



Lisbon School
of Economics
& Management
Universidade de Lisboa

MASTERS IN MANAGEMENT (MIM)

MASTERS FINAL WORK

PROJECT

THE SUSTAINABLE RESTAURANT: AZURMENDI

ZINA ŠKORŇOVÁ

OCTOBER - 2022



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ZINA ŠKORŇOVÁ

SUPERVISOR: PROF. LUÍS MAH

Co-SUPERVISOR: PROF. ANA ISABEL ORTEGA VENÂNCIO

JURY:

PRESIDENT: PROF. JOSÉ MANUEL CRISTOVÃO VERISSIMO

RAPPORTEUR: PROF. MARIA AMÉLIA FILIPE BRANCO ANTUNES DIAS

SUPERVISOR: PROF. LUÍS MAH

OCTOBER - 2022

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Last but not least, moving to an unknown country was not an easy challenge. But I am proud of myself for overcoming this challenge by successfully graduating from this school. Therefore, I also want to thank myself.

The Sustainable Restaurant: Azurmendi

ABSTRACT

This dissertation analyzes a case study of the business teaching of the Spanish sustainable restaurant Azurmendi under the leadership of chef Eneko Atxa Azurmendi. Eneko is the youngest Spanish chef to receive three Michelin stars. The Azurmendi restaurant has received several sustainability awards since its establishment and has twice been awarded the title of the most sustainable restaurant in the world. The menu is designed and inspired by Basque cuisine. This restaurant is a successful business case and should be used as inspiration for other sustainability projects in the restaurant industry. The case shows that being a sustainable restaurant can be very challenging, but not impossible.

The objective of this case is to identify and analyze the variability in the competition of the Azurmendi restaurant in Spain and to create an achievable project for international expansion. The Azurmendi restaurant cannot be replicated, and even the next expanded project that will be created will have to be adaptable to multiple requirements such as the environment or culture. Because in order to be sustainable, you need an ecological system that will work together and must be adaptable to each context, even though there may be the same or similar mentality.

Keywords: Restaurant, Sustainability, European Countries, International Strategies, Household expenditure.

JEL CODES: M30; F23; O52; Q01

RESUMO

Esta dissertação analisa um estudo de caso do ensino de negócios do restaurante sustentável espanhol Azurmendi sob a liderança do chef Eneko Atxa Azurmendi. Eneko é o chef espanhol mais jovem a receber três estrelas Michelin. O restaurante Azurmendi recebeu vários prêmios de sustentabilidade desde a sua criação e por duas vezes foi galardoado com o título de restaurante mais sustentável do mundo. O menu é concebido e inspirado na cozinha basca. Este restaurante é um case de sucesso e deve servir de inspiração para outros projetos de sustentabilidade na restauração. O caso mostra que ser um restaurante sustentável pode ser muito desafiador, mas não impossível.

O objetivo deste caso é identificar e analisar a variabilidade da concorrência do restaurante Azurmendi em Espanha e criar um projeto viável de expansão internacional. O restaurante Azurmendi não pode ser replicado, e mesmo o próximo projeto de expansão que for criado terá que ser adaptável a múltiplas exigências como o ambiente ou a cultura. Porque para ser sustentável é preciso um sistema ecológico que funcione em conjunto e que se adapte a cada contexto, ainda que haja mentalidades iguais ou semelhantes.

Palavras-Chave: Restaurante, Sustentabilidade, Países europeus, Estratégias Internacionais, Expansão domiciliar.

ABBREVIATIONS

4P's: Product, Price, Place, Promotion

CAGE: *Cultural, Administrative, Geographical, Economic dimensions*

EU-27: *The 27 European Union countries*

EUR: Euro

US: American dollar

OAD: *Opinionated About Dining*

GDP: *Gross Domestic Product*

STP: *Segmentation, Targeting, Positioning*

TABLE OF CONTENTS

1. INTRODUCTION 7

2. CASE STUDY 9

2.1. Learning Outcomes 9

2.2. Introduction 9

2.3. Azurmendi..... 10

2.4. Sustainability in the Restaurant 11

2.5. International Project 14

2.6. European Household Expenditure..... 14

2.5. The Spain..... 17

2.6. International Expansion 18

2.7. Discussion Question..... 19

2.8. References 20

2.9. Further Readings..... 24

2.10. Exhibits..... 26

3. TEACHING NOTES..... 28

3.1. Synopsis 28

3.2. Teaching Objectives 28

3.3. Target Audience 28

3.4. Materials..... 29

3.5. Suggested Teaching strategy..... 29

3.6. Suggested Answers For The Discussion Questions 31

3.7. What Happened In Reality 42

3.8. References 42

3.9. Futher Readings 43

3.10. Exhibits..... 44

4. CONCLUSION 47

LIST OF TABLES

Table 1 – Sustainability Awards of Azurmendi Restaurant	10
Table 2 – Azurmendi vs Aponiente vs Sollo	18
Table 3 – Teaching strategy suggested timings	29
Table 4 – Countries Ranking	33
Table 5 – CAGE distance Analysis: Cultural Distance	36
Table 6 – CAGE distance Analysis: Administrative Distance	37
Table 7 – CAGE distance Analysis: Geographic Distance	37
Table 8 – CAGE distance Analysis: Economic Distance	37
Table 9 – Segmentation	40

LIST OF FIGURES

Figure 1 – Share of restaurants and hotels in total household expenditure in the EU Member States, 2017 (%)	15
Figure 2 – Household expenditure by consumption purpose in the EU-27 (2019).....	16
Figure 3 – Household consumption expenditure by consumption purpose - COICOP, % change over the previous year, EU-27, 2020.....	16
Figure 4 – Final Consumption Expenditure Of Households: Restaurants And Hotels .	17

LIST OF PICTURES

Picture 1 – Bioclimatic Building Azurmendi	12
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LIST OF EXHIBITS

Exhibit 1 – Macro-economic data for the EU-27 countries.....	27
Exhibit 2 – Macro-economic data for Japan.....	27

LIST OF EXHIBITS – TEACHING NOTES PART

Exhibit TN 1 – GDP per Cities and Urban Areas	44
Exhibit TN 2 – Total Expenditure	45
Exhibit TN 3 – Country Risk.....	46
Exhibit TN 4 – Population in Capital Cities.....	46

1. INTRODUCTION

This is a teaching business case, which means that this is an assignment that is going to be given in class by the professor to extend the practical knowledge and give a real example of this sustainability case project regarding the restaurant business and international expansion. The company was chosen because of its great achievements in a short time, for its constant progress, improvement, and especially its focus on the environment as well as on achieving the world-famous 17 SDG goals. Of all the SDGs goals that the Azurmendi restaurant continuously works on, the following goals and the individual attitude of the Azurmendi restaurant's solution to this are included in this work. Goal number 3. Encourage healthy lives and promote well-being for all at all ages; goal number 8. Promote sustained, inclusive and sustainable economic growth, productive employment and decent work; goal number 9. Develop resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation; goal number 13. Implementing actions to combat climate change and its impacts, and last but not least, goal number 16. Promote sustainable development in our society. The restaurant won twice the title of the most sustainable restaurant in the world. Nowadays, it is possible to find more and more restaurants with a focus on sustainability than ten years ago. This trend is slowly taking root in every restaurant and many new ones are based on the essence of sustainability. With this type of dissertation and this project, I want to write the tension to the following topics: sustainability, sustainability of the hospitality industry, and the internationalization of business and the way companies internationalize. I use secondary data from several different sources to build this business case.

This case study will allow exemplifying business strategies and, it is going to talk about the challenge of being sustainable in the hospitality industry and also talks about how to international the business.

Before starting to create this business case, I had to look at other business cases to help me understand the structure, style and path I should take. In total, I studied and read sixteen business cases that focus on sustainability, entrepreneurship and other similar areas. This business case uses research methods of secondary data analysis. I drew all the necessary information to create this business case from several websites. The main sustainability article website used in this work is the Azurmendi website. The site offers and shares links to other relevant sites. The main challenges in sustainable business are waste reduction and related recycling, improvement of the supply chain and adaptive menu to the relevant season. For a possible entry into the international market, it is necessary to find out the conditions and individual prerequisites for the success of the possible implementation of the entry into the market with a new project. To find out the necessary information about the foreign market for our case, the Britannica, OECD, Nomad and Salary Expert websites were used.

The Sustainable Restaurant: Azurmendi

In order to presume this, I collect several secondary data, mostly from newspapers and websites related to restaurant business and sustainability. I couldn't find any case studies focusing on Azurmendi restaurant, chef Enko Atxa or any of his projects. This fact was a secondary reason for choosing this restaurant. Subsequently, I studied the Azurmendi restaurant in detail, I went through all the articles that this restaurant published on its website. Some articles were published in Spanish, but thanks to the Internet I was able to translate the articles into English. This was followed by the decision of where I want to direct this work and what knowledge the readers would take away after studying this work. The main result is that Azurmendi is trying to expand the project to different places in the world and has gone through different challenges, for example cultural, economic and mentalities. Azurmendi also decided to open one restaurant in Portugal. The goal is to connect and set criteria for successful expansion into new markets. Furthermore, the work describes the competition on the Spanish market and subsequently the possibilities of international expansion, but already with the ENEKO project.

The second part of the thesis entitled Teaching Notes analyzes the attractiveness of individual European countries for possible expansion. Multifactor analysis was used to select the three best countries from all European Union countries for enlargement. Among these three countries, the two most suitable countries were selected using CAGE distance analysis. The most suitable country was identified after using entry timing strategies. Finally, marketing mix theory and STP analysis were also used to develop the communication strategy. All data and literature used in this work were carefully selected according to availability and irrelevance.

