DEVELOPMENT MODEL OF THE FINE DINING RESTAURANT

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Abstract
Purpose – The purpose of this work is to support the hypothesis that the Fine dining restaurants are important part of hotel offer.
Design – In the first and second part of this work the special focus is given on the history and positive and negative aspects offline dining restaurant business. In the third and fourth part, this paper will present the model for fine dining development by analyzing practical examples and steps needed to be taken for opening this type of restaurant.
Methodology – Historical method will be used in the analysis of existing literature and research dealing with the concept of fine dining restaurants. Historical method will help author explain the fine dining development through time. Questionnaire, observation and case study method will be applied in the analysis of selected fine dining restaurants.
Approach – Basis for opening a fine dining restaurant will be presented combining examples and author's practical experiences.
Findings – The study will show that restaurant business establishment and gastronomy is based on a very long tradition. This industry has a lot of perspective but it takes more creativity, new ideas, standards and flexibility and professional staff to achieve a high quality and to attract more clients.
Originality of the research – For the purpose of this study special questionnaire is formed and 47 hotel employees were questioned. Research showed that the majority of respondents are aware of the fine dining restaurant and good image and finances that it brings.
Keywords fine dining, restaurant business, gastronomy, standards, quality

INTRODUCTION

The development of hospitality and gastronomy, as well as tourism, has been attracting public attention long time ago. It has been passing through various strengths and weaknesses periods. The gastronomic offer is one of the most important factors that influence the overall tourist impression about destination. Also one of the key tourist destination experiences are gastronomic offer and ecologically clean food or to summarize: healthy, proper, balanced or in other words food that has great importance for human health. It is one of the fine dining restaurant importances, to provide their customers healthy and fresh food.

Special attention must be given to proper menu preparation by restaurants that are part of tourism product, because the cuisine is part of regional culture, history and identity, the recognition element unusually important in creating the tourist destination image. The fine dining restaurants are part of this program in the world and slowly they are finding their position in our region.
1. ESTABLISHMENT AND DEVELOPMENT OF FINE DINING RESTAURANTS

The *fine dining* restaurant establishment is related to the development of culinary skills in France. In the year 1765, Boulanger, soup seller, opened the first restaurant in Paris. This represented a new era in the development of gastronomy and culinary skills.\(^1\)

The first luxury restaurant, called “La Grande Taverne de Loudres”, was opened in Paris in 1782., by Antoine Beuvilliers who has become the first known restaurateur and host.\(^2\) He particularly emphasized which meals should be served, and which should be avoided, and stressed good wine importance in restaurant offer. The *fine dining* restaurant development can be examined through several periods: \(^3\)

- IX century period, the establishment of *grand cuisine* - founder Marie Antoine Karem,
- The beginning of XX century, the establishment of *haute cuisine*-founder August Eskofije,
- The seventies of XX century - *novelle cuisine* - many famous French chefs are founders.

Period of the seventies is the most important period for the *fine dining* restaurants development, because great attention is paid to the act of service by waiters. Furthermore, new cuisine was expensive, at least for two reasons: the freshest and the best ingredients were expensive, and the food presentation manner limited the use of new technologies in food preparation and demanded the work of large team of highly qualified chefs with strong artistic talent, which was not cheap at all. This problem has maintained to this very day, and this is usually the reason why present owners of restaurants choose classic restaurants that require less work, time and therefore cost.

2. POSITIVE AND NEGATIVE ASPECTS OF FINE DINING RESTAURANT BUSINESS

*Fine dining* restaurants require the one unique offer of hotel-gastronomic market and only as such they can survive on the market. If the entire touristic destination is not highly developed in all aspects, it will be very hard to find *fine dining* restaurant clientele. The most significant positive and negative factors of the business are summarized in the table.

