations, and recreation and amusement. [4]

The service industry involves a vast number of firms, the main goal of which is delivering services to consumer. Two types of service firms exist. The first type is equipment-based firms. In order to perform tasks that are required by customer, these organizations use machinery and other forms of technology. In most cases, the person who operates and monitors machinery is unskilled laborer. As an example of these firms can be companies that provide dry cleaning services.

Not all equipment-based service firms are operated by unskilled labor. There are many complicated organizations that need an educated employee population to achieve their missions, for instance, information technology firms or airline carriers. Additionally, there are a great number of the equipment-based service

organizations that requires no employees at all. These firms deliver services to customers and earn money autonomously, as in the case with vending machines.

In contrast, people-based services firms do not depend on machinery for delivering a service to the customer. Like equipment-based service firms, people-based service organizations also may have unskilled laborers. Examples of such companies include organizations that provide janitorial or security services or landscape maintenance. There are also a range of people-based companies which require employees that possess a high level of education. These companies include doctor's offices, accounting firms, management consulting firms and law firms.

Service - an action aimed at meeting the intangible and derived from the material needs of man. As a rule, service is the product of the interaction of two persons.

The service sector occupies an honorable and dominant place in the structure of the economic relations of developed countries. It consists of types of commercial and non-commercial service. The suppliers are private experts and companies. Consumers are also individuals and legal entities. Market relations include the turnover of goods and services within a particular territory and beyond its borders. Features of the economy of a country have a direct impact on the state of the service sector.

Cities and countries that are popular in terms of recreation and health support provide cultural and recreational services as the foundation of the economy. For example, tourism brings together several types of services into a group of interacting areas like transportation, excursions, accommodation in hotels, meals, cultural and entertainment direction, and more.

It should be noted that the sphere of services in our society is actively developing, and not based on the material production of means and objects of production. Constantly complementing each other, the two areas (material and service) can synergistically increase the production of innovative technologies in the field of

information technology, communication and networking, education, medicine, trade, consumer services.

The basic causes of the rapid development of the service sector in the second half of the 20th century, were new technologies, socio-economic changes in society, the growth of incomes and the needs of the population, the desire for a higher quality of life. These services are related to the provision of new services, including information technology, education and research, insurance, banking and investment services, franchising, leasing, outsourcing, logistics support. [15]

In recent years, serious changes have occurred in Azerbaijan in this area. An example of this is the new hospitals built in the regions, health centers, schools, kindergartens, hotels, resort areas.

Recently, serious changes have occurred in the field of health. Dozens of private and public hospitals that meet modern requirements were opened. In public hospitals, paid services were almost canceled.

The sphere of resorts and tourism is one of the main areas of integrated development of the economy. To ensure the development of the resort and tourist economy in Azerbaijan, there are all natural, climatic and landscape conditions, economic opportunities and a complex of historical and architectural monuments.

The most important natural and recreational resources of the republic are located on the coast of the Caspian Sea. Abundant solar energy of the summer months, red-hot sands expand the possibilities of using these places for recreation and treatment. [18]

The marketing plan for service enterprises should be based on a marketing plan that allows gradual solution of differentiated tasks in the field of product, price, distribution and communication policies within a given framework and ensure the balance of these tasks and resources.

At the same time, most services are a combination of tangible and intangible elements (construction, repair, catering, etc.). For the marketer and service provider, intangibility creates additional difficulties in selling services. These difficulties are associated with the assessment of the properties of the service by the buyer, which creates risks for the buyer of the service when it is purchased.

The importance of attracting human potential has a strong influence on the uniformity and standardization of services. Services are less uniform and not standardized, which means: the results of a service purchase may be uncertain. Uncertainty about the result of the service creates a situation where the buyer not able to manage and influence the result. Therefore, buying a service, the customer has a greater risk than when buying a product. In this regard, for marketing it is important to take measures to reduce the uncertainty of the result upon presentation of the service.

For service organizations it is necessary to constantly increase the potential of personnel, which increases the importance for them of personnel management and internal marketing.

The main task of marketing of services is to promote the services of a company.

Marketing of services can also be viewed as a branch of modern marketing and as a scientific discipline that studies the principles and specifics of the marketing activities of organizations whose business is directly related to obtaining benefits from the provision of certain services.

The marketing policy of the organization engaged in the provision of services, differs significantly from the policy of the company that works with tangible goods. First of all, it is connected with the peculiarities of the provision of services or their “production”.

The primary task pursued by the marketing of services is to help the consumer to appreciate, both the organization itself and the services it provides, to help it make its final choice. The basic concepts operating in this area are the concepts of a target market, customer benefits, and service promotion.

At the same time, an important task for a company is to clearly indicate its position in a particular target market in order to pursue a policy of effectively promoting the services it provides, as well as to create the most favorable conditions for their sale.

The main reason for creating a complex of marketing communications in companies operating in the service sector seems to be a desire to convey to the buyer information about the highest quality of a service that the client is going to purchase.

Other reasons for the specificity of marketing professional services include such principles as direct participation of the client in the process of their delivery, which is no less important than the final result. In addition, the impossibility of storage requires the production of accurate calculations of the company's capabilities in the provision of a particular service (for example, banking services marketing), as well as the matching of supply and demand.

In the service sector, you must comply with the principles of both external and internal marketing. The external determines the entire work of the organization in determining and preparing prices, as well as in distributing the service and offering it to the consumer.

Interaction marketing (or internal) is a set of measures aimed at providing training and motivation of employees, their orientation towards improving the quality of customer service. According to L. Berry, the most significant contribution of the marketing department to the commercial success of the company is the involvement of each employee in marketing activities. Some researchers believe

that the effectiveness of marketing in the service sector requires a comprehensive consideration of three important factors: personnel, material evidence and the way services are offered. [27]

The expected service is a subjective view of the consumer about the quality of marketing services that will be provided to him. The externalization of services is usually called the marketing concept of service development, associated with the emergence of new forms and types of services that take on the functions of meeting the needs that were previously satisfied by the household or organization.

The goals of service's marketing are: making a profit from the service and building it up; increased customer satisfaction; the appearance of regular customers and the constant increase in their number; increasing the value of services for consumers; increase in the quality of service due to satisfaction, interest and high productivity of staff.

Features of marketing services are reflected in the marketing mix. The main reason for creating a specific set of marketing communications in a service company is the need to bring to the client services the high quality of the service that he is going to use. However, there are other reasons for the specifics of the marketing mix of the service industry, which should be taken into account when building a marketing model for a service company. The principles of the service marketing model are as follows: a systematic approach to the development of goals, the formation and allocation of resources, the development and implementation of tactical and strategic management decisions that are made for each vector of development of marketing services; the formation of measures in terms of priority areas of development, taking into account fluctuations of environmental factors and the available internal resources of the company; the concentration of all kinds of resources to ensure that priorities are achieved; the complexity of the use of economic, socio-psychological and organizational marketing tools; compatibility or non-contradiction of the proposed measures, their focus on solving problems

that are subordinate to common goals; compliance of the developed measures with the implemented one.

One of the powerful communication tools in the service industry marketing is personal recommendation. Word-of-mouth communication helps to increase the acceptance rate of the products, as message by this communication quickly travels among groups of consumers. [8, p. 28] Word-of-mouth of the peer groups becomes an important tool for consumers in order to avoid the risk which arises due to the intangible and variable nature of. It has been demonstrated many times that this tool is more effective in persuasion than traditional advertising. So Service marketers should to learn how to improve this tool.

In many cases the initial stage of the marketing development process in the service industry is developing a brand image.

Delivery in the service sector often involves human encounter, whether face-to-face, or more distantly through the telephone. The development of that encounter determines whether the customer leaves this service provider feeling satisfied, pleased, annoyed, or mistreated. Even though the expectations of customer assist determine levels of satisfaction, the encounter itself always plays an important role in determining satisfaction. The person who provides the service actually becomes a part of this service. [9, pp. 182, 187]

The promotion or communications strategy of the firm, gives information, convinces, and reminds target markets including workers, consumers and stockholders about the company's services with the aim of achieving organizational goals. The phrase communications mix includes the range of communications tools used by marketers that convey the firm's communication strategy.

The tools of communications mix divided into five categories: advertising, personal selling, publicity, sponsorships, sales promotions. Each of these five

communication tools stand out at their own distinctive purpose. For instance, personal selling is the only tool of communication that creates two-way communication between the customer and the service provider. Thus, the service provider can modify their communication message to each customer. Regarding advertising, it is the fastest tool in creating overall awareness of the brand. Furthermore, publicity is a free communication tool and it usually reported by a third party that makes it the most reliable source of information. In sequence, strategic advantage of using sales promotions is that it increases the amount of short-term sales. At last, sponsorships gives an opportunity to service firm to target narrow, but highly advantageous target audiences and creates a chance for service companies to adapt to changing media habits of customers—consumers are not watching that much television anymore, and when they do, they often skip advertising through technological devices or ignored.

