

EXPLORING FACTORS OF THE COMPETITIVE ADVANTAGE IN HO CHI MINH CITY'S RESTAURANT INDUSTRY: A QUALITATIVE STUDY IN AN ERA OF ACCELERATED INTEGRATION AND DEVELOPMENT

Tran Quang Tri^{1*}, Nguyen Thi Thanh Nhan¹, Pham Doan Anh Khoa¹

¹ Ho Chi Minh City University of Technology and Engineering, Vietnam

* Corresponding author: Email: quangtri11@gmail.com

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Appendix 1. Demographic and professional profile of interviewed experts (N = 14)

Expert Code	Position	Professional Experience (Years)
E1	Market Research Expert	18
E2	Market Research Expert	12
C1	Head Chef	15
C2	Head Chef	11
M1	Restaurant Management	10
M2	Restaurant Management	8
M3	Restaurant Management	7
M4	Restaurant Management	14
M5	Restaurant Management	9
M6	Restaurant Management	6
M7	Restaurant Management	10
CO1	New Restaurant Opening & Operations Consultants	16
CO2	New Restaurant Opening & Operations Consultants	13
F1	Founder	6

Appendix 2. Detail data coding

1.1. Factors of the competitive advantages in Ho Chi Minh City's restaurant industry in the context of accelerated integration and development.

Quality has a positive impact on the competitive advantage.

Quality is a factor that enhances the customer experience and brings long-term benefits. Quality is present in every aspect of a restaurant, from human resources to products and services. Maintaining quality in all restaurant business activities gives customers peace of mind. As a result, other values of the restaurant are also increased, contributing to improved competitive advantage in the market.

M1: A very serious factor affecting competitive advantage is service quality. Many restaurants are investing to improve service quality. The requirement is good product and service quality. If you advertise a lot but people don't find it as advertised, it's not good; it's a two-sided story. Good quality is essential so that people will return and recommend it to others.

Products are tangible, while services are intangible. This factor brings uniqueness and differentiation to each restaurant. It is precisely these unique characteristics and differences that increase the competitive advantage of the restaurant industry. The better the products and services, the greater the competitive advantage.

E1: Products must have quality and unique characteristics to create the competitive advantage. Does that quality match the price, and is that price suitable for the target customer group?

CO2: The quality of products and services should be improved annually, from models and styles to greater modernity and professionalism in all aspects. Food safety and hygiene issues, supporting equipment, and the skills of the workforce should be enhanced.

F1: Products and services must be researched first. Research should aim to create better and newer products, while simultaneously maintaining consistent product quality. Consistent and uniform training in sales is also essential.

C1: In my personal opinion, every restaurant should have its own signature dishes, at least five of them, so that when people think of this restaurant, they immediately think of the brand.

E2: The products and services in the restaurant and beverage industries are separate. They are simultaneous. Products and services are created for customers to enjoy immediately; you can't create something today and expect customers to enjoy it tomorrow. A smile from the staff is simply not something you can expect.

To have good products and services, you need highly qualified people. Human resources and human resource policies have a significant impact on the competitive advantage of each restaurant. Human resources play a crucial role in creating the products and services of a restaurant. Whether the products and services are good or not depends on the ability and qualifications of the workforce. However, to retain and attract high-quality human resources, employee welfare policies are extremely important. Because only when both the spiritual and material well-being of employees are ensured can talent be attracted and retained.

M3: To deliver the best products, that is, tangible products, it is essential to have high-quality human resources. When you have high-quality tangible products, that is, high-quality human resources, then the quality of service will also be high, and such high-quality service will lead to better competitive advantage compared to competitors in the factors you mentioned.

E1: The human factor. Young people have opportunities to learn and develop. However, where they learn and what they gain after graduation are crucial. Therefore, training young people is very important. Young people should be the foundation. Choosing the right personnel will help improve the competitive advantage.

M6: The human factor is more related to mindset and labor capacity, which has not yet been fully realized. In Vietnam, a large number of workers go abroad, while Vietnam recruits foreigners to work.