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Table 1: The positive and negative aspects of fine dining restaurant business

<table>
<thead>
<tr>
<th>POSITIVE ASPECTS</th>
<th>NEGATIVE ASPECTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ possibility of achieving high profits</td>
<td>✓ necessary access to large and organised market</td>
</tr>
<tr>
<td>✓ possibility of market development</td>
<td>✓ potentially high fixed costs, as well as supply costs</td>
</tr>
<tr>
<td>✓ increase of tourist destination attractiveness and positive impact on the hotel and company image</td>
<td>✓ high costs of investing in staff training</td>
</tr>
<tr>
<td>✓ creating network of loyal clients and employees</td>
<td>✓ investment in new products development</td>
</tr>
<tr>
<td></td>
<td>✓ high marketing costs</td>
</tr>
</tbody>
</table>

Source: Author of the paper

Fine dining restaurant business implies the existence of large enough target market. Regarding that target consumers are tourists with higher incomes than average, fine dining restaurants can be located in several places, and usually within a luxury hotel in order to provide sufficient sales volume. One of the most negative aspects of the business is a huge risk based on high fixed costs.

Fixed costs represent a line starting with a predetermined amount of these costs. They are the type of expenses that do not change according to changes in volume, however, they become less noticeable when the production increases. Fixed costs include: amortization, utility charges, membership fees, basic salaries of permanent employees etc.¹

Increasing the level of the overall tourist destination offer is a significant factor in the fine dining restaurant development, but it can also be a danger if company does not follow world trends and flows. Every day it is becoming more and more difficult to get guests due to competition strengthening. "A company should never neglect its competitors, it needs to be in readiness. The time spent on reconnaissance is not thrown away".² Positive experiences in fine dining business are most expressed in the satisfaction of guests, employees and owners. Because of good atmosphere, environmentally clean and healthy food and awesome service, fine dining restaurants are becoming a place where the guest will surrender to their senses and feel special pleasures, and at the same time they eat healthy. Fine dining restaurants are becoming more common place for various meetings including business meetings. They generate high revenues through high margins, which can neutralize lack expressed in high costs.

In addition to the observation of individual restaurants, the food and drink sale is also an important source of income for the majority of hotels.³

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³ Županović, I., Yield manadžment u turističkoj industriji, Fakultet za biznis i turizam, Budva, 2013. p. 92.
Potential problem in this type of business is the purchase of healthy and ecologically clean food which is decreasing, while the number of those who consume that food is increasing. All managers of fine dining restaurants have the same problem—how to reduce already high costs.

Using the model of the first real fine dining restaurant "Windows of Montenegro" at the Splendid Hotel in Montenegro, it will become clear that the purchase and preparation of such high quality food from the domestic market, complemented by the regional countries such as Croatia and Serbia, significantly reduces the cost of food.

The conclusion is that conditions and positive atmosphere must be created, in order to interest a large foreign investors (best-known hotel chains). In this way, the offer quality level of the destination raises. The destination becomes recognizable and trusted among potential clientele in the tourism market. Best hotel chains bring along a trusted standards and more sophisticated level of technological operations performance in the hospitality industry, and therefore, positioning, sustainable development and increased turnover, which should be the objectives of any society and state.

3. MODEL OF FINE DINING RESTAURANT DEVELOPMENT (STEPS)

During the planning of the fine dining restaurant attention should be paid to the following: business plan, site selection, construction and equipping of facilities, human resources, organization of menu, kitchen and supply, hygiene

3.1. Business plan

A business plan represents any document of planned business activities and financial effects of these activities. Successfully using such planning, multiple benefits are realized, such as: detailed analysis of the job, getting answers to the questions that will be interesting to many who will be involved in opening business, identifying and defining objectives for their work, the possibility for future investors to assess the job, the project financial feasibility, marketing assessment of the market (marketing mix), competitive advantage, investing and assets value. In the daily business, the plan will be a great reminder, which should be monitored and if necessary revised.

3.2. Location selection, construction and equipping of facilities

For fine dining restaurant location selection is not vital, especially if it does not open within a well-known hotel. The location is not imperative for good business, although it is better to be in some interesting place (near or in well-known historically and other important places, etc.). In this case, the access to the restaurant is more important. The architectural design, precisely the attractive design of interior and exterior of fine dining restaurants affects the perception and the user experience, as well as the object visual image.