The communications mix of the services company often lays the basis for following contact with potential consumers, making communication with customers much easier for the service company and more comfortable for the customers.

By using more than one communications tool to deliver the same message (known as integrated marketing communications) or by using any tool repetitively, company increases the chances that existing and potential customers will be receive and understand the company's message, associate it with this company, and keep it in mind. [6, pp. 169-170]

## **2. METHODOLOGICAL ANALYSIS**

### **2.1. Analysis of the restaurant industry of Azerbaijan**

Restaurant industry is a sector of the national economy, a set of enterprises engaged in the production, sale and organization of consumption of culinary products.

A catering enterprise is the general name of an organization that provides catering services through: the production of culinary products, its sales and catering services to various population groups.

In Azerbaijan large restaurant organizations were designed and built in the largest cities, and smaller ones — catering shops, a classic type of catering organization. This process started in the beginning of the industrialization era in the USSR. Their main products - ready-made meals for delivery to factory canteens and ready-to-cook foods for delivery to cookery stores contributed to significant time savings in the household. Speaking in terms of that era, the development of factories, shops and catering establishments "contributed to the restructuring of working life on socialist principles and the liberation of the population, especially women, from home cooking. It enabled women to actively participate in the social and cultural life of society. ” Public catering at enterprises and especially in schools made it possible to provide good nutrition during the working day and study, to create a normal mode for health.

The restaurant is a catering company with a wide range of dishes of complex preparation, including custom-made and specialty dishes. It features a higher level of service in combination with the organization of leisure of visitors. According to the range of products sold, restaurants can specialize as fish, beer, with national cuisine, etc.

Bar - has a limited range of products: alcoholic and non-alcoholic beverages, snacks, desserts, pastry and bakery products. Workrooms bars do not provide cooking, as well as washing greasy dishes. The assortment bars are divided into: milk, beer, wine, cocktail bars, grill bars, etc. By the time of operation also distinguish day and night bars.

Cafe - a company for catering and recreation of visitors with a limited compared to the restaurant range of products. The range of products sold is divided into: ice-cream parlor, cafe-pastry shop, cafe-milk; contingent - for youth, children, etc.

Canteen - publicly available or serving a certain contingent catering company that produces and sells culinary products. The assortment of dishes sold in canteens is divided into a general type and diet. Dietary dining specializes in the preparation and sale of dietary dishes.

Buffet is a small catering establishment with a limited range. Buffets are often organized in places where full-scale catering is not required or in addition to it.

Snack Bar - a catering company with a limited range of simple cooking dishes, designed to quickly serve visitors. The range of products sold eateries are divided into enterprises of a general type and specialized: sausage, pancake, pie, donut, kebab, tea, wine glass, etc .; by type of sale - snack bar, bistro, cafeteria, etc.

Pizzeria is a kind of modern catering enterprise that can combine both the format of a cafe and a restaurant. In any case, the menu of both formats should have a wide selection of pizza.

A culinary shop is a catering enterprise that has its own culinary production and sells consumers culinary products, convenience foods, flour bakery and confectionery products and purchased food products. It is allowed to organize a cafeteria in the trading floor of a cooking shop.

Kiosks (sale of kebabs, hot dogs, etc.) are complex catering enterprises simultaneously carry out the functions of several specialized catering enterprises, for example: a restaurant, a cafe, a snack bar and a cookery shop.

Catering enterprises can be located both in public places accessible to all citizens (the so-called public network) and in institutions and enterprises, serving only those working there (the so-called closed network). In a public network, stand out, in addition to individual enterprises of different owners, single-managed groups

of technologically interconnected catering enterprises and related enterprises. These subnets, if there is a single owner, are also called “power networks” from an organizational point of view. The largest of them have branded (“Russian Bistro”, “McDonald’s”) or functional (“School Canteens” chain) names.

Restaurant industry has been and remains one of the most investment-attractive areas of entrepreneurial activity. According to experts, the annual turnover of a popular catering company, located in the right place, having a decent kitchen and a certain number of regular customers can be more than \$1 million, and profits do not fall below 30%. [11, p.6]

At the same time, the restaurant business ranks fourth after the stores selling clothes, furniture and photographic materials. Even in stable Western Europe, out of 100 newly opened establishments, in two years only 55 remain on the market.

United States	782
China	480
Japan	314
India	148
Brazil	115
United Kingdom	74
Canada	73
South Korea	72
Spain	60
France	53
Australia	51
Germany	46
Italy	38
Russia	18
Saudi Arabia	17

Argentina	12
United Arab Emirates	10
Malaysia	9
Mexico	8

**Table 1. List of leaders of restaurant market size (billion USD, 2016)**

Among the main causes of bankruptcies in the restaurant business are the general economic situation in the country, lack of funds, inefficient management and the insolvency of the population, that is, factors that are largely beyond the control of the restaurateur. Experts agree that the restaurant business does not require such serious investments as in the manufacturing sector. According to experts, on average, the initial investment of restaurateurs is about \$ 1,000 per square meter of retail space. With a qualified approach to creating the concept of an institution, competent pricing and management policies, the average payback period of the project will be from 1 to 2 years, and profitability can be from 20 to 60%.

In the Table 1 introduced statistics of the restaurant industry leader countries according to their market size in 2016. The leader of the restaurant market was USA with \$782 billion. [4] Compared to these figures the restaurant industry of Azerbaijan is noticeably small, because it is still young and developing.

Restaurant business in Azerbaijan is still very young. The restaurant sector is one of the most attractive sectors of the Azerbaijani economy, and besides it is fashionable - representatives of the oil and gas industry, brewing companies and food manufacturers are investing in this business.

However, it often happens that investments are not justified, and projects die. According to statistics, within one year after opening, for one reason or another, eight out of ten caterers are ruined. In many ways, the development of the restaurant business is spontaneous, and the scientific methods of organization and management in this area have practically not been in demand. In order to solve this problem, it is necessary to develop modern strategic approaches to the

development of the restaurant business, to ensure its sustainable development, and to form competitive advantages in the long term.

The restaurant business is the most advanced, progressive and mobile in the entire service market industry. Speaking about the situation of the restaurant business market in Azerbaijan today, it should be noted that the services market directly depends on the general economic indicators of the country. On average, in 2017 Azerbaijan residents spent on this type of service 8.4% of all personal budget expenditures. This amounted to 23.40 manats per person per month, which is very small compared to developed countries. [29]

Today the restaurant market is consolidating; small players are being forced out by larger ones. Over the past few years, there has been a trend of mergers and acquisitions, as a result of which new brands enter the market or continue to actively develop the former ones, which have undergone a number of transformations. In order to function effectively, professionals in the restaurant business always have a premonition and quicker to respond to the constantly changing market situation.

Approximately 60 percent of U.S. customers order delivery or takeout once a week, and 34 percent of consumers spend at least \$50 per order when ordering food online. Online ordering and delivery has grown 300 percent faster than dine-in traffic since 2014. 70 percent of restaurant customers say that they would rather order directly from a restaurant, preferring that their money goes straight to the restaurant and not a third party. 45 percent of restaurant consumers say that when a restaurant offers mobile ordering service or loyalty programs, it encourages them to use online ordering services more often, and 63 percent of consumers agree that getting delivery is more convenient than dining out with a family. More than half of restaurant operators say that offering delivery has generated incremental sales for the restaurant. By 2020 orders through mobile apps and smart phone will become a \$38 billion industry. Online ordering and delivery

sales could increase an annual average of more than 20 percent to \$365 billion worldwide by 2030, from \$35 billion. [30] As statistics show, nowadays the modern restaurant industry depends more on new technologies. In Azerbaijan such technologies, like online ordering appears noticeably later.

The development of the restaurant business of Azerbaijan is characterized by certain difficulties, such as: staff turnover, lack of professional staff, technical mismatch of many premises for catering facilities, the need to obtain a huge amount of approvals and permits, dependence on product inflation and market conditions. The lack of personnel, the reluctance of employers to invest in personnel training, restrains the development of the restaurant industry as a whole. Without a constant influx of cook art and sales service professionals, it is difficult to assess prospects.

In addition to potential risks, restaurateurs have to take into account economic trends. After all, macroeconomic factors have a powerful influence on the development of the restaurant business in the cities of country. Experts trace the relationship between the development of institutions of the elite or middle segment of the catering market and the development of large or medium (small) businesses.