Last but not least, one thing is theory and another is fact. Although the most suitable country for expansion was determined according to certain specifications, in reality the company decided to expand into another market.

2. CASE STUDY

2.1. Learning Outcomes

After reading and analyzing this case, students should be able to:

- Understand the restaurant challenges for European countries for international expansion.
- Understand what kinds of risks and challenges the company faces when expanding abroad.
- Apply studied CAGE frameworks to identify a possible solution to a real business problem.
- Explore various international market entry strategies in the restaurant industry.

2.2. Introduction

Eneko Atxa Azurmendi was born in a small town in the Basque Country in the north of Spain in 1977. His grandmother and mother had the most significant influence on his journey through gastronomy from early childhood. His origins in the Basque Country are reflected in his culinary philosophy. It uses a modernity that subtly complements the local cuisine, which is inspired by a traditional Basque recipe book. His enthusiasm for Basque cuisine is also reflected in the menu of the Azurmendi restaurant. The Azurmendi restaurant is primarily focused on sustainability, nature is the one, that in cooperation with chef Eneko decides, and creates what will be on the menu.

After many years of working experience in the kitchen, chef Eneko Atxa Azurmendi decided to open his first restaurant called Azurmendi, mainly because of his focus on sustainability and his love for cooking. His goal was to create a space based on sustainability, healthy eating, and a culinary experience. The year 2012 was a milestone in the years when the bioclimatic building was opened and at the same time, the restaurant reached its third Michelin star. Also, not only the restaurant won many rare awards, but also chef Eneko Atxa Azurmendi. In 2015, chef Eneko Atxa Azurmendi won the gastronomy award for the best chef. In the same year, the Azurmendi restaurant won the Best Restaurant in Europe award according to The Opinionated About Dining (OAD)¹.

¹ (OAD) “is a restaurant rating system compiled by an expert membership of highly literate connoisseurs who travel the world to experience culinary art” (OAD (2021, December 03). *Opinionated About Dining*. Retrieved from <https://news.cision.com/oad---opinionated-about-dining/about.>)

The Sustainable Restaurant: Azurmendi

Due to the continued success, Eneko decided to continue spreading the idea of a sustainable restaurant around the world. Therefore, he decided to implement various projects with a focus on Basque cuisine, but under a different name than Azurmendi. For chef Eneko, the Azurmendi restaurant is unreplicable. In 2017, he opened a new project in Japan under the name ENEKO TOKYO and he is considering opening a new restaurant. In order to proceed with the expansion of the next restaurant, he must define several criteria. One of the determined criteria is expanding to the European market. What internationalization should he promote in order to create another successful restaurant?

2.3. Azurmendi

The world-famous restaurant is located on an elevated hill in Larrabetz on the outskirts of the northern Spanish city of Bilbao. It was officially opened in 2005 and is still operating. The restaurant was named Azurmendi after the owner and head chef of the restaurant: Eneko Atxa Azurmendi. Mission of the Restaurant Azurmendi is to “foster a sustainable, healthy and a fair society through gastronomy” (Brincat, I. (2022, January 30). *JAKIN(N): Eneko Atxa ‘cooking up the future’*. Retrieved from <https://www.foodandwinegazette.com/8117>.). The main idea they support is sustainability, healthy eating, and social responsibility. The restaurant is specific for these three main pillars. In a relatively short time, after fulfilling the set goals, the Azurmendi restaurant received several prestigious awards focusing on sustainability, which are shown in Table 1:

2014	2016	2018	2020	2021
Most sustainable restaurant award the World's 50 Best Restaurants	National award for hospitality company committed to sustainability by the Federation of Hospitality Companies of Spain	Most sustainable restaurant award the World's 50 Best Restaurants	Green star for its commitment to sustainability	Sustainability from Madrid Fusión

TABLE 1 – SUSTAINABILITY AWARDS OF AZURMENDI RESTAURANT

Azurmendi is an atypical restaurant also from the point of view that it is not open primarily for dinner, on the contrary, the restaurant has been open only for lunch since 2005. Dinner reservations can only be made on Fridays and Saturdays. Despite this, an average of 232 people visit this restaurant every day. The main reason for this change is that Eneko wants to give his

The Sustainable Restaurant: Azurmendi

employees enough free time to spend with their families. Almost every one of his current employees started working in the restaurant as a trainee. At the very beginning of the restaurant in 2005, only 12 employees worked for chef Eneko. This number increased to seventy within thirteen years. All his employees come from cooking schools in their area.

From a financial point of view, the restaurant is making positive progress until the annual pandemic period. According to Infocif, Azurmendi achieved sales of €5,867,579 in 2019, which represents €224,519 in net operating profit. However, the year 2020 was no longer so favorable, as a global pandemic broke out at the beginning of the year and adversely affected the restaurant sector in particular. Thus, their total income for 2020 reached the value of €1,827,862, which represents a negative operating result of €120,494.

One of the reasons why the restaurant became specific and unique was due to the establishment in cooperation with the local university of the largest seed bank in the Basque Country. There are about four hundred species of seeds that are on the verge of extinction. The seed bank is located on the first floor along with the fruit and vegetable garden. The Azurmendi restaurant offers much more than, for example, vineyards with local grapes and a winery for the production of txacolinel, a greenhouse, etc. An interesting fact is that Eneko does not consider growing its own vegetables as a sustainable approach. “We need our local producers. With our garden we can give an indication of what we do but each producer specialises in growing their produce. We need to value their work” (Brincat, I. (2022, January 30). *JAKIN(N): Eneko Atxa ‘cooking up the future’*. Retrieved from <https://www.foodandwinegazette.com/8117>).

Chef Eneko likes to embark on various collaborations and new projects, an example of one of them is cooperation with the local public hospital Galdakao. In 2018, they agreed that Eneko with his team would cook for them one day per month. In the following year, they will come twice per month, in the next year three times per month, and finally, in 2022 they will come to cook five times a year in individual months.

Another example is the cooperation with the village of Larrabetzu. The Azurmendi restaurant produces a lot of waste through its operation, which is then immediately processed for composting. Thanks to this cooperation, every citizen in the village can come and get as much compost as he needs. In addition, another project was launched to reuse discarded bread.

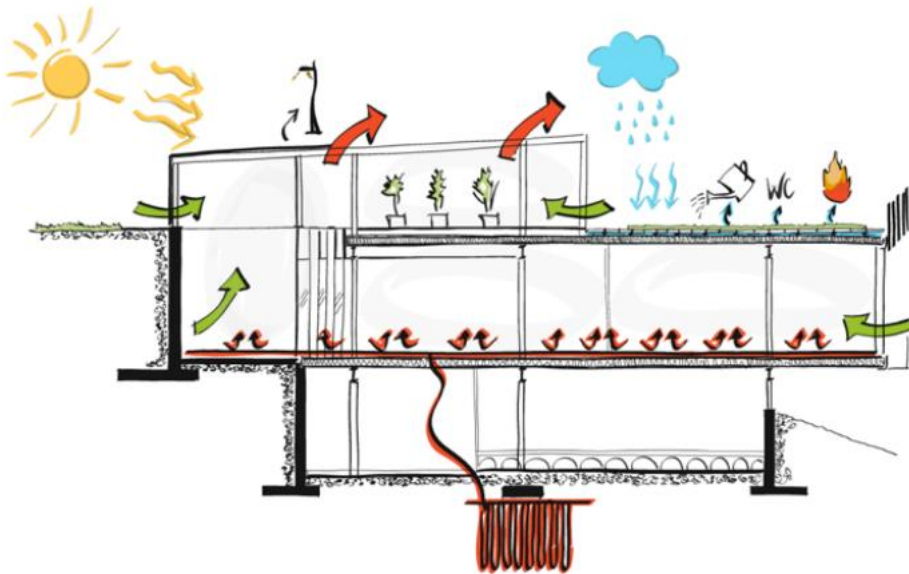
2.4. Sustainability in the Restaurant

Being involved in the field of the environment and building a restaurant as ecologically as possible is a consolidated fact for Eneko, not a trend. When planning and building the restaurant, it was essential for Eneko to coexist with the environment itself. And therefore its vegetation is an integral part of the operation. Rootedness, strength, human warmth and the

The Sustainable Restaurant: Azurmendi

ability to overcome are symbols of Basque culture, which is why wood, stone and iron became the key and most important components of the construction.

To build the project, Eneko chose the less experienced but very skilled Basque architect Naia Eguino from among many architects. “The building is sustainable, it is geothermal with photovoltaic panels, space to collect waste and eventually turn it to compost, storage for all rain water and the whole building was built from recycled material.” (Brincat, I. (2022, January 30). *JAKIN(N)*: Eneko Atxa ‘cooking up the future’. Retrieved from <https://www.foodandwinegazette.com/8117>). After the construction was completed, more than seven hundred local trees were planted, and together with their workers, they gradually began to restore the lost varieties of vegetables in the area. Atxa also bought up to a hundred hectares of nearby forest to try to offset the restaurant's CO2 emissions.



(Azurmendi. *Sustainable Azurmendi* [picture]. Retrieved from <https://azurmendi.restaurant/wp-content/uploads/2018/07/Sustainable-Azurmendi.pdf>.)