During construction and equipping of the fine dining restaurant, you should keep in mind that tools and equipment installed must be in accordance with the conditions prescribed for construction, sanitation, fire protection, safety at work, environmental protection and other specified conditions, as well as to comply with the prescribed norms and quality level. Special attention must be paid to: security of property and visitors, fire protection, technical installations and equipment, organization of so-called internal traffic in the restaurant. Care must be taken, of everything down to the smallest detail, because this part is one of the factors that make the difference between fine dining restaurants and others.

Here, fine arts, architecture and above all esthetics, are sending guests in a unique way.8

3.3. Human Resources

Good and reliable staff is very important in the hospitality business. Such staff is very hard to find and keep, and it is a complex and time-consuming process. The staffing process consist of: identifying staff needs, making list of available experts, recruiting, selecting among the candidates, scheduling candidates, promotion, evaluation, career.

Obtaining high quality people who will carry out the task of personnel functions at the required level, it is very important activity and job functions of human resources.9

Different jobs require different abilities and characteristics of candidates. Many owners and managers have already gained the knowledge that the key to success in business is not only found in the work and the creative potential of employees, but also in their engagement, which is based on process of selection, training, career management, motivation, evaluation.10 In some places the experience is not necessary, but each place requires an appropriate level of knowledge, honesty, altitude, diligence and other positive character traits. If a potential candidate possesses all of it, the lack of experience should be ignored, because it can be acquired with proper training and work.

The training is basic instrument for improving the quality standards of companies and constantly keeping attention and high presence of the staff.11 Professional training and specialization is equally important for the young and also experienced workers.

In the restaurant business, customer and employees are referred to mutual cooperation in creating services. How the interaction will be successful, largely depends on the employee’s ability to provide services, especially waiters.

Appearance on the job influences the first impression and, consequently, the lasting impression that the customer has of the restaurant. Because he is one of the few members of the restaurant staff a guest sees, a customer may judge the restaurant largely by his appearance and service.\(^\text{12}\)

All staff members, especially those who are in contact with customers, need to know which specialties are on the menu (what kind of taste they are, how they are prepared, the method of preparation, perhaps something about their history, their origins and etc.) and wines (wine types, brands, which wine goes with which type of food, etc.). In fact a few explains, because a few knows.\(^\text{13}\) Such situation must not occur in the fine dining restaurant.

### 3.4. Organization of menu, kitchen and purchasing

For planning the menu and the restaurant organization experienced and professional restaurant manager is required. He must know his own company and market opportunities. It is very important that all the technological requirements and opportunities of fine dining restaurants are taken into account in time, before deciding a specific space and beginning equipping it, otherwise it must be changed. Depending on the menu and the dishes that will be prepared and served to guests, kitchen and restaurant part are being planned.

The kitchen block layout must be such that there is no crossing of foods and ready meals with already used dishes, in other words to comply mostly with hygiene standards.

Menu is very important for every fine dining restaurant, and during its creation the care must be taken to ensure that it corresponds to the concept and the tastes of the target group. Purchase of the kitchen equipment, as well as small tools (cutlery, kinds of dishes and similar types) depends on the type of menu planned to offer to guests. It needs to be estimated how many dishes can you sell per shift, per day, per week ... so you know how much staff you need and how much they can do.

The food normatives for portions meals in fine dining restaurants are lower than in other restaurants, because here ingredients quality, stacking gangs in arow and pairing with wines come to the fore. Each gang brings on a wine that matches the food. When compiling a menu, abundant use and prices of seasonal ingredients of domestic origin during the year, must specially be taken into account. On one hand, cost effective move is pulled (the price of food is much higher when they are not seasonal), and on the other hand a good marketing move, because guests are offered fresh, organic and natural food and they have different gastronomic experience. Beside the satisfaction of visitors physiological needs, the gastronomic offer has also symbolic, social and fun-entertaining role.\(^\text{14}\)