According to many restaurateurs, networks of restaurants operating in the affordable price segment and offering franchising services on the market will be successful in the near future. This system ensures uninterrupted business development even in the conditions of the financial and economic crisis.

The restaurant market in Azerbaijan is still far from saturation. It is obvious that the basis for its development is, first of all, the income level of the population. At the same time, the capacity of this market is still quite large. In the restaurant business, there are clear growth prospects. With the growth of catering enterprises of various formats, competition is growing. For the formation of competitive advantages and ensuring the effective operation of the enterprise in the present

and the future, it is necessary to develop scientifically based recommendations for improving the efficiency of strategic management and operation of the enterprise. The latest scientific developments and methods of their implementation, as well as data on their practical effectiveness, are able to consolidate consulting enterprises, the need for which is becoming increasingly apparent in the modern conditions of increasing competition. It should be noted that at present, restaurateurs are more professional in managing their business. Now they carry out a strategic analysis of the market, market research, master new approaches and methods of conducting promotional activities, while increasingly turning to third-party restaurant consulting specialists. [19]

In recent years, restaurant business in Azerbaijan has undergone many important changes. Most of our citizens have gradually started to get a walking culture on restaurants. Therefore the number of restaurants, cafes, catering companies and other related enterprises has significantly increased. Most of the traditional restaurants offer mainly the national cuisine of Azerbaijan. They are popular not only for local citizens; tourists are highly interested on national cuisine of Azerbaijan. Meals of other cultures are also demanded in our restaurant industry. As an example of the popular European meals, can be Italian cuisine that is highly demanded in our restaurant market. The significant popularity has also Anatolian cuisine and the recent trend in Azerbaijan restaurant sector, Chinese and Japanese cuisine. American large fast-food restaurant chains, like McDonalds, KFC, Burger King, Domino's Pizza etc., also have a significant market share in this sector of economy in Azerbaijan.

The first thing to start any business with is marketing research. They will provide information that will mainly quantitatively characterize the audience that is not yet targeted. In the statistical report of the study, it is desirable to have data on the age and sex composition, level of education of the audience, and marital status.

So it turns out that most of our restaurateurs often lack a culture of research. As a rule, the organizers of the restaurant business are guided by their previous experience and, as it were, transfer past business models to a new project, which often leads to serious mistakes. And in order to avoid these mistakes, it is necessary to interact with the target audience in the form of research.

Modern restaurant marketing is not just one of the functions or components of this business, but rather its philosophy, style of thinking and method of systematization, i.e. understanding of business as such.

Restaurant is one of the most complex types of service enterprises. The manager here is required not only organizational skills, but also the ability to create a special atmosphere of the institution, pleasant for visitors. Without this condition, there can be no talk of any formation of loyalty. Therefore, a “fine” regulation of marketing is necessary, which allows both to attract and retain the client. But, unfortunately, it is in restaurants that insufficient attention is still paid to marketing. [5, p.111]

The first reason is for the underdevelopment of restaurant marketing that the level of economic / marketing training of restaurant owners is quite low compared with the leaders of many other types of business.

The second reason is misunderstanding of the value of marketing (which is largely determined by the previous point) and, as a result, unwillingness to finance this area. Moreover, the desire to save applies to the financing of marketing programs, and to the salaries of specialists who could organize such work. Therefore, very often marketing in a restaurant boils down to what seems necessary - advertising in the media and outdoor advertising.

And the third reason is serious professionals in the field of advertising and marketing are in no hurry to work in catering. First, they do not consider this work prestigious and giving significant experience. Secondly, the prospects for growth in the restaurant are small. Thirdly, the level of salaries in a restaurant for such positions is not high and is suitable only for beginning specialists, which can

arrange them only for the time of searching for other, better paid and promising work.

A detailed analysis of the development of marketing in the sectoral interpretation suggests that the rules of action in the market, characteristic for the marketing orientation of enterprises, began to be used in restaurant industry much later than in firms engaged in the production of consumer goods and means of production. A broader orientation of gastronomic firms to the needs of consumers came only in the 80-90s of twentieth century. Unfortunately, even now in many gastronomic enterprises the knowledge of professional marketing activities remains low. There are many reasons for the delay in the implementation of marketing laws in the activities of gastronomic companies. Managers of these firms, as well as other service companies, for many years have not used marketing tools to improve the position of their company in the market. The main factor behind the slow development of marketing functions in gastronomy is the weak development of concentration processes in this area. For many years, various forms of individual gastronomy dominated in the gastronomy structure of the countries of Western Europe, the USA and Southeast Asia, namely small firms, a state from a single enterprise, focused on the needs of local population groups, while marketing is a way of thinking and acting, especially for large organizations. In them he reaches full bloom. Large firms, making a profit and acting on a large scale, can direct more funds to research and development, use a differentiated pricing strategy, organize modern distribution systems, and direct more funds to promote goods and services. Consequently, large-scale activity creates favorable conditions for the development of marketing functions and allows organizing advanced organizational marketing subsystems at enterprises. While in a small firm it is impossible to develop marketing functions, they usually burden the manager. In addition, managers of small gastronomic firms often do not have sufficient qualifications that would allow them to develop broadly marketing functions in their firms. In recent years, there are increasingly favorable conditions for the

development of marketing in the gastronomy. Acceleration in the 90s of twentieth century, concentration processes in this area and the emergence of large firms of systemic gastronomy contributes to the spread of marketing laws through them. Globalization stimulates and increases competition between enterprises and regions, which, in turn, encourages them to a more market-oriented. It seems that small firms were and will remain the main part of the market of restaurant services. The growth in demand, its high variability and gradual individualization of needs raises the rank of small firms. Unlike large organizations, they can more effectively satisfy individual consumer needs. In the restaurant business, marketing plays an increasingly significant role. The good prospects of this sector have attracted the attention of such giants of the food industry, such as, for example, Pizza Hut (PepsiCo), who has created a restaurant chain. Such corporations are forced to operate in a highly competitive environment. They have successfully used their experience in the restaurant business, raising the art of marketing to a higher level. Thus, the hotel and restaurant business in the coming years will require an increasing number of marketing professionals who understand its global problems, are able to respond to the growing needs of customers who are able to creatively develop a strategy based on the laws of marketing.

## **2.2. Various research analysis for assessing the impact of marketing tools on consumers**

### **Porter's Five Forces Analysis of the Restaurant Industry.**

Porter's Five Forces is a strategy structure that not just analyzes the current competition. Porter's Five Forces focuses on how restaurant industry brands can construct a sustainable competitive advantage. Managers of restaurants can not only use this strategy for developing an intentional position in the restaurants industry but also can discover profitable opportunities in this sector.

Threats of New Entrants. New entrants in restaurant industry brings innovation, creates new ways of doing things and put press on brands in this sector through reducing costs, lower pricing strategy, and offering new value propositions to the customers. Restaurant brands should to manage all these challenges and construct effective barriers to maintain its competitive frame.

Restaurant enterprises can overcome the threat of new entrants by:

- Innovative new products and services. New products or services not only bring new customers to the restaurant but also create for old customer a reason to buy service of this restaurant again.
- Building economies of scale that can decrease the fixed cost per unit.
- Establishing capacities and money expenditure on research and development. New entrants do not want to enter a dynamic industry where the recognized players keep standards defining regularly. It considerably reduces the window of surprising profits for the new firms thus depress new players in the industry.

Almost all the enterprises in the restaurants industry purchase their raw material from several suppliers. Suppliers which are in dominant position can reduce the margins of restaurant brands in the market influential suppliers in service sector make use of their negotiating power to take out higher prices from the companies in restaurants field. The common impact of high bargaining power of supplier is that it lessens the profitability of restaurants.

Restaurants can deal with Bargaining Power of the Suppliers by:

- Creating efficient supply chain with numerous suppliers.
- Making experiments with product designs using diverse materials so that if the prices of one raw material go up then company can use to another.
- Developing devoted suppliers whose business depends on this firm.

Bargaining Power of Buyers. The demand of buyer is always high.

They desire to buy the best products or services available by paying the lowest amount as possible. This decreases restaurant brands' profits in the long run. As the customer base is smaller and more powerful, then the bargaining power of the customers and their ability to find out discounts and offers is higher.

Restaurants can deal with the Bargaining Power of Buyers by:

- Building a big base of customers. This will help the enterprise in two ways. It will lessen the bargaining power of the buyers; in addition it will provide the firm with an opportunity to rationalize its sales and production process.
- Rapid innovation new products. Customers often look for discounts and offerings on traditional products so if restaurants will offer new products, it can restrict the bargaining power of buyers.
- New products will also reduce the moving of existing customers of the restaurant to its competitors.