PICTURE 1 – BIOCLIMATIC BUILDING AZURMENDI

Picture 1 shows a closer look at the bioclimatic building Azurmendi. The roof under the orchard and garden is designed to act as a rainwater tank. The accumulated water is subsequently recycled by being used to water greenhouses, gardens, and toilets. Several trees pass through the restaurant itself. However, even these trees have an additional function. It is covered with channels that lead 150 m underground, where they extract geothermal energy. The geothermal system in Azurmendi is set to heat the restaurant in winter and cool it in summer. The building structure is built in such a way that it can be easily and conveniently removed and most of the elements are recyclable. The creation of electricity savings was created through open-glazed spaces that allow as much natural light as possible to penetrate, but also without the

The Sustainable Restaurant: Azurmendi

need to use air conditioning. The glass roof hides the solar collection system. The fact that charging stations for electric cars were already installed in the parking lot in 2012 proves that Eneko Azurmendi was thinking about the future. Although the investment required by this building is greater, however it worth it. Eneko went into this project knowing that it would not find a return in the short term.

The basis of a sustainable restaurant is to minimize its impact on the planet. For example: reducing food waste, recycling, energy, and water consumption, or even shortening the supply chain. Azurmendi can be described as an example of a sustainable restaurant that should be followed. One proof that the restaurant is moving in the right direction is the fact that it managed to increase its sustainability rate from 84% to 93% in just four years. What makes it a sustainable restaurant is mainly its daily well-thought-out steps. Within the following few individual approaches, Azurmendi becomes a more sustainable restaurant, and these methods can also be implemented and adapted to other restaurants.

According to Eneko, cooperation with local craft producers is essential. An important part of a restaurant is its product suppliers, on which the restaurant's operation depends. For the possible reduction of the carbon footprint of CO₂ from transport, a system of collection points was created and adapted to it. One transporter can thus collect individual products from different suppliers in one trip. Raw materials are imported on a daily basis, which also reduces the consumption of refrigerator. The use of vegetables in the menu thus increased by 75%. In the framework of reducing food waste, Eneko created a collaboration with the municipality of Larrabetzu, which is mentioned above.

Despite everything, Eneko believes that the restaurant is not perfect because despite what it does, it will not change the planet. More than 20% of air pollution and contributing to global warming are greenhouse gases that arise from the world of food alone. In comparison, it represents more than all the traffic in the world. It is for this fact that Eneko is convinced that everyone can improve this situation on a global level thanks to their food management at home. It is enough to stick to very basic aspects such as better shopping or waste management.

The restaurant has won several sustainability awards. To receive the sustainability award, more than a hundred aspects are analyzed in the restaurant's operation, but they are separated by ten "thematic blocks:

- 1) Celebrate local producers.
- 2) Serve more vegetables and better meat.
- 3) Source fish responsibly.
- 4) Support global farmers.
- 5) Treat staff fairly.
- 6) Support the community.
- 7) Feed people well.

The Sustainable Restaurant: Azurmendi

8) Value natural resources.

9) Waste no food.

10) Reduce, reuse and recycle.” (Azurmendi News (2022, March 05). *Azurmendi wins the most sustainable restaurant award by The World’s 50 Best Restaurants*. Retrieved from <https://azurmendi.restaurant/en/azurmendi-wins-sustainable-restaurant-award-worlds-50-best-restaurants/>.)

2.5. International Project

The restaurant Azurmendi cannot be replicated, but the concept of this restaurant based on Basque cuisine can be created. However, each individual new project needs to be adapted to the conditions of the given country. In 2017, after thorough market research, Eneko decided to open a restaurant outside of Spain for the first time, specifically in Japan. In Japan, he chose the capital Tokyo to open his next establishment, and the restaurant is called ENEKO Tokyo. ENEKO Tokyo represents a combination of Japanese culture and traditional Basque cuisine. All the ingredients except prosciutto and Spanish Iberico pork are supplied from Japanese suppliers there. The restaurant is open every day from 12.00 to 22.00 except Monday, Tuesday and public holidays. After five years of operating the restaurant ENEKO Tokyo, Eneko has decided to bring the fusion of Basque-Japanese cuisine called NKO back to the city of Bilbao, which opened only this year. The restaurant is located in the premises of the Radisson Collection Hotel, with which Eneko has also been cooperating for several years.

Another expanded restaurant under the management of Eneko Atxa was Aziamendi in Thailand in 2013. The restaurant was located in Phuket, in the town of Kok Kloi, on Natai Beach where it was part of Iniala Beach House. The menu in the restaurant consisted of Thai ingredients with the cooperation of Basque technology. The restaurant has also won several awards such as: Best Wine List in Thailand, Best Wine List by the Glass and Best List in Phuket. According to the BK website, the opening hours were from 17:00 to 23:00 only on Fridays and Saturdays. For unknown reasons, the Aziamendi restaurant ended its operation after less than five years in 2016.

2.6. European Household Expenditure

After this projects is important to understand to defined a good criteria. Below are collected some information about european household expenditure and about how people are spending money. One of the priorities of every restaurant is to attract many customers thanks to its uniqueness. Seeing a restaurant full of people and having a diary filled with reservations for weeks in advance is a win for any restaurant.

The Sustainable Restaurant: Azurmendi

Three years before the COVID-19 pandemic, it can be seen in Figure 1 that up to 8.8% of the total consumption expenditure of individual countries in the European Union was spent on the "restaurants and hotels" sector. In total, this represents spending almost EUR 740 billion or EUR 1,400 per EU inhabitant, which corresponds to 4.8% of EU GDP. Figure 1 shows that Malta has the largest share of household expenditure on "restaurants and hotels", followed by Cyprus and then Spain. Romania, Poland and Lithuania represent the lowest share of household expenditures for this sector.

Source: Eurostat (2022)

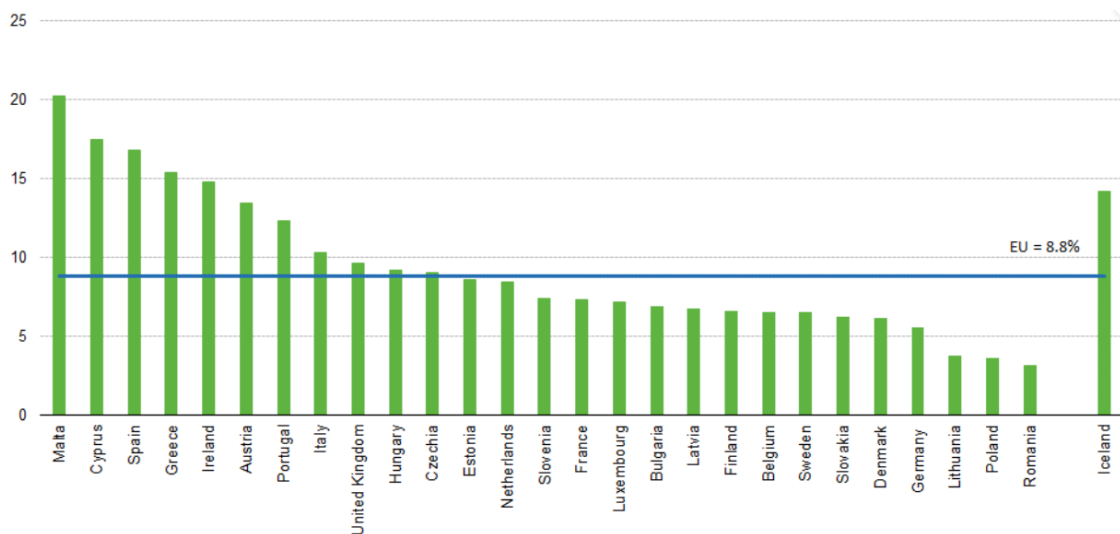


FIGURE 1 – SHARE OF RESTAURANTS AND HOTELS IN TOTAL HOUSEHOLD EXPENDITURE IN THE EU MEMBER STATES, 2017 (%)

Income levels differ in individual countries of the European Union, and thus households have different consumption models.

Figure 2, shows that the largest share of household expenditure in the EU in 2019 is "Housing, water, electricity, gas and other fuels". The second item that households spend money on is "Transport" and "Food and soft drinks" finished almost at the same level, only one tenth of a percent less. "Restaurants and hotels" shared sixth place with "Recreation and culture". The least household expenditure goes to "Education".

The Sustainable Restaurant: Azurmendi

Source: Eurostat (2022)

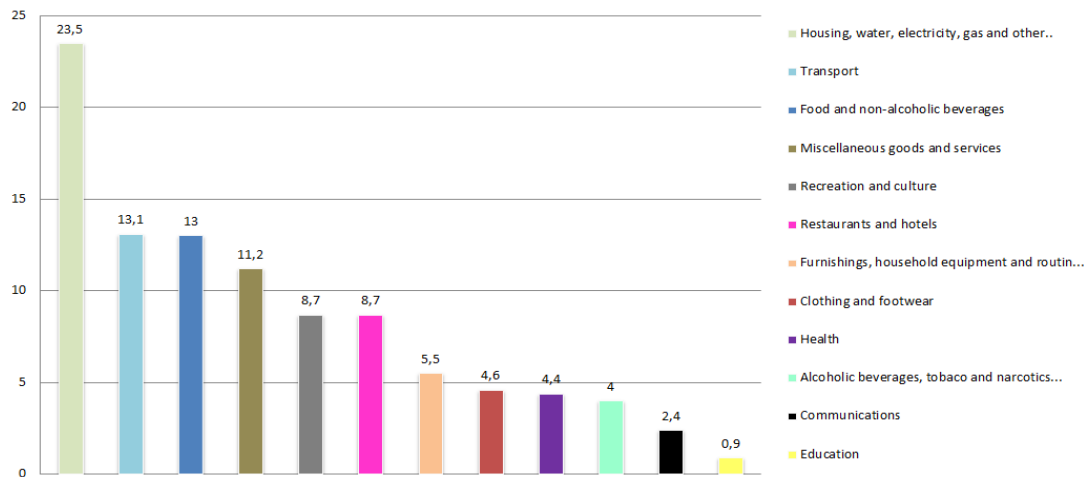


FIGURE 2 – HOUSEHOLD EXPENDITURE BY CONSUMPTION PURPOSE IN THE EU-27 (2019)

In March 2020, however, the COVID-19 pandemic hit the restaurant sector hard, especially in the fine dining and bar categories. According to Eurostat, in 2021, household consumption expenditure fell by 8.1% in the EU and by 8.7% in the euro area compared with 2019.