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Food and drinks supply is very important part in the work of any restaurant. For a good fine dining restaurant, the most important is food quality, which can be achieved only with high-quality supply. Apart from a good cook and modern equipment for food preparation and storage, it can be said that the quality of food ingredients is crucial. The food supply is a responsible job that takes a lot of time on a daily basis. If it comes to the negative impact on the product quality(food) and services in the facility due to inadequate solutions in supply policy, it is reasonable to expect that unhappy guests will avoid these and prefer other objects, which usually means another company.15 The restaurant manager and the kitchen chef need to plan in advance, and on that basis to plan the supply.

When the fine dining restaurant at the hotel “Splendid” – “Windows of Montenegro” was opened, some big problems occurred and that were: not knowing of goods (food and drink) by the staff responsible for supply and inefficiency in terms of the supply time.

3.5. Hygiene and Standards

The most important thing that must be taken into account in the fine dining restaurant is hygiene and therefore the best is to hire the professional company that follows all the hygiene and staff training standards. The best-known standards of hygiene are HACCP (Hazard Analyses Critical Control Points). Such standards monitor all activities and events at the restaurant from the entrance to the so-called output of goods.

4. PLAN OF FINE DINING RESTAURANT DEVELOPMENT

The first fine dining restaurant in the Hotel Splendid -“Windows of Montenegro” can be used as a positive example of business planning in the fine dining restaurants. The restaurant had a capacity of 50 places. It was on the tenth floor of the Splendid hotel. It provided parking lot for guests and free passage elevator to the restaurant. In addition to basic a la carte service, the restaurant area was frequently used for various kinds of high-quality small banquets, cocktail parties, formal lunches and dinners. The restaurant also offered pre-set menu with a fixed price or fix menu. The most famous celebrities of Montenegro and the environment, a large number of world famous actors, athletes, politicians and guests of the ”Splendid” hotel, surrounding hotels and private accommodation, were frequent guests. The majority of the guests were natives of Budva and the surrounding towns who wanted to taste refined and new offer on our market.

Beside the menu, wine list with over 350 top labels from Montenegro, region and around the world was offered to guests. The manager from Montenegro with rich international experienced chef from France wrote and monitored standards for team of over 20 employees who were responsible for superior service and atmosphere in the restaurant. Without such experience or working with people with similar experiences, fine dining restaurant opening was not possible. The company's vision was to give all

the guests and Montenegro a different experience of gastronomy. As this was the first restaurant of such type, the meaning of *fine dining* was a complete mystery to a large majority of employees and guests, which was a huge problem, but at the same time challenge.

### 4.1. The survey results

The research, conducted in hotels in Budva municipality, shows how the situation has changed in the last 6 years. The survey has been conducted in the following 7 hotels in Budva: Avala, Splendid, Sveti Stefan with category 5 *, Maestral, Mogren and Palace with a 4 * and Slovenska beach with category 3 + * stars.

The survey has included 47 employees in various positions and in percentages of: cabinet GM - 6.4%, sales and marketing - 8.5%, food and drinks - 25.5%, accommodation sector - 25.5%, human resources - 6.4%, technical service- 12.8% and wellness- 14.5%. Following tables show the most important answers of respondents.

**Table 2: Question: Do you work in hotel with the following number of stars?**

<table>
<thead>
<tr>
<th>Number *</th>
<th>Number of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>1</td>
<td>2.1</td>
</tr>
<tr>
<td>4</td>
<td>26</td>
<td>55.3</td>
</tr>
<tr>
<td>5</td>
<td>20</td>
<td>42.6</td>
</tr>
<tr>
<td>Total</td>
<td>47</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Author

Of the 47 respondents 2.1% percent works in 3 *, 55.3% in 4 *, and 42.6% in a 5 * stars hotel. This is a good indicator for future results, as *fine dining* restaurants are almost always opened within or near high class hotels.