To attract high-quality human resources and create good products, investing in improving the quality of facilities is essential. Modern facilities will create higher productivity and meet the greater needs of customers in business operations. The modernity of facilities depends on the level of investment in technology by restaurants. New technology helps save time and costs in business operations. Therefore, the restaurant industry will have more time and resources to invest in other areas to enhance the competitive advantage.

E1: Infrastructure must be of high quality to ensure effective customer service. Integrating technology and digital transformation brings significant advantages to restaurant businesses.

M5: The development of Industry 4.0 makes it easier to promote image and brand. Vietnamese people are bringing their culinary culture into restaurants and hotels to introduce it to friends around the world.

CO2: Technology has emerged and developed rapidly (food ordering apps, ride-hailing apps, online sales, etc.). Simply rent a coffee cart and sell online; shipping costs are cheaper than renting a physical space. The online space is sufficient to share everything about images, campaigns (discounts, Tet holiday), and information. Thanks to technology, customer data can be collected for after-sales service.

Besides, style and spatial design are equally important factors in attracting customers. Novelty and uniqueness in restaurant design contribute to creating a distinctive atmosphere. Especially today's youth have higher demands when dining out; it's not just about eating, enjoying delicious food, and having fun, but also about having a space to take photos to share on social media. This helps spread the restaurant's image to more customers, thereby attracting more attention and enhancing its position in the market.

C1: To attract attention and enhance the competitive advantage, restaurants must ensure that their style aligns with market demands.

Effective Marketing Has a Positive Impact on the competitive advantage

Marketing is currently the leading tool for promoting a restaurant's popularity among customers. Traditional approaches are no longer effective for business. With the development of information technology and social media platforms, online marketing has maximized its effectiveness in reaching customers. Customers can learn about dishes and drinks through online promotional images or videos of celebrities promoting them. Restaurant owners who invest professionally in marketing will achieve significant results in competing for customers.

M1: Marketing, an average restaurant with good marketing can often have higher revenue than a high-quality restaurant with poor marketing. Currently, in restaurants, the manager also handles business or only one or two people

are in charge of marketing. Marketing isn't included in sales; it's just about running promotional campaigns. Without sales, it's difficult to manage costs. For example, in a place with 3 or 4 competing restaurants, the one that is most well-known and most popular on social media will attract more customers.

Market research capability is the next necessary and sufficient condition chosen by respondents to enhance the competitive advantage. Customers are always the target of all types of businesses. However, for customers in the restaurant industry, their needs tend to change constantly. Therefore, without market research capability, restaurants will not be able to meet customer needs and will lose their competitive advantage.

M2: Market research really requires a long time, not just one or two months. Preparing food and drinks also takes several months, not to mention observing the market and the area where you sell. You choose which items sell well and which don't, even if the quality is similar. Why is that? I'll look at the revenue and focus on it, pushing for special promotions.

Brands reflect the credibility of all sectors in general and the restaurant industry in particular. Customer trust depends heavily on how restaurants build their brands. Building an image and enhancing brand value is not a simple task. It's a process from the initial establishment through each stage of development, requiring continuous improvement in product and service quality and professionalism in business operations. Once a brand has gained customer trust, the position of the Vietnamese restaurant industry will become even more solid and develop further.

C1: Some restaurants, aiming for brand development, will focus on brand building by creating weekly and monthly appreciation programs and promotions to attract, engage, and promote their image, thereby building brand loyalty in the hearts of customers.

Pricing strategies also help maintain competitive advantages. Price is a decisive factor in customers' choices when using dining services at restaurants at this time. In the current market, restaurants with a price advantage have a competitive edge. Customers have changed their habits, becoming more frugal in their spending. Therefore, a good price that suits customer spending while ensuring quality will gain a competitive advantage.

C2: First, regarding price, it's not too high compared to other places. Some people think it's a bit expensive, however, in the city center, higher rental costs mean higher service fees. Of course, a price that suits customer needs and balances their budget will create a great opportunity to compete.