Source: Eurostat (2022)

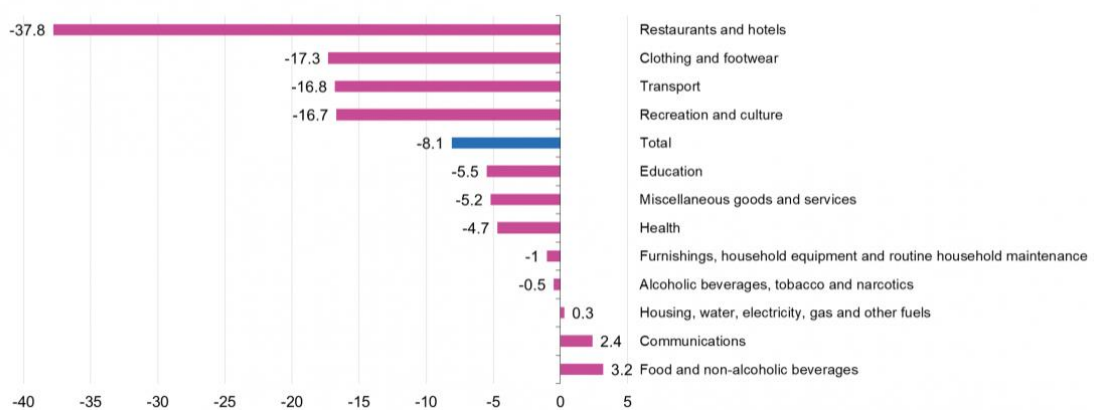


FIGURE 3 – HOUSEHOLD CONSUMPTION EXPENDITURE BY CONSUMPTION PURPOSE - COICOP, % CHANGE OVER THE PREVIOUS YEAR, EU-27, 2020

This impact of the pandemic is very visible. Figure 3 shows changes in household consumption expenditure compared to 2019. The biggest change and decrease in household expenses is in the "Restaurant and hotels" sector by up to 37.8%. As the second category, "Clothing and footwear" fell into negative values, followed by "Transport". On the other hand, "Food and non-alcoholic beverages" recorded an increase of 3.2%.

Source: Trading Economics (2022)

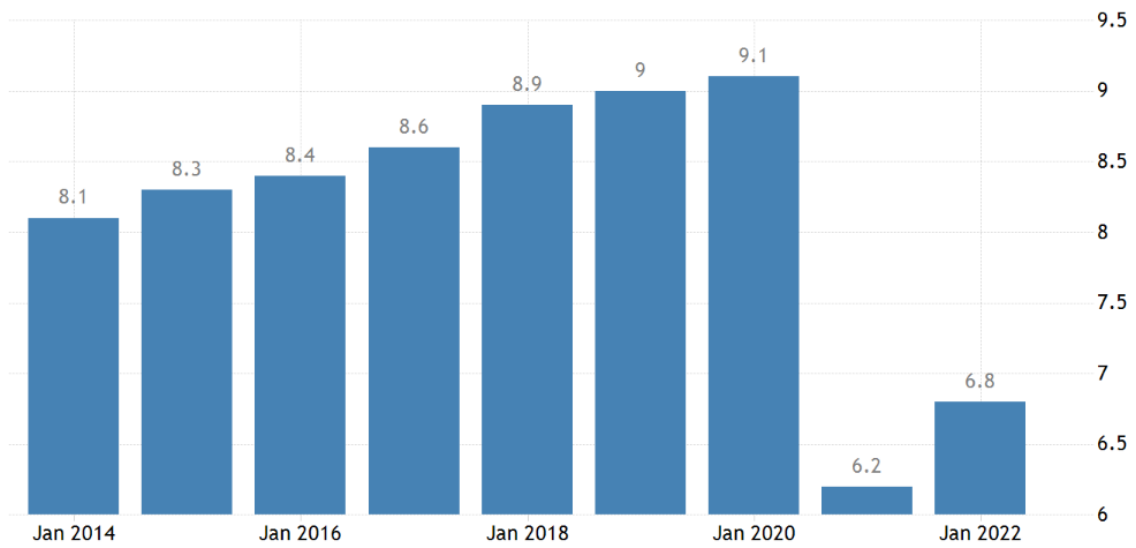


FIGURE 4 – FINAL CONSUMPTION EXPENDITURE OF HOUSEHOLDS: RESTAURANTS AND HOTELS

Figure 4 presents household expenditure on final consumption in the Restaurants and Hotels industry. Figure 4 shows a record of the years from January 2014 to January 2022. Until the Pandemic year 2020, household spending on final consumption had an increasing curve. The maximum amount of 9.10% was reached at the end of 2019. As can be seen in Figure 4, after the unofficial end of the pandemic, household expenses slowly increased to 6.80% at the end of 2019.

2.5. The Spain

Over the past few years, many sustainable restaurants have been built across Europe, Spain being one example. In this section, three excellent worldwide recognized Spanish restaurants are documented, namely the Azurmendi restaurant, the Aponiente restaurant, and the Sollo restaurant. Each of the restaurants prepares food from local ingredients, while also focusing on sustainability and ecology. Other well-known sustainable restaurants in different parts of Spain are for example Batavia Healthy Food (Madrid), Mala Hierba (Valencia), Fargo Restaurant (Seville), and Andreu Genestra (Mallorca).

For the year 2022, the Aponiente restaurant was awarded the most sustainable restaurant in the world according to web portal the WORLD'S 50 BEST RESTAURANTS. In fact, Spain is the leader in the ranking of the best sustainable restaurants in the world. Headed by chef Ángel León, this restaurant is located in the south of Spain, near Gibraltar, in the seaside town of El Puerto de Sta María, and their cuisine focuses on seafood. This chef can also be proud of three

The Sustainable Restaurant: Azurmendi

Michelin stars. The owner and chef Ángel León has not yet expanded the restaurant Aponiente or its concept. Since 2016, he has been working as the gastronomic director of the Alevante restaurant, which is located in the same city as the Aponiente restaurant. Also, the Sollo restaurant, where chef and owner Diego Gallegos has not yet expanded either in Spain or in other countries.

Although all restaurants are focused on sustainability, Azurmendi and its two main competitors share a few differences, as shown in Table 2.

Name Of The Restaurant	Azurmendi	Aponiente	Sollo
The World's best sustainable restaurant	Yes	Yes	No
Michelin Stars	Three	Three	One
Opened	2005	2007	2013
Average dinner cost	300€	220€	150€

TABLE 2 – AZURMENDI VS APONIENTE VS SOLLO

Azurmendi differs from Aponiente in the focus of the kitchen, being on the market for two years longer, and the price for dinner is in average 80 Eur higher. The Sollo restaurant has only one Michelin star, the average price is €150 for dinner there, and it has only been on the market for nine years.

2.6. International Expansion

Eneko believes that gastronomy consists of many dialects, but is nevertheless a universal language. That's why the time and decision came to try other formats or business models. Since Eneko would like to expand its brand to the countries of the European Union, it decided to create a project that would evaluate the countries according to the possible perspectives of entering the restaurant market.

The Sustainable Restaurant: Azurmendi

Due to the difficulty of the project, also from the financial side, it was necessary to divide it into four main parts:

- 1) Make a more detailed assessment of the European continent and the potential attractiveness of the countries within the EU-27 group.
- 2) Establish a shortlist of candidates, and for these candidates, conduct a thorough market research and analysis to cover possible risks, potential obstacles or challenges, as well as benefits for a new entrant in the restaurant market.
- 3) Define the marketing strategy for the selected country
- 4) If the country and strategies are well defined, create a communication strategy and ways to reach as many potential customers as possible

As part of the first task, it is necessary to establish certain criteria. After reviewing the industry and expanding into the Japanese market, the following factors were selected:

- Purchasing power – this metric represents the population's ability to spend their saved money in the restaurant industry.
- Population – this metric represents the population's on the capital city level.
- GDP – a country becomes attractive when the GDP is high.
- Country Risk – this represents a different type of market entry difficulty.

All necessary data of individual countries is shown in Exhibit 1 and 2.

2.7. Discussion Question

- 1) Perform a multifactor analysis for the European countries that Eneko can consider for the expansion, identifying the top 3 (within the EU-27).
- 2) Perform a CAGE distance analysis for the top 3 countries, identifying the best one based on the results of the analysis.
- 3) Identify the market entry and choose the expansion strategy as well as the form in which Eneko Atxa Azurmendi would carry out this new market entry.
- 4) Develop a communication strategy; identify specific ways and activities that Eneko Atxa Azurmendi can use to achieve customer engagement in the new country.