**Table 3: Question: Have you heard of the term *fine dining* restaurant?**

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Number of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>4</td>
<td>8.5</td>
</tr>
<tr>
<td>Yes</td>
<td>43</td>
<td>91.5</td>
</tr>
<tr>
<td>Total</td>
<td>7</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Author

Regarding that 91.5% of respondents said they have heard of the term *fine dining* restaurant as compared to 8.5% who said they have never heard of the term. The above percentage shows that the starting point of 6 years ago did considerable progress in *fine dining* restaurants.
Table 4: **Question: What impact the fine dining restaurant has on the business and the hotel image?**

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Number of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>No significant impact on image and business</td>
<td>2</td>
<td>4.3</td>
</tr>
<tr>
<td>There is no impact on image, but there is on business</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>There is an impact on image, but no impact on business</td>
<td>5</td>
<td>10.6</td>
</tr>
<tr>
<td>It has greater impact on image, and minor on business</td>
<td>12</td>
<td>25.5</td>
</tr>
<tr>
<td>It has less impact on image and more on business</td>
<td>3</td>
<td>6.4</td>
</tr>
<tr>
<td>It has a large influence on image and business</td>
<td>23</td>
<td>48.9</td>
</tr>
<tr>
<td>Total</td>
<td>47</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: author

Judging by the responses from the table, most of the respondents replied that fine dining restaurants have an impact on the image or the business or both even 95.7%, as opposed to 4.3% who said that there has no influence on the image or the business. But from the very percentage structure of responses, it is seen that: more significant efforts must be made; the fine dining restaurant business must be explained and the hypothesis that the fine dining restaurant is an important part of hotel and gastronomic offer that can affect the image and the business, must be justified.

### 4.2. Development plan example of the "Windows of Montenegro" restaurant

The table shows the summary plan of income and expenses of 'Windows of Montenegro' fine dining restaurant. Due to the author experience, at the time employed as a food and beverage manager in the company "Montenegro Stars Hotel Group", the restaurant operated at a loss in the very beginning, ending with the month of April.
The biggest reason for lower turnover in the first quarter is still a sufficient number of guests from the local market who have never heard of the fine dining restaurant - new offer in Montenegro, and even greater because in that off-season time hotel occupancy is low.

Restaurant income is increased in the pre-season period in March and April, when the hotels are full. During this period -second quarter, occupancy of restaurants is significantly changing. Most hotel guests come, which is in direct connection with the occupancy and the guests good level of information. Also, a large percentage of guests comes from the local market (Budva, Kotor, Podgorica, etc..).

Guests have heard that there is something of unusual and pleasant ambience, excellent service and good food and beverage, and they inform and invite each other to come to the restaurant. The restaurant operates best in the so-called peak season or the third and fourth quarter when the hotels are fully booked and fine dining restaurant has a higher percentage of potential clientele that continues in the post-peak season.

From the table we can see that the total revenue plan was 433,885.00 euros for 2007. Within that, projected food revenues were 387,000.00 million or 89.2% of total turnover and beverage revenues 46,885.00 million or 10.8% of total turnover.

Fine dining restaurants costs are also seen in the table and they are quite high and therefore it is not surprising that all restaurant owners constantly fight to reduce costs. We can see that fine dining restaurant is directly dependent on attendance, not only in hotels but in the whole region. A restaurant achieves positive effects in terms of