Strategies regarding business location help reach more customers. A location in a convenient position will directly affect the restaurant's competitive advantage. A location with convenient transportation will make it easier for customers to access. Next, a location with a clear view and beautiful scenery will attract a large number of young people to dine there. Similar to style, the visual design of a restaurant's space will spread on social media and gain more recognition. Therefore, a restaurant located in a prime location is also a competitive advantage.

CO1: In my opinion, there are two factors that influence the competitive advantage between restaurant A and restaurant B: location and price. For example, a 25,000 VND salted coffee is available here, in the same location, with the same view, and most commonly, the one overlooking District 1 on the embankment in District 2 is also available at the same price. Naturally, the view towards District 1 is more beautiful and will be chosen.

Furthermore, the explosion of social media helps restaurants save on advertising costs and optimize profits. The development of social media platforms creates favorable conditions for the restaurant industry to advertise and reach the market. Thanks to the development of information technology, social media platforms have also flourished due to their rapid reach to the entire society. Feedback and reviews from influential figures on social media, or simply customer reviews of restaurant services on these apps, significantly influence customers' decisions about choosing a restaurant. Instead of experiencing a restaurant in person, customers today often consult social media to make informed choices.

M4: Promotional channels are developing rapidly and undergoing many changes. Online reviews, TikTokers, etc., create opportunities to quickly bring products to the market.

M6: Recent opportunities arise from the booming social media trend of TikTok, which has a positive impact on the Vietnamese market. This is positive because it increases brand recognition. Businesses are doing everything they can to gain views, creating both positive and negative content to influence the Vietnamese market.

M2: Widespread media coverage leads to more customers, including international customers. There are pages dedicated to introducing food. For example, young people might visit pages like "Saigon Eat" or "Thánh Review" to build brand awareness during this period.

The development of social media has led to a strong trend of online food ordering among customers, creating opportunities for many restaurants to start up with low capital. This customer habit has been capitalized on by individuals and organizations to build takeout systems with low investment or to shift their business models to online.

E2: The shift to a takeout model is increasing, creating opportunities for businesses with low startup capital to enter the market.

M6: Opportunities for developing online home-based businesses after the pandemic are gradually emerging, due to lower costs compared to using e-commerce platforms.

Among the various methods of promoting or marketing Vietnamese restaurants to the public, none is as effective as word-of-mouth. When customers have a good experience, they are willing to share or recommend the service to friends and family. And with this rapid spread, the restaurant industry will see an increase in customers and revenue, contributing to elevating the restaurant's position to a new level. Customer experience provides a significant competitive advantage for the Vietnamese restaurant industry.

M1: Customer experience is very important, especially customer service, which has been emphasized recently. Because word-of-mouth is always the most effective tool for promotion.

Business Strategies Help Maintain a Competitive Advantage

Business strategies ensure that restaurants operate and develop in the right direction. The more suitable the business strategy is to the restaurant itself and market needs, the greater the competitive advantage. Competitive strategy is a decisive factor in the success of a business, helping restaurants focus on the right target customers and create unique value for them. Operating according to the established strategies also helps restaurants achieve sustainable growth in the future.

M4: Business strategy outlines the plans that need to be implemented in the future of the business. However, there should always be contingency plans to avoid being caught off guard by external market factors. Preparing contingency plans prevents a decrease in competitive advantage in the market.

To build an effective strategy, combining cultural elements creates positive signals that attract customers. Traditional everyday cultural aspects are skillfully connected to cuisine, leaving a deep impression on diners.

CO2: Given the cultural diversity in Vietnam, culture in general and culinary culture in particular contribute to the unique characteristics of the industry and create a lasting impression on customers. This positively impacts the industry's competitive advantage.

M5: Industry 4.0 technology is developing to promote image and brand. Vietnamese people are incorporating culinary culture into restaurants and hotels to introduce it to friends from around the world.