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2.10. Exhibits

EU-27 countries	Name of the capital city	Total expenditure in restaurants 2018	Population in Capital 2022	GDP per cities and urban areas 2020	Country Risk
Austria	Vienna	10.8 %	1 691 468	127	AA+
Belgium	Brussels	5.7 %	1 019 022	55	AA
Bulgaria	Sofia	4.5 %	1 152 556	No data	BBB
Croatia	Zagreb	5.8 %	698 966	No data	BBB+
Cyprus	Nicosia	9.1 %	200 452	No data	BBB
Czechia	Prague	6.5 %	1 165 581	58	AA-
Denmark	Copenhagen	5.3 %	1 153 615	56	AAA
Estonia	Tallinn	6.3 %	394 024	No data	AA-
Finland	Helsinki	6.2 %	558 457	65	AA+
France	Paris	5.9 %	2 138 551	611	AA
Germany	Berlin	4.3 %	3 426 354	88	AAA
Greece	Athens	12.4 %	664 064	91	BB+
Hungary	Budapest	7.6 %	1 741 041	49	BBB
Ireland	Dublin	14.4 %	1 024 027	99	AA-
Italy	Rome	7.8 %	2 318 895	187	BBB
Latvia	Riga	5.3 %	742 572	No data	A+
Lithuania	Vilnius	3.4 %	542 366	No data	A+
Luxembourg	Luxembourg-City	5.7 %	No data	No data	AAA
Malta	Valletta	12.6 %	No data	No data	A-
Netherlands	Amsterdam	6.6 %	741 636	60	AAA
Poland	Warsaw	3.0 %	1 702 139	80	A-
Portugal	Lisbon	9.2 %	517 802	130	BBB+
Romania	Bucharest	1.9 %	1 877 155	No Data	BBB-

The Sustainable Restaurant: Azurmendi

Slovakia	Bratislava	5.4 %	423 737	No Data	A+
Slovenia	Ljubljana	5.6 %	272 220	No Data	AA-
Spain	Madrid	13.0 %	3 255 944	299	A
Sweden	Stockholm	6.1 %	1 515 017	121	AAA

EXHIBIT 1 – MACRO-ECONOMIC DATA FOR THE EU-27 COUNTRIES

Country	Name of the capital city	Total expenditure in restaurants 2017	Population in Capital 2017	GDP per city and urban areas 2020
Japan	Tokyo	19.4 %	37 397 000	1 602

EXHIBIT 2 – MACRO-ECONOMIC DATA FOR JAPAN

3. TEACHING NOTES

3.1. Synopsis

This teaching business case study presents a detailed analysis of the sustainable Spanish restaurant Azurmendi, run by chef Eneko Atxa, located on the outskirts of Bilbao. Spanish chef Eneko is the youngest holder of three Michelin stars. This case study discusses the possibilities and challenges of how a restaurant can become sustainable and thus lead to inspiration for other restaurants not only in Spain but also in the world. The main goal of this case study is to show the possibilities and functioning of a successful sustainable restaurant and its eventual implementation for other restaurants. Azurmendi won the title of the most sustainable restaurant in the world in 2014 and 2018.

Under the name of the ENEKO project, concept of chef Eneko Atxa has expanded to the capital city of Japan, Tokyo, where he has been successfully operating since 2017. This teaching business case points to potential markets and an international strategy that other restaurants can be inspired by. In short, this teaching business case talks about the possibilities of expanding the ENEKO concept, which is based on Basque cuisine, to other countries of the European Union.

3.2. Teaching Objectives

After reading and analyzing this business case, students should be able to:

- Analyze the attractiveness of European countries for the possibilities of continued expansion of the restaurant industry.
- Understand the challenges of opening a sustainable restaurant.
- Determine the strategy according to which it will be best to carry out the international expansion of the project.
- Discuss communication strategies as well as specific actions and methods to acquire customers in the new location.

3.3. Target Audience

This case can be used for graduated-level and post-graduated or executives' courses, in international business, strategic management and marketing courses. For example, it can be used in Master of Business Administration (MBA), Master in Sustainable Management or Master in International Business. It can be used, for example, in the Master's program in Business Administration (MBA), Master in Management or Master in International Business or Master in Sustainable Management. In addition, it can be an important teaching tool for degrees

The Sustainable Restaurant: Azurmendi

in areas such as sustainable business, sustainable food and marketing. The business case should be used to teach the steps needed to build a sustainable restaurant. Students must apply their knowledge in various subjects of sustainable management, marketing, international management and their international strategy - emphasis on sustainability and on 17 SDGs goals, determination of attractiveness, expansion strategies, segmentation, concrete promotion and communication strategy.

The business case contains several references, but there is also additional information to be found and gathered that students can use to enhance their discussion of the business case.

3.4. Materials

Once the execution and discussion of this case study, students should have access to:

- Teaching note.
- An auxiliary spreadsheet to facilitate the identification of the solution.
- A spreadsheet with the possible solution on the analyzed, provided data, and assumptions made.

3.5. Suggested Teaching strategy

This business case should be solved at home and the solution will be presented at the lecture. Students have access to the business case at the beginning of the semester. Then the students present their solution in a lecture. The teacher should conduct his lecture according to the recommended schedule shown in Table 3.

The discussion and implementation of this business case is recommended to be done as a group task after the lecture on sustainable management. Students are also encouraged to work in groups of three to five to allow for interaction and sharing of ideas, speeding up the process of searching, learning and answering the proposed questions.

Discussion Topic	Time (in Minutes)
1) Summary of the case	5
2) Structuring the approach for solving the case	5
3) Expansion goals of ENEKO's project	10
4) Discussing and solving the case	60
5) Wrap-up and discussion of options for ENEKO project	10
Total time	90

TABLE 3 – TEACHING STRATEGY SUGGESTED TIMINGS

The Sustainable Restaurant: Azurmendi

1) Summary of the case (5 minutes)

- What is this case about?

The instructor may ask students to summarize the case, provide an overview of Azurmendi, and present key discussion questions to be answered. They should focus on the business model of the Azurmendi restaurant as well as its strategy. Where should Azurmendi expend next?

2) Structuring the approach for solving the case (5 minutes)

- What are the challenges and key problem of this case?

Challenges: Identify what would be the best country to expand into ENEKO project.

Problem: European expansion of ENEKO project.

- What are the steps to do to solve the problem?

Determining which country meets the needs of ENEKO project.

3) Expansion goals of ENEKO's project (10 minutes)

- Why Eneko Atxa Azurmendi expand to Japan with the project ENEKO?

Chef Eneko chose Japan mainly because of his desire to become an ambassador and standard of Basque cuisine in Japan.

Another reason was the close relationship with Japanese cuisine and the possibility of creating a link between Japanese cuisine and Basque cuisine, which he finally succeeded in the NKO project in 2022.

4) Discussing and solving the case (60 minutes)

- To which countries should the ENEKO project expand? (name the three most suitable countries)

The Japanese example of expansion cannot be used in terms of a different culture and mentality. Each EU-27 country has clearly selected certain macroeconomic indicators, which the given teacher should define for a more detailed analysis. Accordingly, students can subsequently assign a degree of importance from the point of view of the potential expansion of the ENEKO project. Immediately after obtaining all the necessary data, it will be possible to sort the countries according to their attractiveness for the project.

- Which country is the best option for expansion?

The most suitable country for possible market expansion can be found based on the GDP. It is also necessary to take into account the possible purchasing power of the population, i.e. how much financial resources do households have for consumption in the restaurant sector.

5) Wrap-up and what happen with ENEKO project (10 minutes)

3.6. Suggested Answers For The Discussion Questions

1) Perform a multifactor analysis for the European countries that Eneko can consider for the expansion, identifying the top 3 (within the EU-27)

Multifactor analysis is the best way to identify the top 3 countries from all EU countries. Multi-factor analysis is used to identify attractiveness according to the given criteria that we determine. It is important to redistribute the percentage and weight of individual criteria. For this case, the following list of criteria is given:

- Gross Domestic Product GDP per capital cities and urban areas (35%)
- Total expenditure in restaurant industry (30%)
- Country risk (15%)
- Population in capital cities of the countries (20%)

Gross Domestic Product GDP per capital cities and urban areas (35%)

The wealth and prosperity of a country can be determined by the amount of gross domestic product per capita. The average total contribution of an individual to the country's economy can be evaluated through GDP. It is assumed that the higher the GDP per capita of a given country, the better the standard of living in that country. This means that residents will tend to spend more money and thus contribute to the growth of the economy. In Exhibit TN1 are data on the GDP of the capital city and urban areas per inhabitant in individual countries from 2020. The values are shown in millions of US dollars. For some capital cities, the data was not found, so they automatically got a score of 0. If the GDP is higher than 200, it gets five points. If the GDP in the capital city and its surroundings is between 199 and 120, it is awarded four points. In the range from 119 to 80 got three points and from 79 to 60 two points. All countries that have less than 59 will be rated with only one point. The data in Exhibit 1 are estimates. "The estimates are based on PricewaterhouseCoopers estimates and projections as well as UN urban agglomeration definitions and population estimates." (City Mayors Statistics (2022, August 13). *The 150 richest cities in the world by GDP in 2020*. Retrieved from <http://www.citymayors.com/statistics/richest-cities-2020.html>.)