Table 5: "Windows of Montenegro" fine dining restaurant plan

<table>
<thead>
<tr>
<th>Fine dining Restaurant</th>
<th>Plan (EUR) for 2007</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>A la carte food revenue</td>
<td>346,500</td>
<td>79.9%</td>
</tr>
<tr>
<td>Banquet revenue</td>
<td>40,500</td>
<td>9.3%</td>
</tr>
<tr>
<td>Total food revenues</td>
<td>387,000</td>
<td>89.2%</td>
</tr>
<tr>
<td>Drinks revenues</td>
<td>46,885</td>
<td>10.8%</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES OF DEPARTMENT</strong></td>
<td><strong>433,885</strong></td>
<td><strong>100%</strong></td>
</tr>
<tr>
<td>Direct costs of a la carte food</td>
<td>86.625</td>
<td>25.0%</td>
</tr>
<tr>
<td>Direct costs of beverage</td>
<td>8,439</td>
<td>18.00%</td>
</tr>
<tr>
<td>Total direct costs</td>
<td>109,239</td>
<td>25.2%</td>
</tr>
<tr>
<td>Total salery and labor costs</td>
<td>283,805</td>
<td>65.4%</td>
</tr>
<tr>
<td>Total other departmental costs</td>
<td>6,700</td>
<td>1.5%</td>
</tr>
<tr>
<td><strong>TOTAL COSTS OF DEPARTMENT</strong></td>
<td><strong>399,744</strong></td>
<td><strong>92.1%</strong></td>
</tr>
<tr>
<td>CONTRIBUTION</td>
<td>34,141</td>
<td>7.9%</td>
</tr>
</tbody>
</table>

Source: Author and data from “Montenegro Stars hotel group”
educating the public about a new way or style of consuming foods and beverage, especially wine.

Total estimated costs were 399,744.00 euros, or 92.1% of the total cost. From that food and drink planned cost was 109,239.00 euros, or 25.2% of the total cost. This information is very interesting because in other countries of the world in the fine dining restaurant food and drink cost varies between 30% and 37%. This is attributed to the still not-so-great food and drink supply price and great margins on food and drink. It needs to be reminded that one part of the food in Montenegro is still unpolluted organic food, which is required in preparing meals at fine dining restaurants.

Very high planned costs are the labor costs (salaries), 283,805.00 million or 65.4% of the total cost. However, without good management and good service fine dining restaurant can not work. The staff who are knowledgeable and who invested in their education, want to reimburse daily and owners are forced to these costs, in order to improve their final profit. Furthermore, in order to achieve timely and good service, there must be more waiters per guest number in fine dining restaurants than in other restaurants and it is almost mandatory- two waiters for food and a sommelier who serves wine at the table - for six persons. Other costs such as representation, office supplies etc. amount 6,700.00 million euros or 1.5%.

The table shows that the costs of fine dining restaurants are high. Money should be saved, not by reducing guest services such as reducing portions, reducing the number of workers, etc., but by the work rationalization, good supply etc.. Also various marketing and service measures and work improvement should contribute to the improvement of traffic and offer quality of fine dining restaurants.

The difference between planned revenue and costs at the level of the fine dining restaurant "Windows of Montenegro" was 34,141.00 million or 7.9%.

According to the information from the "Montenegro stars Hotel Group" company, plan for fine dining restaurant has fully met for the year of 2007. and this trend has continued in the 2008th year.

A hotel receives not only financially, but also positively business effect and fine dining service is positively applied in other hotel sectors.

Positive impressions and excellent service that guests get on the first arrival at the hotel, they wanted to use at other places within the Splendid hotel such as: Lobby bar, Beach bar, wellness center and various organizations events at the hotel. The author of this work paper had the opportunity to apply this model in several other regional restaurants and it proved to be very successful.
CONCLUSION

From the previously mentioned facts it can be concluded that the first fine dining restaurant fully justifies its place in the tourist industry and will continue the positive trend of good business in future.

As an essential part of improving the hotel offer quality there is a need for raising the service level in hospitality, the need to diversify the product. In the hotel ”Windows of Montenegro” fine dining restaurant has opened for the first time, with all its elements (excellent atmosphere, excellent service, ecologically healthy food and drink) on whose proven, positive examples of business we can notice that fine dining restaurant is an essential part of the hotel offer and it greatly improves hotel and gastronomic offer in terms of future expectations in tourism market.

A precondition for a well proven business and the future of fine dining restaurants will address the issue of quality destinations and attractive destinations for foreign tourism investment, and the most important to create and maintain good conditions for the entry of large and branded hotel chains. It is an excellent and very important basis for the implementation and advancement of the hotel and gastronomy offer into fine dining restaurants. Confirmation of this are the positive experiences of the business model shown in the work paper.

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