Threats of Substitutes. When a new products or services meet a similar consumer needs in various ways, the profitability of the industry suffers. Restaurant brands can overcome the Treat of Substitute Products or services by:

- Being more service oriented than just product oriented.
- Understanding the main need of the customer rather than what the client is buying.
- Increasing the switching cost for users.

Rivalry among the Existing Competitors. If the rivalry among the present players in an industry is extreme then it will decrease prices and the profitability of the industry.

Restaurant enterprises can undertake the intense Rivalry among the Existing Competitors by:

- Building a sustainable differentiation.

- Building scale in which it can compete better
- Cooperating with competitors in order to increase the market size rather than only competing for small market.

By analyzing five competitive forces restaurants can gain an obvious representation of factors that impacts the productivity of the organization. Catering companies can discover game changing trends immediately and can quickly respond to develop the emerging opportunity.

**SWOT Analysis.** Currently, SWOT-analysis is used quite widely, because allows a company to diagnose the internal state of the restaurant, given the influence of the external environment. This method as a management analysis tool can be used for any enterprise to prevent it from falling into a crisis situation.

SWOT analysis technology includes the characteristics of internal environment (with highlighting strengths and weaknesses) and the external environment (with the allocation of opportunities and threats) of enterprises. The description is performed using factors that do not have a quantitative assessment. The logic of this analysis is to compare the company's own strengths and weaknesses with the opportunities and threats in the market and determine the direction of actions of a company.

One of the most important aspects of the analysis is the need to evaluate one side or another as uniquely weak or strong. At the same time, it is necessary to evaluate your weakness or strength on the basis of what we will have in the target market. In general, for the evaluation of one's own forces, the following questions are well answered:

1. Human resources (who are in the team and will ensure the success of the enterprise - experience, energy and capabilities of the restaurant staff).

2. Production capabilities (how the production of basic products and services of the restaurant is ensured - equipment, technical areas, availability of know-how, quality of goods and services, reliability of production, ability to innovate).

3. Marketing position (what is the strength of the brand - brand awareness, a large number of permanent apprentices, quality of service, characteristics of the atmosphere and atmosphere of the restaurant, availability of goods and services, price positioning, restaurant reputation, safety).

4. Financial aspects (degree of financial security of the project - cost and access to capital, profitability of business, cost structure, financial sustainability of the organization).

The easiest way for a restaurant is to start to analyze its own strengths and weaknesses, because who knows how to objectively look at a situation then it like no one else knows almost all information of them. However, in this case, the approach should be structured, since not all the advantages and disadvantages of the organization are important, but only those that may in one way or another affect the market conditions of the catering company.

Obtaining information on market opportunities and threats is more complex, but it is nevertheless necessary to formulate a vision of the main factors of the macro and micro environment in which the restaurant will be:

1. Target demand (how many potential consumers of services and what their consumption style is - the size of the market segment, the dynamics and structure of demand and other characteristics of the demand for similar services).

2. The offer on the market of the products and services under consideration (how strong is the competition in the target restaurant segment - the quantity and quality of competitors, the availability of substitute products and adjacent competition, the importance of barriers to entry into the segment).

3. Sales and security of supply (will there be a service available to the consumer and is it possible to produce it with the proper quality - the length and quality of sales channels, availability and reliability of suppliers).
4. Economic conjuncture and socio-demographic factors (inflation rate, cost of doing business, change in consumer income, tax policy of the state, dynamics of natural growth of interest groups of the population, level of employment).
5. Political and legal factors (state policy in relation to operators of restaurant business and small business in general, features of the legal field of the restaurant, the level of corruption of officials and bureaucratic aspects of the activities of restaurateurs).
6. Socio-cultural environment (traditions of community, system of values of the target audience, culture of consumption of services in the sphere of public nutrition and nutrition in the community, psychological behavioral stereotypes of potential consumers, legal stability, etc.).
7. Eco-natural factors (climatic features of the region, public relation of the surrounding environment).

By analyzing all influencing factors mentioned above we can create the clear portrait of the restaurant with its strengths, weaknesses, opportunities and threats, which affects the effectiveness of its marketing strategy and profitability.

As an example for implementing SWOT analysis was chosen the restaurant “Merkez Lahmacun” located in the central part of the city Baku.

Strengths of the restaurant. The location of the restaurant is its strong side, since it is located in of the central parts of the city and in addition, in front of the university. So this restaurant will be the first where the students will come after lessons. The interior design of the restaurant is also pleasant and cozy. The other strength is constant, loyal customers in this territory. The website of the restaurant is well organized and easy for using and ordering on online basis. A great

advantage is its prices, as meals are affordable for middle class and especially for students there.

Weaknesses of the restaurant. In spite of the good interior design and location the number of seats for guests is not enough, especially in peak hours. The personal of the enterprise is not well qualified, that leads to certain problem in the service process. Unqualified staff is the main reason for the insufficient quality of the service, which, against the background of poor information support, does not contribute to the increase in guest loyalty.

The menu consists of Turkish meals, but there is not a great variety and it remained constant for many years which cannot be attractive for some customers. A great disadvantage of this restaurant is long waiting time for the order. There is not enough attention paid for the marketing strategy, marketing channels and promotion by management of the enterprise. These reported weaknesses in the face of increasing competition can cause the loss of even regular guests.

Opportunities for this restaurant include offering special menus for students at this area, which can be very profitable and attractive, and increasing the number of seats in the restaurant, which will help to gain more guests in peak hours.

The threat for the restaurant may be a competition with the restaurant “Dinner” that is located a bit far from it. The menu of “Dinner” is almost the same with “Merkez Lahmacun” with a little difference and more focused on fast-food in comparison with it. But in the review sites, where the clients of both restaurants write their opinion about quality of service and meals and evaluate them, “Merkez Lahmacun” loses with grade equal to 3.5, whereas the grade of “Dinner Doner” is equal to 4.5.

From a methodological point of view, the cause of all the above shortcomings and omissions is the misunderstanding and disregard by the company's management of the role and place of marketing and marketing management in the management of the enterprise. The main and decisive measure to overcome the current situation

should be the formation of a unified marketing service, consisting of highly qualified marketers.

In addition to purely marketing problems, the established marketing service will have to resolve issues related to the redistribution of functional responsibilities and structural relationships within the company, to conduct explanatory work among employees about the role and place of marketing in a modern market economy.

**Survey Analysis.** Survey questionnaire is practical and easiest way of identifying customers' needs and opinions regarding various products or services.

For this work the survey questionnaire is implemented among 100 respondents in order to identify their opinions in relation to different marketing tools that can be used in the restaurant industry.

The first questions of survey were regarding the age, occupation, amounts of income of respondents, monthly spending on restaurant services, which are introduced in the Table 2.

AGE	NUMBER OF PEOPLE
10-18	7
18-25	48
25-35	20
35-50	20
50+	6
OCCUPATION	
In public sector	15
In private sector	19
Own business	11
Student	38

Out of work	7
Pensioner	7
<b>MONTHLY INCOME (AZN)</b>	
0-150	33
150-300	21
300-700	29
700+	18
<b>MONTHLY RESTAURANT CONSUMPTION (AZN)</b>	
0-25	41
25-50	32
50-100	22
100+	6

**Table 2. Characteristics of survey respondents**

According to survey results 6.9% of respondent aged between 10-18 years, almost half of them, more precisely 47.5% in the range of 18-25 years. The number of respondents between 25-35 and 35-50 are to each other and made up 19.8%. And people elder than 50 years made up only 5.9% of respondents.

The number of people employed in the public sector is equal to 14.9%, while employed in the private sector made up 18.8%. Proportion of respondents who have their own business and students are equal to 10.9% and 37.6%, respectively. Number of people out of work and pensioners are equal to each other and equal to 6.9%.