Total expenditure in restaurant industry (30%)

The total expenditure section indicates the percentage of money residents spend in individual countries. The larger the percentage, the greater the purchasing power, because residents spend more money. A country that has a total expenditure of more than 10% will be evaluated with five points. A country with a value between 9.99% and 8% will be assigned four points. From 7.99 to 6%, the country gets only three points. The country that has only 5.99% to 4% gets two

The Sustainable Restaurant: Azurmendi

points. Less than 3.99% country gets only one point. Exhibit TN 2 shows all the countries and what is their score.

Country risk (15%)

Each country is rated according to the size of the risk that arises when doing business with it and which can ultimately affect the individual project as well. For example: legal, economic, institutional, financial risks or even political conditions in the given country. Ratings are assigned to individual countries according to how many points they have earned. In Exhibit 3 the countries marked according to Trading Economics are as follows: AAA (Prime); AA+, AA, AA- (High grade); A+, A, A- (Upper medium grade); BBB+, BBB, BBB- (Lower medium grade); BB+, BB, BB- (Non-investment grade speculative). According to this division, individual countries were scored by the number of points. A country rated AAA and AA+ received five points; AA and AA- rated countries scored only four points; countries rated A+ and A received three points. Two points were assigned to countries rated A- and BBB+. One point was awarded to countries rated BBB and BBB-.

Population in capital cities (20%)

Since the total number of inhabitants in individual countries could cause inaccuracy of the result, it was chosen to search for information on the number of inhabitants only in the capital cities of the given countries. Since for the expansion of the new restaurant, as Eneko has already convinced himself, the capital city is the most suitable. Individual countries in which the number of inhabitants exceeded two million were rated five. Countries from one million hundred thousand to two million were given the number four. Countries with a population in the capital from 1,100,000 to six hundred thousand were given score 3. Cities with a population of between five hundred thousand and 599,999 were given two points. Cities with a population between 499,999 and 100,000 were rated by one. No data was found for Two countries and therefore received a score of zero. All data are detailed in Exhibit 4.

The Sustainable Restaurant: Azurmendi

Country	Score of Exhibit TN1	35% of the Score Exhibit TN1	Score of Exhibit TN2	30% of the Score Exhibit TN2	Score of Exhibit TN3	15% of the Score Exhibit TN3	Score of Exhibit TN4	20% of the Score Exhibit TN4	Total Score	Ranking
Spain	5	1,75	5	1,5	3	0,45	5	1	4,70	1
Austria	4	1,4	5	1,5	5	0,75	4	0,8	4,45	2
France	5	1,75	2	0,6	4	0,6	5	1	3,95	3
Sweden	4	1,4	3	0,9	5	0,75	4	0,8	3,85	4
Ireland	3	1,05	5	1,5	4	0,6	3	0,6	3,75	5
Italy	4	1,4	3	0,9	1	0,15	5	1	3,45	6
Germany	3	1,05	2	0,6	5	0,75	5	1	3,40	7
Portugal	4	1,4	4	1,2	2	0,3	2	0,4	3,30	8
Greece	3	1,05	5	1,5	0	0	3	0,6	3,15	9
Netherlands	2	0,7	3	0,9	5	0,75	3	0,6	2,95	10
Finland	2	0,7	3	0,9	5	0,75	2	0,4	2,75	11
Czechia	1	0,35	3	0,9	4	0,6	4	0,8	2,65	12
Denmark	1	0,35	2	0,6	5	0,75	4	0,8	2,50	13
Poland	3	1,05	1	0,3	2	0,3	4	0,8	2,45	14
Hungary	1	0,35	3	0,9	1	0,15	4	0,8	2,20	15
Belgium	1	0,35	2	0,6	4	0,6	3	0,6	2,15	16
Malta	0	0	5	1,5	2	0,3	0	0	1,80	17
Estonia	0	0	3	0,9	4	0,6	1	0,2	1,70	18
Latvia	0	0	2	0,6	3	0,45	3	0,6	1,65	19
Bulgaria	0	0	2	0,6	1	0,15	4	0,8	1,55	20
Cyprus	0	0	4	1,2	1	0,15	1	0,2	1,55	21
Croatia	0	0	2	0,6	2	0,3	3	0,6	1,50	22
Slovenia	0	0	2	0,6	4	0,6	1	0,2	1,40	23
Luxembourg	0	0	2	0,6	5	0,75	0	0	1,35	24
Romania	0	0	1	0,3	1	0,15	4	0,8	1,25	25
Slovakia	0	0	2	0,6	3	0,45	1	0,2	1,25	26
Lithuania	0	0	1	0,3	3	0,45	2	0,4	1,15	27

TABLE 4 – COUNTRIES RANKING

Table 4 demonstrate that after adding up all the points, Spain took the highest place. However, since the project wants to expand internationally, it needs to be consider the following three best-placed countries. Second, third and fourth place took Austria, France and Sweden.

2) Perform a CAGE distance analysis for the top 3 countries, identifying the top two based on the results of the analysis.

A CAGE Distance Analysis within the top three countries will help to choose the best one for possible expansion, thanks to a narrower identification of opportunities and threats in each country. The following data in Table 5, Table 6 and Table 7 are according to the source Britannica (2022). The data presented in Table 8 are according to the source Nomad (2022), OECD (2022) and Salary Expert (2022).

Austria

Cultural Distance

Their official language is German. One of the dialects spoken in Austria, apart from the west, is Bavarian. Around seven million people speak this dialect. It is also very easy to communicate in English. The majority of the population is made up of Austrians 83.3%,

The Sustainable Restaurant: Azurmendi

followed by a small representation of people from Germany, Romania, Serbia and Turkey. The largest representation of religion in this country is Roman Catholic 66%, followed by atheists 12%, Muslim 4.2%, Protestant 3.9%. Austrians tolerate formalities and like to cooperate. They are very tolerant with a sense of art.

Administrative Distance

Austria is a democratic country and the official currency is the euro. A president is elected by popular vote once every six years, who acts as the head of state and calls the parliament into session. Executive power is shared by the federal president with the cabinet, and the government is headed by the federal chancellor, who is appointed by the president. Judges are appointed by the cabinet and are not subject to any government influence. The country has three supreme courts. The highest appellate authority in criminal and civil matters; the Supreme Administrative Court and the Constitutional Court.

Geographical Distance

The total area of Austria is 83 883 km² and its neighboring countries are the south by Slovenia, to the east by Hungary, to the northeast by Slovakia, to the north by the Czechia, to the northwest by Germany, to the west by Liechtenstein and Switzerland and to the southwest by Italy. It is 580 km long from east to west. The climate of Austria is divided into the western regions where the Atlantic climate prevails, where mainly it rains more, and the eastern regions where the continental climate prevails, where it is a bit drier and it does not rain as much.

Economic Distance

In 2022, the average annual wage per inhabitant in Austria reached €34 800, while in the same year the workforce rate of the population between the ages of 25 and 64 was 81.03%. In capital city of Austria, Vienna, the average salary of waiters is €13.97 per hour.

France

Cultural Distance

French is the official language of France. One of the dialects called Brogues is widespread only in rural areas. Of course, languages such as Alsatian and Flemish or Germanic languages are found in the northern and eastern parts of the country. Only recently was the possibility of teaching in Basque, Occitan or Breton introduced in schools and universities. The majority of the population is made up of French 76.9%, followed by Algerian and Moroccan Berbers, Italians, Portuguese and others in small numbers. The largest representation of religion in this country is Roman Catholic 64.5%, followed by no religion 25.5%, Muslim 8%, and other 2%. The French are proud of the art and beauty of their country. The values of French society are liberty, equality and fraternity.

The Sustainable Restaurant: Azurmendi

Administrative Distance

France is a democratic country and its official currency is the euro. France operates on a dual executive system. This form of government combines elements of a parliamentary and presidential system. Precisely because of this fact, the parliament became a bicameral legislative body of elected deputies who have executive power: the Senate and the National Assembly. The president is the head of state and is elected by the public. "In France there are two types of jurisdictions: the judiciary that judges trials between private persons and punishes infringements of the penal law and an administrative judicial system that is responsible for settling lawsuits between public bodies, such as the state, local bodies, and public establishments, as well as private individuals." (Britannica (2022, August 15). *Government and society*. Retrieved from <https://www.britannica.com/place/France/Regional-and-local-government>.)

Geographical Distance

France borders Spain, Andorra and Monaco to the south. It is surrounded on the eastern side by Italy, Switzerland and Germany. In the northeast, it borders Luxemburg and Belgium. The total area of France is 547,030 km². Which represents the third largest country by area in Europe. After France, Spain is in fourth place. Due to this huge area of the country, there are also five different types of climate. Oceanic, altered oceanic, mountainous, semi-continental and Mediterranean.

Economic Distance

The average annual salary of a French resident in 2022 is 31,800 euros. The labor force rate of the population aged 25 to 64 in the country is 80.8% in 2022. Finally, the average salary of waiters in the capital of France is 10.57 euros per hour.

Sweden

Cultural Distance

In Sweden, there is only one official language of the country and that is Swedish. Swedish is the mother language of around nine tenths of the population. This language belongs to the group of Germanic languages. The majority of the population is made up of Swedes. However, among the original inhabitants, Sweden has two minority groups, the Finnish-speaking people and the Sami population with approximately fifteen thousand inhabitants. In the eleventh century, Sweden adopted Christianity. Many independent churches also operate in Sweden. Christianity is the most widespread in the country 61.8%. Behind Christianity, with up to 30% of the population claiming no religion or unspecified. Other forms of religion are supported by 8.2% of the population. Swedish society and mentality is built on equality and individualism. Swedes are very proud of their nation and its achievements.