Relationships with partners play a crucial role in developing and maintaining the quality of the restaurant. Collaborating with reputable partners contributes to elevating the brand's value to a new level. Furthermore, having good relationships with partners helps restaurants maintain a stable supply of quality ingredients, promotes their brand, and enhances their reputation in the market. When these aspects are ensured, their competitive advantage is also improved.

E1: Create a two-way relationship to receive feedback to improve restaurant quality. Receive feedback from customers, provide feedback to partners, and seek their support to create products that meet the large market demand.

In addition, restaurants in Ho Chi Minh City need to develop strategies targeting young customers to take advantage of the natural advantage. The young population is considered a crucial factor in choosing business locations and developing restaurants. A young population is both an easily accessible customer base and a valuable human resource for enhancing the competitive advantage.

M3: The young population represents a trend towards younger, more trendy eating habits. Young people have different tastes, and some older people also have different tastes. However, areas with a young population have more potential.

Knowledge plays a crucial role in the restaurant business strategy. Business knowledge about the industry helps restaurants professionalize their operations, develop in the right direction, and improve service quality. A lack of knowledge makes business very difficult to succeed and negatively impacts the image of the entire Vietnamese restaurant industry.

M1: Managers themselves will face a lot of pressure when performing multiple roles without a solid understanding of the subject. Because managers haven't practiced marketing and sales, juggling both internal and external aspects, they must consider that if they initially incur losses and cut profits for marketing, it will be a valuable opportunity for the restaurant.

Stable financing is key to building the competitive advantage.

Capital enables restaurants to confidently invest in innovative business models to meet market demands and maintain operations during difficult times. To keep up with market trends, restaurants need to constantly innovate; therefore,

capital determines how quickly or slowly they adapt to the market to create a competitive advantage. Similarly, capital plays a crucial role in preventing restaurants from going bankrupt due to unforeseen events like the recent Covid-19 pandemic. It maintains essential business operations and, consequently, preserves their image in the eyes of customers, creating competitive value.

M3: First and foremost is financial resources. If your financial resources are relatively stable, you will have more comfortable and flexible strategies.

M2: Finance is very important, especially capital. Capital is for working capital; it requires a budget, a plan to determine how long losses can be sustained, and a plan to recoup the investment.

Businesses face many challenges in controlling costs. Difficulties are piling up. In the context of global inflation, all costs are rising. Restaurants are facing challenges and may have to close if they cannot find new sources of funding because their current capital is insufficient to meet operating needs.

CO1: The current challenge is economic. The risk surrounding the question of where the money comes from. For example, if you rent a restaurant, you first have to pay rent. You lose money before you even start operating, and then you don't know if the business will be successful or if you'll lose everything.

F1: Recession and inflation are inevitable. Therefore, customers will cut back on consumption. Firstly, to protect themselves, and secondly, to accumulate cash to cope with the coming period. Or, with inflation, customers will cut back on spending as a precaution. This will certainly reduce market demand, and a decrease in market demand will create difficulties for businesses.

Sufficient financial resources provide confidence in new investments and reinvestments. Besides, it helps the restaurant industry overcome difficult periods like the recent Covid-19 pandemic. From there, the restaurant industry will not be passive in the face of external factors but can stabilize and enhance its competitive advantage.

M7: We need money for personnel, publications, advertising, and marketing. If the revenue structure is still sufficient, we can reduce our profit margin. For example, a profit margin of around 20% could be reduced to 15%. Costs have decreased significantly; previously, the average cost per person to eat at a restaurant was 300,000 VND, now it's only 250,000-200,000 VND, so we have to be more strategic.

Government and Reputable Organizations in the Restaurant Industry Support

Respondents believe that government support in terms of planning and comprehensive development policies for the restaurant industry is crucial. Given the fragmented and spontaneous nature of the industry's development, support is extremely important in guiding its growth. The state needs to intervene more strongly to ensure the restaurant industry develops to its full potential.