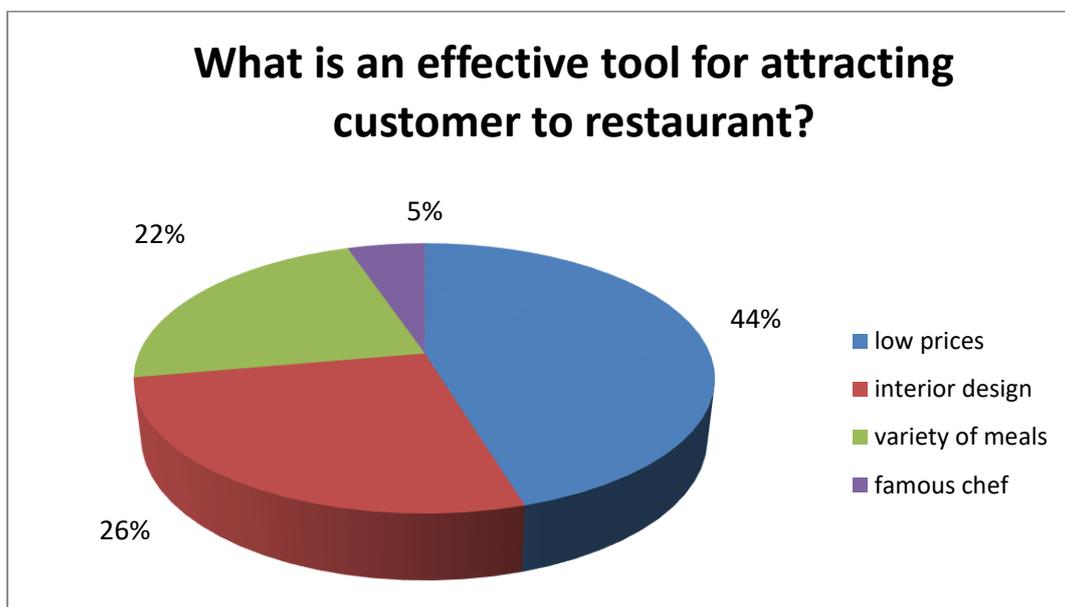
A majority of the respondents earn in the range of 0-150 AZN and their proportion is 32.7%. The number of people who have monthly income in range 300-700 AZN made up 28.7%. Monthly income of 20.8% of respondents is in the range of 150-

300 AZN, while 17.8% of respondents include employers with income more than 700 AZN.

The proportion of customers who have monthly restaurant consumption less than 25 AZN is equal to %, while people with monthly restaurant consumption in range of 25-50 made up %. Respondents who spend 50-100 AZN and more than 100 AZN in restaurants made up % and %, respectively.

Next questions of the survey were regarding the opinion of restaurants consumer about the marketing activity of the restaurants.

Diagram 1 shows the result of the answers of customers to the question about an effective tool which will attract more clients to restaurants. Low prices were chosen as the most attractive tool in restaurants for which 44% of respondents voted. The 26% of answers include a great variety of meals, while 22% of people voted for interior design of restaurants. The least popular answer was the variant “famous chef“, which made up only 5%.



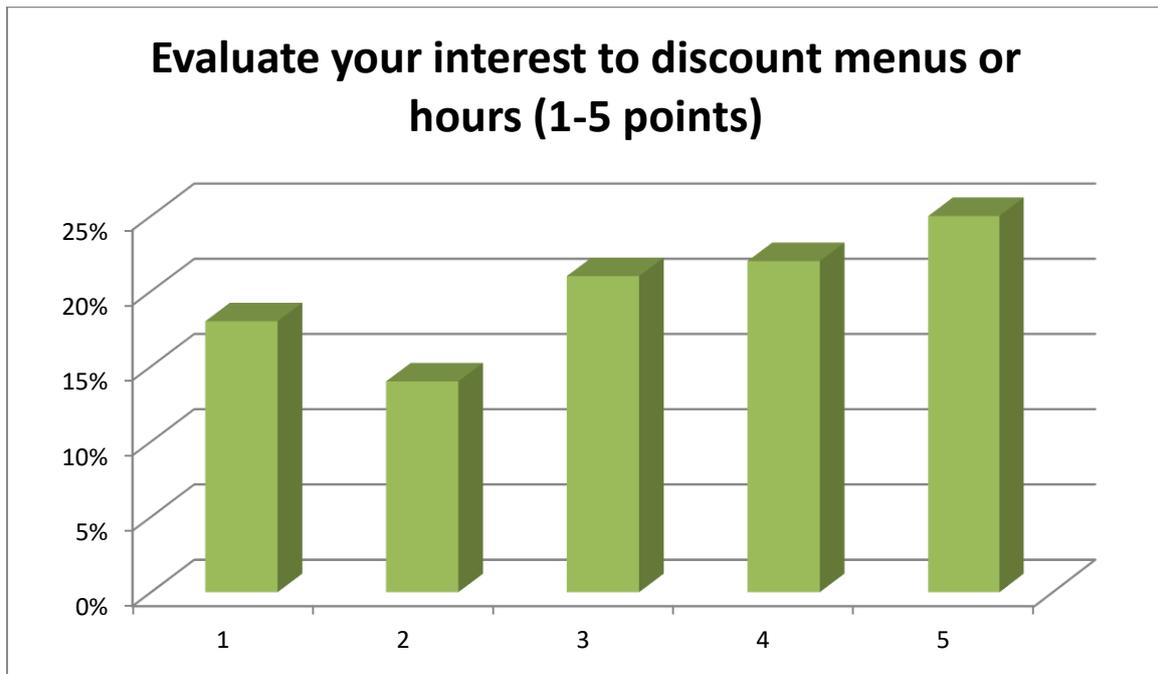
**Diagram 1. Identifying the effective tool for the restaurant attractiveness.**

In the Diagram 2 is introduced the results of the question regarding the factors that affect customers' choices of restaurants. For 73% of respondents the most

affective factor is the quality of meals, and for 60% of customers this factor is prices in the restaurants. 34% of answers include quality of service in the restaurant enterprises. The least affective factors for clients were chosen the interior design of the restaurant and the brand, which made up 20% and 13% of answers. Thus, it can be seen that the importance of the restaurant branding didn't developed in Azerbaijan restaurant industry.



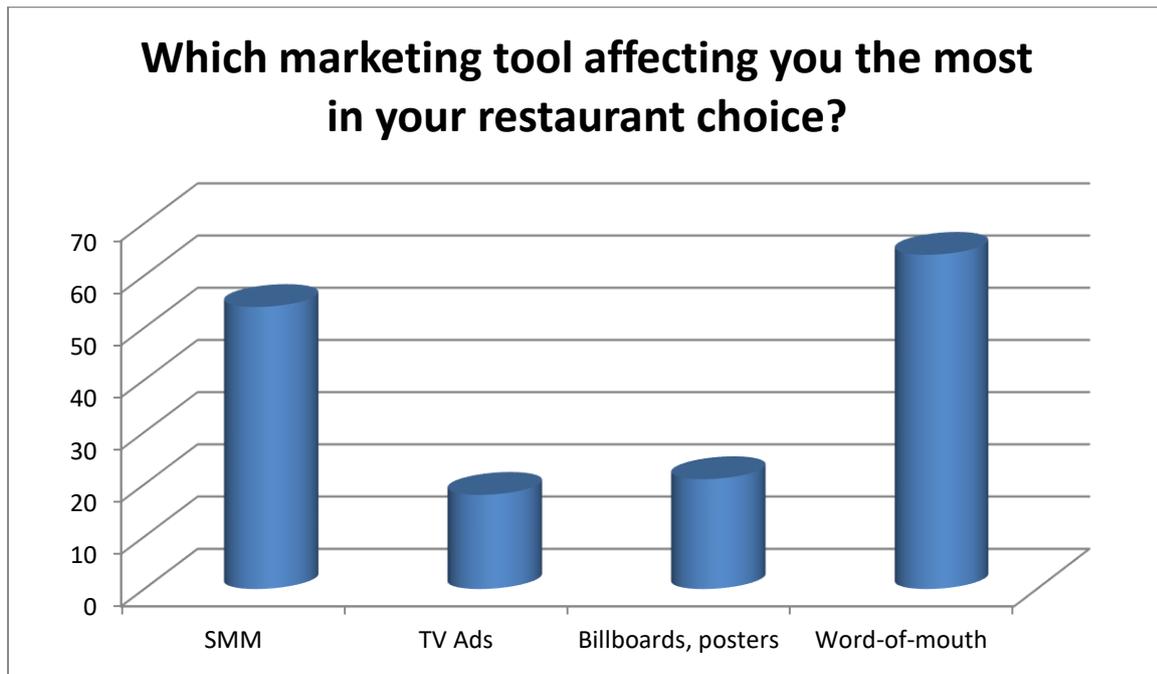
**Diagram 2. Factors that affect customers' choice of restaurants.**



**Diagram 3. Attractiveness of discounts in restaurants.**

The proportions of the answers to the question for identifying attractiveness of discounts in the restaurants are shown in the Diagram 3. 100 customers of restaurant services have evaluated their interest to discount menus and hours in the restaurants. 18% of customers are not interested at discounts at all, while 47% of respondents have answered that they are attracted by discounts in the restaurants. These results show that discount have a positive chance of attracting clients to the restaurants.

And the last question was about a marketing tool that affects restaurant choices of customers. For 64 customers the most attractive marketing tool is word-of-mouth marketing. The most popular answers were chosen Word-of-mouth marketing and Social Media marketing, the results of which were equal to 64 and 54, respectively. TV advertising was chosen as the least affective tool with the result of votes equal to 18. And the proportion of billboards and posters was equal to 21.