The Sustainable Restaurant: Azurmendi

Administrative Distance

Sweden is a constitutional monarchy and the official currency is the Swedish kron. The Swedish constitution is based on four fundamental laws. The head of state is the reigning monarch, but he has no executive political power. The heir to the throne is always the firstborn, regardless of gender. The unicameral parliament called the Riksdag is elected by the people for a four-year term. Through the cabinet, the Riksdag forms the basis for the democratic exercise of power. There are three types of courts in Sweden. District Courts, Courts of Appeal and finally the Supreme Court.

Geographical Distance

Sweden covers an area of 449,964 km² and has only two neighboring countries. It borders Finland in the northeast and Norway in the west. It is also possible to get to Denmark through the constructed toll tunnel. The climate of Sweden is specific, because the northernmost part of the country has a subarctic climate with a cold, long and snowy winter where the sun does not set. In the southwest, prevailing winds from the North Atlantic cause a mild climate in the winter months.

Economic Distance

In Sweden, the average annual salary of a resident in 2022 is 36,000 euros. In the same year, the labor force rate of the population is up to 89.1% in the age range of 25 to 64 years. Finally, the average salary of waiters in Stockholm is, to convert to euros, it depends on the current exchange rate, about 11.78 euros per hour.

Cultural Distance	Spain	Austria	France	Sweden
Languages	Spanish (Castellano)	German	French	Swedish
Ethnicities	Spanish and smaller minorities	Austrians and smaller minorities	French and smaller minorities	Swedish, Swedish Finns and Sami
Religions	Roman Catholic	Roman Catholic	Roman Catholic	Roman Catholic
Norms, Values and Dispositions	Friendly, Extrovert, Modesty, Integrity	Cooperation, Formality, Tolerance	Equality, Liberty, Fraternity	Equality, Individualism

TABLE 5 – CAGE DISTANCE ANALYSIS: CULTURAL DISTANCE

The Sustainable Restaurant: Azurmendi

Administrative Distance	Spain	Austria	France	Sweden
Political and Constitutional	Constitutional monarchy	Democratic republic	Democratic republic	Constitutional monarchy
Legal System	Supreme Court	Supreme Court	Supreme Court	Supreme Court
Currency	Euro	Euro	Euro	Swedish krona

TABLE 6 – CAGE DISTANCE ANALYSIS: ADMINISTRATIVE DISTANCE

Geographic Distance	Spain	Austria	France	Sweden
Size	505 990 km ²	83 883 km ²	547 030 km ²	449 964 km ²
Land Border	To the west by Portugal, to the northeast France and to the Andorra	To the south by Slovenia, to the east by Hungary, to the northeast by Slovakia, to the north by the Czechia, to the northwest by Germany, to the west by Liechtenstein and Switzerland and to the southwest by Italy	To the south Spain, Andorra, Monaco, to the east Italy, Switzerland and Germany, to the northeast Luxembourg and Belgium	To the northeast Finland, in the west Norway
Climate	Mediterranean climate	Atlantic climate (western regions), Continental climate (eastern regions)	Altered oceanic, Seaboard zone (west regions), Semi-continental zone, Mountainous, Mediterranean zone	Mild in the winter months, northernmost part of the country has a sub-Arctic climate with cold, long and snowy winter,

TABLE 7 – CAGE DISTANCE ANALYSIS: GEOGRAPHIC DISTANCE

Economic Distance	Spain	Austria	France	Sweden
Annual Average Salary (2022)	€ 22 200	€ 34 800	€ 31 800	€ 36 000
Labour force rate (25-64 years olds); (2022)	81.52%	81.03%	80.8%	89.1%
Average Waiter salary	€ 9.46 per hour	€ 13.97 per hour	€ 10.57 per hour	€ 11.78 per hour

TABLE 8 – CAGE DISTANCE ANALYSIS: ECONOMIC DISTANCE

The overall summarization of the selected countries is reflected in the above tables, where each of them is uniformly focused on a certain distance for a better visibility of the differences between the three most suitable countries and Spain.

The Sustainable Restaurant: Azurmendi

In table 5 - Cultural Distance. It can be seen that not a single country has a common official language, but in each of them it is possible to communicate in English very easily. All countries share the same direction of belief, and at the same time the inhabitants of individual countries have very similar values, norms and dispositions.

In panel 6 - Administrative distance. Spain and Sweden have constitutional monarchy. Austria and France are democratic republics. All countries share the same type of legal system with some variations that are described in each country's description. Spain, Austria and France share the same currency, the Euro. The Swedish currency is the Swedish krona.

In table 7 - Geographic Distance. France is the third largest country in Europe by area. Spain is right behind it on the fourth place, and Sweden took the fifth place in the ranking. The smallest of the selected countries is Austria. The closest country to Spain from the selected countries is France, then Austria, and the farthest from Spain is Sweden. The climate of Spain is the most contemporary of France and Austria.

In table 8 - Economic distance. The annual average wage is the highest in Sweden. Sweden's average salary is higher by 13,800 euros compared to Spain. This country also has the highest percentage of the labor force, which amounts to 89.1%. Of the countries compared, waiters have the lowest average salary in France.

In conclusion, it can be said that according to the unanimous findings from each table, it would be most appropriate to choose France and Sweden for possible expansion.

3) Identify the go-to-market and choose the Expansion Strategy, as well as the form in which Eneko would perform this entrance in the new market.

The two most suitable countries were selected for the ENEKO project: the France and Sweden. In this final selection, individual entry timing strategies will be compared between them to better identify possible advantages and disadvantages for this project.

There are three strategies for timing international market entry:

- Wave strategy
- Sprinkler strategy
- Waterfall strategy

Wave strategy

This strategy is suitable for this project if the goal is to select two or more countries simultaneously in the evaluation of suitable markets according to their grouping. Analyzing the business environment and culture is key to the possible application of this strategy, as this strategy can only be used when the markets in question are similar to the home market. In this particular case of the ENEKO project, however, the expansion could be divided into stages, where in the first stage they would expand to neighboring countries such as France and Portugal

The Sustainable Restaurant: Azurmendi

at the same time, and only then in the second stage to Sweden or Austria. This is also why this strategy is called a wave, because the individual stages resemble circles of waves.

Since in this particular case the goal is to find a suitable strategy only for the expansion of one country to the international market, this strategy is not suitable.

Sprinkler strategy

The current business expansion is considered a sprinkler strategy. It offers simultaneous expansion to several foreign markets at once, but unlike the wave strategy, it is not bound by any conditions or recommendations. The essence of this strategy is to appear on the market first or at least to be among the first. The main characteristic of this strategy is a high-risk entry with a high reward, but at the same time it can also be very unsuccessful, and withdrawing from the markets would still take a lot of financial resources and almost no compensation.

Expanding into several markets at the same time with a new product and thus taking advantage of a technological advantage or the advantage of the "first" move, and at the same time a large financial income comes with successful expansion, is clearly one of the biggest advantages of this strategy. Expanding to several markets at once has one big disadvantage because it also requires a large amount of initial investment.

With the ENEKO project, potential expansion to several markets at once would not be such a problem. Thanks to its name, quality and after detailed market analysis, it would be possible to find suitable investors, but this strategy is also not suitable for this case because the goal is to find a suitable strategy to expand into one country.

Waterfall strategy

In contrast to the previous strategies, the waterfall strategy is specific to gradual business expansion into foreign markets. Characteristic of this strategy is the use of experience from individual expansions and only then expand further. In this case, first choose one country where to expand, build a client base, establish yourself and promote the product. After the acquired experience and knowledge, then expand further and expand the operation. When choosing the first country to expand, it is recommended to choose a country with a similar market to the domestic one. The advantages of this strategy certainly include maintaining a stable position on the market and the possibility of revitalizing the product, and all resources are concentrated on only one market, which largely minimizes risks.

Entering a new market can also be met with failure, which in some circumstances cannot be predicted, and as a result, the disadvantage of entering only one market arises. If the company is forced to withdraw from the given market, it will lose large financial losses from the initial investments and lose the potential to try to expand to the same market again in the future.

The Sustainable Restaurant: Azurmendi

After considering the potential advantages and disadvantages of all strategies, this type of strategy is exactly what we were looking for in this case.

After careful consideration of all criteria, the most suitable ENEKO project will be extended to France first. Expanding to the neighboring country of France will be the most suitable for the project mainly due to the well-chosen strategy, similar culture, mentality, similar climatic conditions, and the same currency. When Eneko Atxa decides to continue expanding to other countries, according to the results, it would be most appropriate to choose Sweden or Austria as the next option.

4) Develop the communication strategy, identifying specific ways actions that Eneko can use to achieve customer engagement in the new country.

In 1960, E. Jerome McCarthy created the 4P marketing mix theory (product, place, price and promotion). Since this year, this theory has undergone gradual changes and has been expanded to include additional 3Ps (people, processes and physical evidence).

In this particular ENEKO project, it is necessary to identify and focus only on the first basic 4Ps. In the text above, the ENEKO project has already demonstrated its business model for implementing expansion into France from a product and price point of view.

Since all calculations according to the availability of resources were oriented directly to the capitals of individual European states, this new operation should also be opened in the capital of France, Paris. The only thing that the ENEKO project needs to define in more detail from the 4P marketing mix is promotion for the ability to maintain and expand the customer portfolio. STP (segmentation, targeting and positioning) analysis helps in developing marketing strategies.