**Diagram 4. Marketing tool that affects restaurant customers.**

### **3. ASSESSMENT OF EFFECTIVENESS OF MARKETING TOOLS IN RESTAURANT INDUSTRY**

#### **3.1. Evaluation of marketing tools in restaurant industry**

Today, marketing activities have become an indivisible component in the organizational perspective. These activities definitely impact present and future outcomes of an organization. However, the creating of such activities is not enough, they have to be managed and more significantly—evaluated, since comparatively high marketing expenditures can only be reasonable by the measurement of realization of marketing goals, i.e. when the effect of marketing tools on financial outcomes and customer behavior are quantified. The significance of the evaluation of marketing tools' effectiveness is also supposed

by the fact that only an entire evaluation can give the organization the further development of marketing activities. Thus, marketing tool effectiveness is an essential performance dimension of the marketing organization.

Evaluating the effectiveness of marketing communications is a top priority not only for the marketing division, which needs peaceful coexistence with the financial division. This is also important for the management of the company, which during the crisis period has learned to count expenses.

When developing a marketing plan, any company chooses a certain set of communication tools with target groups of customers. To get the most out of them, first of all, you need to choose the optimal set of tools for communication with the target audience and select evaluation criteria and performance indicators. Among the means of communication impact on potential buyers distinguish between classic and additional tools. The classic include mass advertising, the formation of public opinion, sales promotion and personal sales. An additional group includes direct (or direct) marketing, event (or event) marketing, internet marketing. Marketing communications tools used in practice have a different impact on potential buyers. On this depends the priority of their use in the areas of B2B or B2C. To assess the effectiveness of marketing communication tools use two criteria - qualitative and quantitative.

Qualitative assessment of effectiveness is based on marketing studies of the behavior of real and potential buyers through a survey (conducting focus groups, in-depth interviews, creating a consumer panel, etc.) or using expert methods. These methods are aimed at studying the views, attitudes, opinions and interests of consumers. Such qualitative data is collected to learn more about what cannot be directly measured or observed. It is difficult to systematize the information obtained in this way in any standard form, therefore it is best from the very beginning to properly organize the conduct of such research in the company. To do this, you need to create special data collection forms in advance and prepare clear instructions for filling them out. With this approach, the information

received from consumers can be conditionally systematized and, if possible, transformed into a quantitative form. For example, by identifying positive, negative and neutral responses about the company / product / product / service, you can automatically get the number of positive, negative and neutral responses. The inclusion of closed questions (multiple-choice questions) in consumer questionnaires facilitates the systematization of information. Under the qualitative assessment of the effectiveness of marketing communications understand the achievement of a certain level of such indicators / criteria as awareness of the company / product / product / service or image of the company / brand. If a company does not have the ability to conduct such research, then a qualitative assessment of the effectiveness of marketing communications can be conditionally expressed by the presence of responses to a communication action impact. Such responses can be comments in the media (including on specialized forums and in social networks), phone calls, letters / requests, etc. The responses received directly from the target audience can be viewed as the sum of waiting and realistically realized demand. Based on the main goal of marketing - formation of demand, the effectiveness of marketing impact can be assessed by achieving a certain level and number of responses after the corresponding campaign.

Today, companies have so many analytical tools at their disposal that often business representatives are simply lost from such a rich choice and, as a result, only one method is chosen by default.

There is no doubt that due to the continuous improvement of the analytical tools and methods that have been taking place in recent years, the arsenal of heads of commercial divisions has been significantly enriched with new decision-support tools. Although modern methods of integrated analytics do allow to accelerate business development and increase marketing return on investment (marketing return on investment, MROI), it seems that organizations are literally lost from the diversity of the proposed analytical tools. As a result, representatives of

enterprises, as a rule, stop the choice on any one approach to planning and performance management. However, after this they quickly find that even the most advanced technique, taken separately, has its limitations and shortcomings. The variety of activities for which marketing budgets are spent, as well as work with different target audiences and investment horizons, suggest that solving this issue requires a more complex approach. As our experience shows, the best way to increase the effectiveness of marketing is to combine the tools for providing MROI so that a company can take advantage of each of them. The benefits of such a strategy can be truly enormous: after analyzing more than 400 different client projects implemented over the past eight years in various industries and regions, we found that using an integrated analytical approach can reduce marketing costs by 15-20%. In general, throughout the world, this would save as much as \$ 200 billion, which companies could reinvest or take directly to profit.

When choosing analytical tools, a company should first of all proceed from its own corporate strategy. Without this reliance on the strategy, companies often distribute funds allocated for marketing, mainly by analogy with the budget of the previous year or based on which business areas or products showed good performance in the last quarters. Such practice can result in a kind of competition, the award on which receive the most notable offers or units that louder than others defend their point of view, and not those areas of activity that most need to develop or maintain their current positions.

A more rational approach involves evaluating proposals based on their strategic importance, economic value and payback period of investments. Evaluation of proposals based on the specified criteria provides a reliable base for comparison; In addition to these parameters, certain preconditions can be specified, such as the basic level of expenses, limits for certain advertising sites and preliminary obligations.

Another prerequisite for the formation of a portfolio of projects with high MROI is an understanding of consumer behavior patterns within target segments. Over

the past five years, these models have changed so much that the old concepts of perception of consumer behavior - such as the “marketing funnel” - are now practically not working as a whole. If the “funnel” concept was to raise the level of brand awareness as much as possible, then the analysis of the purchasing decision process takes into account the fact that consumer behavior is very dynamic and influenced by many different factors.

For example, one home appliance company has traditionally spent a significant portion of its marketing budget on advertising in print, on television and on advertising signs in order to generate sustained interest in its products among target consumers. However, an analysis of the process of forming a purchasing decision showed that the majority of people choosing household appliances browse the websites of retailers and less than 9% of consumers visit the manufacturer’s own website. After the company began to use the funds previously allocated for outdoor advertising to fill the distribution sites with content, it managed to increase the volume of electronic sales by 21%.

Although the emergence of new data sources has expanded the scientific possibilities of marketing analysis, creative potential in this area still plays an important role: in order to challenge or approve certain approaches, it is necessary sober commercial evaluation, but to create new methods of using data or to identify new opportunities for their getting, you need to be resourceful. Such creative abilities are especially valuable, since at present there are extremely wide possibilities for accessing data of very different quality. For example, if the data collected on the Internet makes it possible to analyze the features of the audience covered in the smallest detail, then information about other consumers is often very generalized and difficult to access. However, these difficulties should not impede the use of data to improve the quality of decisions made.

In order to properly form a set of marketing activities, organizations must weigh the advantages and disadvantages of each of the many tools and methods in order to identify those that best enable them to implement their corporate strategy.

Modern analytical methods, such as modeling a set of marketing activities like marketing mix modeling is based on processing large amounts of data to determine the cost effectiveness of each channel. This approach establishes a statistical relationship between marketing investments and other factors affecting sales. In many cases, external variables are taken into account, such as seasonality factor, competitors' activities and promotional activities. This method allows a restaurant to track both the temporal dynamics (changes in consumer behavior and the structure of client segments over time) and the dynamics of interaction mechanisms (differences between the scenarios for using physical channels, Internet channels and - in the most modern models - social network channels). This method can be used both to achieve long-term strategic goals and tactical planning for the near future.

As the share of online advertising increases in the overall structure of advertising budgets, the importance of attribution for online sales and marketing activities increases. Attribute modeling is based on a specific set of rules or algorithms that regulate how traffic is converted into sales for each of the areas of interaction with the client, whether it be advertising by email, online advertising, social networks or a specific website. Appropriate estimates help marketers determine the relative effectiveness of various investment events on the Internet in terms of sales promotion. The most common valuation methods rely on simple approaches, such as attribution of conversion by the last transition (when a 100 percent conversion rate is assigned to the last point of customer interaction after which the conversion occurred). Recently, however, newer methods are becoming more and more popular, providing increased analysis efficiency through the use of statistical modeling, regression mechanisms and complex algorithms that are associated with real-time trading systems. These approaches seem to be more sophisticated than traditional methods, but in most cases they still use cookies as source data, which limits the completeness of the data set and, accordingly, makes it difficult

to correctly assess the significance of each of the client interaction points on the Internet.

Although some companies prefer to use only one analytical method, maximum results can be achieved in cases where the MROI tools are used together. Such an integrated approach, which provides for the collection and analysis of direct marketing data, minimizes the errors and inaccuracies inherent in each method of MROI valuation, and gives executives of companies the opportunity to flexibly adjust budgets in favor of those activities that ensure maximum return on investment.

The formation of aggregated data, reflecting the results of applying several analytical methods at once, allows marketers to compare the effectiveness of various approaches on the basis of uniform criteria. In the future, the company can regularly summarize the results, and managers are given the opportunity, with the support of these results, to track marketing performance in real time and make adjustments as necessary.

It is not uncommon for project groups to devote analytical activities to outside organizations or entrust them to conduct internal corporate analytical departments. However, when analysts formulate their conclusions, these very same project teams sometimes do not want to use them, because they do not fully understand the figures presented or do not fully trust them.

To overcome this problem, marketers should work closely with data collection and data processing specialists, market analysts and digital analysis specialists, critically reviewing the background, formulating assumptions and refining quantitative indicators. In addition, companies must grow among their own employees a kind of "translators" who are able to understand the language of analytics and speak the language of business. For example, one catering company has appointed consulting staff within the marketing division to bring together the creative and analytical components of this structural unit. These consultants helped analysts to understand business objectives, and creative specialists to

figure out how analytic activities can provide information support for marketing programs. As a result, thanks to such cooperation, the duration of the development of measures aimed at increasing the MROI has been halved.

Efficiency and flexibility are also important. Conclusions from the analysis of the decision-making process on the purchase and the target structure of the complex of marketing activities should be taken into account when determining the structure of media channels. Actual results as they become available must be compared with targets and adjust the structure and budget of marketing activities accordingly.

For example, attributive modeling can be particularly useful for quickly adjusting marketing campaigns, since spending on digital channels can be adjusted almost instantly. As the research shows, leading market players can redistribute up to 80% of their digital marketing expenses during a single campaign.

When evaluating the effectiveness of communication tools used by catering companies, Russian companies today also focus on sales volumes. At the same time, it is important to understand that sales are more responsible for sales than the marketing division, since even with an ideal marketing campaign, there may be failures in the business processes responsible for sales. Consider the quantitative criterion in more detail. The cost-effectiveness of communication tools for the promotion of goods / services is estimated using the ROI (Return of Investments) indicator.

The basic way to determine the Return on Investment (ROI) of a marketing campaign is to assimilate it into the overall business line calculation, as in the Formula 1.

The Marketing costs are subtracted from the Sales growth and divided by the Marketing costs.

$$\text{ROI} = (\text{Sales Growth} - \text{Marketing Cost}) / \text{Marketing Cost} \quad (1)$$

The another combination of formulas for measurement of effectiveness is implemented for the industry with unstable situation. In general, the implementation of any marketing tools should be carried out within the framework of the chosen strategies. To date, one of the most understandable and simple methods of marketing management based on financial indicators is the calculation of Net Marketing Contribution (NMC). This indicator is one of the key when calculating the effectiveness of marketing of the system, since NMC allows you to calculate marketing indicators of profitability.

Marketing effectiveness for managing restaurants was considered through an assessment of two marketing profitability indicators: 1) Marketing Return on Sales (Marketing Return on Sales - MROS) and 2) Marketing Return on Marketing Investment (Return on Marketing Investments - ROMI (NMC value divided by marketing and sales)).

MROS helps to evaluate the profitability of marketing alternative strategies when there is a big difference in their sales volumes or there are several dissimilar approaches to the distribution of goods. MROS is determined by the Formula (2).

$$\text{MROS} = \text{NMC}/\text{E} \times 100\%, \quad (2)$$

Where: NMC - Net contribution from marketing;

E - Earnings from the sale of goods, works, services.

The indicator ROMI allows you to assess the effectiveness of different marketing strategies in relation to the possible profit from their implementation. Indicator ROMI is determined by the formula (3).

$$\text{ROMI} = \text{NMC}/\text{MI} \times 100\%, \quad (3)$$

Where: NMC - Net contribution from marketing;

MI - Marketing Investments

Both indicators, MROS and ROMI, are closely interrelated with the financial activities of the organization.

The assessment of marketing tools is not only an opinion, but also a necessity in many marketing organizations. Requirements for managers of commercial units

to ensure the profitability of investments in marketing are constantly increasing. They have at their disposal not only data allowing to make the most effective decisions, but also relevant analytical tools, and an integrated approach to analysis is a key condition for identifying market data and ensuring sales growth ahead of the market.

### **3.2. The ways of improvement marketing tools in restaurant industry**

The marketing activity of the restaurant is a creative management activity, the task of which is to develop the market for goods, services and labor, by assessing the needs of consumers, as well as carrying out practical activities to meet these needs. Through this activity, production and distribution of goods and services are coordinated, and it is also determined what steps need to be taken to sell a product or service to an end user and make a profit.

Currently, no company in the system of market relations can function normally without a marketing service in the enterprise. And the marketing utility is increasing every moment. This is because the needs of people, as we know, are limitless, and the resources of the enterprise are limited. Each subject has its own needs, which are not always able to satisfy with quality. Each needs its own individual approach.

Organization of marketing activities in the enterprise is a difficult task, since it is necessary to link the internal resources of the company and the requirements of the external environment in a dynamic equilibrium.

At present, the solution to the problem of evaluating the effectiveness of the marketing department's work at enterprises of various forms of ownership is highly relevant because the personnel of the departments are entrusted with a great social and financial responsibility to the entire team of the organization. The

ineffective work of the marketing department of any enterprise leads to a decrease in its competitiveness and, ultimately, to a cessation of existence. The reasons for the occurrence of such a situation may be: incorrect assessment of the influence of factors of the marketing environment on the activities of the organization, ill-conceived policy of promotion and pricing, etc.

Changes in the external environment stimulated the search for new approaches; practical marketing began to be enriched through the development of additional principles that change the content of marketing activities. Thus, the conflict between the current needs of customers and their long-term well-being has necessitated the application of the principle of socially oriented marketing. Scientific and technical progress, the dynamic development of the economy prompted the business to a long-term vision of the environment, the choice of effective strategies, which meant using the principle of strategic marketing. The formation of a knowledgeable and demanding consumer necessitated the use of a value approach in marketing, which consists in imparting additional properties to a product at every stage of its life cycle — from creation to operation. Increased competition and other factors led to an understanding of the need for long-term cooperation with customers, i.e. application of the principle of interaction with consumers. The experience of leading restaurant companies has shown that business efficiency is higher when all the company's services and all employees are interested in creating high customer value and in finding ways to increase customer satisfaction. As you know, competition is an objective relationship arising between market actors in the context of limited resources. And first of all, not only material resources but the market itself should be considered as resources here, i.e. a group of people with a particular need. At the same time, the deterioration of the demographic situation (reduction and aging of the population) limits the possibilities for horizontal development of the consumer services market and forces business entities to develop long-term cooperation strategies with customers based on a systematic approach to building their loyalty.

Development and constant updating of loyalty programs should take into consideration the particular behavior of different segments of service consumers, which requires expanding the product range and constant attention to assessing the quality of services, differentiating their delivery channels, introducing new technologies, including the possibility of providing services in a remote format, improving marketing processes, and the introduction of the principles of "client-oriented" social marketing.

Improving marketing tools in the field of consumer loyalty in the context of transformation of consumer behavior, in our opinion, is one of the main factors contributing to the consolidation of an enterprise on the market and ensuring its competitiveness. The basis of customer loyalty is the positive experience gained by them after the acquisition of products and services of interest to them. Marketers say that a person who is satisfied with his purchase is likely to be friendly towards other goods and services offered by the same organization, especially fundamentally new ones.

Market development requires constant movement, constant exchange of information, after which specific decisions on strategy are made. The basic definition of marketing communications is the notion that all components of the marketing mix (not only promotion) participate in communication with the target audience.

These components are part of the marketing process as a whole, and therefore depend on the techniques and strategies that are implemented by the organization as a whole. Each marketing process begins with a perception of the needs of the target consumer and the subsequent identification of possible techniques by which the need can be met. As a result, the activity of the target consumer usually follows, for example, searching for information on the required products.

Integrated marketing communications (IMC) - the interaction and complementarities of various forms of communication, in which each of them

must be integrated with other marketing tools and supported by them to achieve maximum efficiency. The main goal of integrated marketing communications is to maximize the effectiveness of marketing communications.

Several agencies has involved in non-advertising areas to expand control over promotional programs of their clients and budgets and struggled to put forward any real value beyond creating advertising. However, the advertising industry soon understood that IMC was more than just a trend. [3]

Integrated marketing communications combine all the means of marketing communications, from advertising to packaging, and allow targeted, convincing marketing messages to be sent to target audiences that contribute to the achievement of the company's goals.