Segmentation

Segmentation is the process of dividing the target market, creating groups of potential customers who share similar needs and have similar behaviors. We know four main types of marketing segmentation, which are divided and specified more specifically for this case in Table 9. Individual segmentations can be divided into further segmentations, but in this case the use of further segmentations is irrelevant.

Demographic Segmentation	Age: 25-64; Gender: All
Behavioral Segmentation	Dietary preferences; Take out orders; Kid-friendly meals
Geographic Segmentation	Country: France; City: Paris
Psychographic Segmentation	Sustainable concept; High quality food from local supplier; Healthy lifestyle

TABLE 9 – SEGMENTATION

The Sustainable Restaurant: Azurmendi

Targeting

The essence of market targeting is the evaluation of the attractiveness of an individual market segment and at the same time the selection of several or only one segment depending on which one decides to enter. The goal of the ENEKO project would primarily be the segment of working people from 25 to 64 years of age. Gainfully employed people who like to enjoy a pleasant atmosphere with quality food made from local ingredients and with an emphasis on sustainability. They can come and enjoy the atmosphere together with their children or grandparents, who should not be forgotten. One of the main reasons why the category is limited to the age limit of 25 to 64 years is that it is assumed that people under 25 do not have sufficient financial means to visit such an establishment more regularly. Retired people from the age of 64 and over are also assumed to be unable to visit this company more regularly due to various reasons (finances, illness).

Positioning

Several types of the same project, such as ENEKO, may appear in one market. Positioning is a process that differentiates its market offer in the target segment and thereby wants to attract potential customers in the given market. The positioning of a given brand in the market has an impact on how customers perceive the given brand. The better the market position, the stronger the potential influence on customers that they will want to visit the ENEKO project. The ENEKO project has a clearly defined position: a sustainable restaurant, focused on Basque cuisine, which supports local suppliers and creates an unforgettable experience.

If the ENEKO project wants to attract, reach and retain new customers, they should identify activities that they can use to expand to other countries. One of them would be to create a new website for the French market. The website should have a similar concept to the already functioning websites of the Azurmendi restaurant or the ENEKO project from Japan. All individual pages should be linked so that potential customers can more easily access information about the given project as well as about the chef Eneko Atxa himself, or about the functioning and reviews from functioning restaurants. All the awards won by the chef Eneko Atxa himself should be proof for potential customers that they will leave satisfied after visiting this new project. Therefore, the ENEKO project should focus mostly on promoting its new project through its website, but also through its Instagram, Facebook, Twitter, and pay for advertising through these channels so that their promotion will spread among the people of the France.

Billboards could be used as another way to make the opening of this project more visible in a given city. Two billboards would be placed at the entrance to the city and the others at the main

roads (where the largest number of residents are concentrated). All kinds of strategies must be carefully planned in advance.

3.7. What Happened In Reality

After realizing this business case and identifying different countries and scenarios from the first three countries such as Austria, France and Sweden. France seemed to be the best choice for the further expansion of the ENEKO project. However, despite everything, this did not actually happen.

According to the history of Eneko Atxa, in 2019, the ENEKO project expanded to Europe to the capital of Portugal, Lisbon. In the same year, Eneko Atxa opened an operation under the name Basque in Lisbon. He continued under this name in 2021 and opened two operations, one in Spain in the city of Seville and the other in the capital of Brussels, Belgium.

All Eneko projects have one thing in common: Basque cuisine.

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3.10. Exhibits

EU-27 countries	Name of the capital city	GDP per cities and urban areas 2020	Score
Austria	Vienna	127	4
Belgium	Brussels	55	1
Bulgaria	Sofia	No Data	0
Croatia	Zagreb	No Data	0
Cyprus	Nicosia	No Data	0
Czechia	Prague	58	1
Denmark	Copenhagen	56	1
Estonia	Tallinn	No Data	0
Finland	Helsinki	65	2
France	Paris	611	5
Germany	Berlin	88	3
Greece	Athens	91	3
Hungary	Budapest	49	1
Ireland	Dublin	99	3
Italy	Rome	187	4
Latvia	Riga	No Data	0
Lithuania	Vilnius	No Data	0
Luxembourg	Luxembourg-City	No Data	0
Malta	Valletta	No Data	0
Netherlands	Amsterdam	60	2
Poland	Warsaw	80	3
Portugal	Lisbon	130	4
Romania	Bucharest	No Data	0
Slovakia	Bratislava	No Data	0
Slovenia	Ljubljana	No Data	0
Spain	Madrid	299	5
Sweden	Stockholm	121	4

EXHIBIT TN 1 – GDP PER CITIES AND URBAN AREAS

EU-27 countries	Total Expenditure in restaurants 2018	Score
Austria	10.8 %	5
Belgium	5.7 %	2
Bulgaria	4.5 %	2
Croatia	5.8 %	2
Cyprus	9.1 %	4
Czechia	6.5 %	3
Denmark	5.3 %	2
Estonia	6.3 %	3
Finland	6.2 %	3

The Sustainable Restaurant: Azurmendi

France	5.9 %	2
Germany	4.3 %	2
Greece	12.4 %	5
Hungary	7.6 %	3
Ireland	14.4 %	5
Italy	7.8 %	3
Latvia	5.3 %	2
Lithuania	3.4 %	1
Luxembourg	5.7 %	2
Malta	12.6 %	5
Netherlands	6.6 %	3
Poland	3.0 %	1
Portugal	9.2 %	4
Romania	1.9 %	1
Slovakia	5.4 %	2
Slovenia	5.6 %	2
Spain	13.0 %	5
Sweden	6.1 %	3

EXHIBIT TN 2 – TOTAL EXPENDITURE

EU-27 countries	S&P Country Risk	Score
Austria	AA+	5
Belgium	AA	4
Bulgaria	BBB	1
Croatia	BBB+	2
Cyprus	BBB	1
Czechia	AA-	4
Denmark	AAA	5
Estonia	AA-	4
Finland	AA+	5
France	AA	4
Germany	AAA	5
Greece	BB+	0
Hungary	BBB	1
Ireland	AA-	4
Italy	BBB	1
Latvia	A+	3
Lithuania	A+	3
Luxembourg	AAA	5
Malta	A-	2
Netherlands	AAA	5
Poland	A-	2
Portugal	BBB+	2

The Sustainable Restaurant: Azurmendi

Romania	BBB-	1
Slovakia	A+	3
Slovenia	AA-	4
Spain	A	3
Sweden	AAA	5

EXHIBIT TN 3 – COUNTRY RISK

EU-27 countries	Name of the capital city	Population in Capital	Score
Austria	Vienna	1 691 468	4
Belgium	Brussels	1 019 022	3
Bulgaria	Sofia	1 152 556	4
Croatia	Zagreb	698 966	3
Cyprus	Nicosia	200 452	1
Czechia	Prague	1 165 581	4
Denmark	Copenhagen	1 153 615	4
Estonia	Tallinn	394 024	1
Finland	Helsinki	558 457	2
France	Paris	2 138 551	5
Germany	Berlin	3 426 354	5
Greece	Athens	664 064	3
Hungary	Budapest	1 741 041	4
Ireland	Dublin	1 024 027	3
Italy	Rome	2 318 895	5
Latvia	Riga	742 572	3
Lithuania	Vilnius	542 366	2
Luxembourg	Luxembourg-City	No data	0
Malta	Valletta	No data	0
Netherlands	Amsterdam	741 636	3
Poland	Warsaw	1 702 139	4
Portugal	Lisbon	517 802	2
Romania	Bucharest	1 877 155	4
Slovakia	Bratislava	423 737	1
Slovenia	Ljubljana	272 220	1
Spain	Madrid	3 255 944	5
Sweden	Stockholm	1 515 017	4

EXHIBIT TN 4 – POPULATION IN CAPITAL CITIES

4. CONCLUSION

The benefit of this thesis is a broad identification of the possibility of expansion and the factors that play a role in the success of the ENEKO project.

At the beginning of the Teaching business case, the sustainable restaurant Azurmendi, its history, awards, mission, finances and its sustainable building are described in more detail. The Azurmendi restaurant was designed and owned by chef Eneko Atxa Azurmendi. In the following part, the successful ENEKO Tokyo project is mentioned, but also the unsuccessful Aziamendi project in Thailand. The subsequent part shows European household expenditure, which helps to better understand how people in individual countries spend money in the restaurant industry. Sustainable restaurants are booming in Spain, which is why the Azurmendi restaurant was compared with selected sustainable restaurants. None of them has yet expanded to the domestic or foreign market. Since the purpose of this work is to find a suitable country for possible expansion, individual criteria were defined that helped to determine the result.

The second part is aimed at identifying a suitable market for the expansion of the ENEKO project. This work has some limitations. It was very difficult to find any information about the financial management of Azurmendi and other projects as Eneko Tokyo alebo Aziamendi. Some additional information that would be appropriate to use in the calculations would need to be collected at the city level, which could not be found. A multi-factor analysis was used to identify the top three European Union countries for potential expansion. Austria, France and Sweden took the first three places out of all twenty-seven countries of the European Union. Continuing the CAGE distance analysis, France and Sweden were selected as the most suitable countries. Last but not least, after choosing a suitable international market timing strategy, France became the final country for the expansion of the ENEKO project.

This procedure of the process used can also be applied to other businesses in the restaurant sector that are looking for a suitable market for expansion. Finally, the chef decided to expand his ENEKO project to the Portuguese market. More importantly is that the idea of sustainable restaurant continues to expand and develop its potential to other markets.