By definition, the American Association of Advertising Agencies “integrated marketing communications is a model for planning marketing communications, based on the need to evaluate the strategic role of their individual areas (advertising, sales promotion, public relations, etc.) and to find the optimal combination, to ensure clarity, consistency and maximization of the impact of communication programs through the consistent integration of all individual hits.”

The concept of integrated marketing communications involves the solution of interrelated tasks such as: creating a system of communicative messages using various means of mass communication, which were coordinated among themselves, forming a single favorable image of the communicator and its marketing subject; search for optimal combinations of basic and synthetic means of mass communication, as well as individual techniques and tools of each of these means; elimination of contradictions between certain types of marketing appeals in order to exert a stronger influence on the client; savings, which in the framework of the IMC should be used strictly as part of the ongoing communication campaign.

Integrated marketing communications and an approach to marketing management that allows a restaurant to achieve: an increase in the effectiveness of various means of marketing communications; strengthen customer commitment to the brand of the company; increasing influence on the marketing communication program; ensuring compatibility with global marketing programs.

By coordinating all types of communication activities in the formation of coordinated marketing messages that are perceived and remembered by target audiences, a synergy effect is created. As a result, the effectiveness of the company's marketing activities is increased.

In the last decade, the successful operation of Western companies has been achieved through integrated marketing communications. Due to IMC, a restaurant can get high results of sales promotion, the formation of the company's image and a good reputation of its products. And the budget spent will be significantly lower than the advertising campaign.

The purpose of IMC is to achieve a synergy effect, i.e. consistent use of several marketing communications tools that can have a greater effect than when used separately.

The synergistic effect is the effect of the interaction of coordinated (integrated) marketing and advertising actions of different types, united by one purpose, so that the total effect of the impact can exceed the sum of the effects of each of them separately. This is one of the ways to increase the efficiency of product promotion. This is a new way of analyzing the whole, where before we saw only separate isolated components - such as advertising, public relations, sales promotion, purchasing, communication with employees, etc. This approach allows you to coordinate all types of communications, to look at them through the eyes of the consumer - as the flow of information from non-differentiable sources.

Marketing communications should begin with what the consumer does in the market, i.e. with making a purchase. This is an approach based on the promotion

of analysis, starting with the consumer, and not from the fact that the marketer sends communications that are appropriately coordinated with the marketing concept that he adheres to.

In addition, an IMC is also the ability to manage several tools simultaneously, exerting a multidirectional impact on target groups within a single concept. Integration makes it possible to increase the effectiveness of communications, strengthen the brand loyalty of customers, increase their influence on the marketing communication program and ensure compatibility with global marketing programs.

At the same time, the role of communication impact is actualized only if there is a high-quality, affordable and satisfying the needs of the target audience of the product.

Thus, two areas of integration are being updated: the integration of the components of the promotion complex and the integration of the promotion complex with other components of the marketing complex that perform communication functions. The tendency to integrate marketing communications increases the importance of the promotion complex - more stringent requirements are applied to its components, since it is precisely by means of which the basic elements of the promotion complex are made that the desired direction of communication impact of the other components of the marketing mix is achieved.

Elements of integrated marketing communications are the following: advertising - a set of activities aimed at achieving a specific marketing goal; direct marketing (direct mail, direct response) - TV marketing, the essence of which is that the viewer has the opportunity to order the product without leaving home, seeing the product in action and assess its characteristics; public relations - public relations; exhibitions and fairs - such events are held annually in which the company is directly involved in exposing products offered to consumers; retail and business advertising - in the retail sector, there are always rapid changes in

interaction with competitors. This is due to the fact that global corporations are rushing into the local market with their goods, and other components.

There are several basic principles for building a complex of marketing communications. The first is synergism. The most important principle of creating an IMC can be considered the interaction of its constituent elements. Joint communicative actions achieve a greater effect than their summation.

The second principle is openness. Horizontal communication with various partners makes the business more sustainable, so a company should be open to cooperation and be ready to go and look for alliances. A great example is the Coca-Cola and McDonalds joint ventures. In addition, today they jointly conduct various promotions of washing powders and washing machines, tasting cheese and wine, tea and sweets. And this is a real chance to optimize the budgets of marketing programs.

The third principle is efficiency. Use both specially prepared and involuntary events for strategic communications. Virtually any well-formed information can serve as a good informational occasion, that is, it can be the reason for the formation of the IMC complex. Information about the occasion can be made from any division of internal information flows.

And the fourth principle is personalization. An important characteristic feature of modern marketing communication can be considered as personalization, i.e. the alignment of the personal relationship with each individual customer. It requires a lot of effort and expense, including the development of special projects and specific technical equipment, and most importantly, the special skills of the personnel.

Integrated communications are understood as the systematic relationship between business and the market in order to transfer ideas, modify behavior and stimulate a specific perception of products and services by individuals, which aggregated are reduced to the target market. Integrating marketing

communications was created to solve the problem of increasing sales. Integrated marketing communications are an integral part of the overall marketing system. Each of the marketing communications tools represents a means of promoting a brand or brand to the market, having its own positive and negative characteristics and, depending on the correctness of use, one or another impact on the target audience. But it should be noted that, as a rule, not one marketing communications tool, but several, is used to promote a brand. Consistency in communications allows a restaurant to avoid conflicting messages that affect the consumer through various channels of information. Integrated communications also help avoid brand blurring errors.

At the present stage, catering companies need to know about their potential consumers much more than before, since the main power in the market will belong to the consumer. The consumer has the power, because he has information about the product, the ability to compare conditions and prices, as well as to choose the delivery channels. Given the information technology shift, most companies will find it difficult to compete based on product differentiation or service excellence. Thus, the availability of pricing information leads to increased price competition. The market becomes interactive and all its participants (consumers and intermediaries, distribution channels) will have information and have the right to choose. Obviously, when organizing marketing communications, it is necessary to take into account the globalization of the economy, which contributes to global consumer awareness in various parts of the world. Thus integrated marketing communications will definitely help to improve the marketing effectiveness of all companies, including restaurants.

In addition to IMC, which will be the most effective way of increasing effectiveness of marketing process, in the modern age the adaptation of the restaurants to this time will bring companies, including catering companies more loyal customers.

The another tool for improvement can be review groups, forums or websites, where customers, that used the service of restaurant can give a positive or negative feedback about the product or service and even can offer the way of improvement.

## **CONCLUSION**

This dissertation work has included both methodological and practical analysis. Through my research process I have implemented different analysis, in order to assess the situation in the marketing process of restaurant industry. These analysis has included Porter's Five Forces of the restaurant industry, SWOT analysis of the restaurant enterprise in Azerbaijan restaurant sector, and survey questionnaire which has revealed the opinions and needs of the almost the most important object - customers , that the results of the marketing depends on.

The results of Five Forces analysis has showed that the competition in the restaurant industry is increasing day by day and in this part introduced the practical ways for overcoming bargaining power of suppliers and buyers, deal with the threats of new entrants and substitutes, and gain a competitive advantage among rivals.

Results of the SWOT Analysis of the restaurant enterprise showed that in Azerbaijan during establishment process of restaurants owners or managers are more focused on the location and the design of the enterprise. Yes, these factors have a great effect on customers, but without the well-prepared marketing plan and processes and qualified staff the success of this restaurant undoubtedly will decrease in the long run. Thus, SWOT analysis results showed that the restaurant sector of Azerbaijan needs more qualified marketing teams for achieving success in the long term period.

Outcomes of the survey among 100 restaurant customers has showed that the restaurants that are using word-of-marketing and social media marketing tools can achieve more competitive advantage in the market. At the same time the price, design and menu factors are also play certain role in success of restaurant

enterprise. Additionally, discount menus and hours are recognized as attractive tools for 47% of respondents, so they also will bring more customers in case of using. And, of course, today no sector of the economy can be imagine without online operations, including restaurant industry. Thus, restaurant managers should also pay attention to this tool, which can increase customer satisfaction.

During my research in restaurant industry of Azerbaijan, have founded some points that obstruct the effective improvement of the marketing activities of the restaurants. In the result of implemented analysis, I have founded several ways to improve this situation. The first factor is the using of integrated marketing communications, which will definitely increase the effectiveness of the marketing process by implementing synergy effect of several marketing tools. Another problem that has revealed during research is that in the restaurant industry of Azerbaijan the significance of marketing is undervalued. And in order to solve this problem restaurant should to create qualified marketing team and strong marketing strategy that will directly lead to the effectiveness. And finally I want to call attention to the factor that is important in modern market, online operations and websites of the restaurants that are easy to use for customers.

In conclusion, I want to emphasize that, in the case of low quality of product in restaurant sector, all used marketing tools become meaningless. So restaurant enterprises should to offer high quality products and services, and then support this advantage with effective marketing tools.

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