E1: The state provides appropriate policy support. In addition, local authorities, departments, and agencies must do a good job of managing businesses to develop their competitive advantage.

Besides, legal issues are constantly changing to become more complete. Therefore, legal support from competent authorities will help businesses plan effective business strategies that comply with the law.

M6: Many new regulations are being issued, and legal issues require support from committees or the state, which will positively impact businesses.

During difficult periods, the government has always been present in a timely manner to help businesses stabilize. Typical examples include policies calling for reduced rent, low-interest loans, and effective disease prevention measures to enable the industry to resume operations sooner.

M4: Throughout the pandemic, the government created opportunities for businesses to reduce their cost burdens.

M7: Although the restaurant industry has not fully recovered, overall, thanks to the government's better disease prevention measures during the Covid-19 pandemic, the restaurant industry was able to resume operations sooner than other countries.

There is a need for an official association or organization to professionally assess and evaluate restaurants. Vietnam's legal framework makes it easy to establish new restaurants; anyone can open a restaurant to do business. Because of this, the lack of professional training among restaurant owners affects the overall quality of the entire industry in Vietnam. The restaurant industry needs an association or professional accreditation organization to improve the overall quality and competitive advantage of the industry.

E1: Businesses will do whatever it takes to make a profit. They open up simultaneously, leading to uneven quality development. A council, association, or organization is needed to perform the function of control and provide professional certification.

The publication of standards by associations also helps restaurants orient their business strategies. When they meet the standards published by the associations and receive certification, their restaurants will gain higher credibility and customer trust. This will give them a new competitive advantage.

M1: Restaurant associations in Vietnam also set standards for evaluating restaurants and are attracting more and more members. This not only helps individual restaurants but also helps change the face of the Vietnamese restaurant industry, making it more professional and reputable.

Appendix 3. Data encoding

Table 1. Encoding of interview data by stages

Stages	Coding the factors influencing the competitive advantage
Stage 1 (5 respondents)	- Product and service quality - Human resource quality - Infrastructure quality - Brand building - Marketing - Customer experience - Business strategy - Location selection - Pricing - Partner relationships - Capital sources - Costs
Stage 2 (3 respondents)	- Social media development and online food ordering trends - Government support - Reputable organizations
Stage 3 (3 respondents)	- Young population - Culture
Stage 4 (3 respondents)	- No new codes detected

Table 2. Data encoding by subject

Groups	Representative respondents
Quality (products, services, infrastructure, human resources)	M1: A very serious factor affecting competitive advantage is the quality of service... E1: Products must have quality and unique characteristics to create the competitive advantage... CO2: Product and service quality should be improved every year... F1: Products and services must be researched to create better products... E2: Products and services in the restaurant and beverage industries are separate. They have a simultaneous nature... C1: To attract attention and enhance the competitive advantage, restaurants must ensure style... M3: To deliver the best products, that is, tangible products, it is essential to have a high-quality workforce... M6: The human factor is more related to mindset and labor capacity...
Marketing (brand, pricing, location, social media, customer experience, market research capabilities)	C1: By creating programs that attract, reach, and promote the image, we aim to build brand awareness in the minds of customers. C2: ...A price that suits customer needs and balances finances will create a great opportunity for competition. C1: ...With the same vision and the most common view, the embankment in District 2 overlooking District 1... of course, the view overlooking District 1 is more beautiful and will be chosen. M4: Strong promotional channels... create opportunities to quickly bring products to the market. M6: Recent opportunities, the trend of social media like TikTok is developing rapidly... M1: Customer experience is very important... word-of-mouth is always the most effective tool for promotion. M2: Market research really requires a long time... we will look at revenue to focus on it, pushing for special promotions.
Business strategy (culture, young population, relationships with partners)	M4: Business strategy outlines the plans that need to be implemented in the future of the business... M5: Vietnamese people bring culinary culture into restaurants and hotels to introduce to friends from all over the world. CO2: Given the cultural diversity in Vietnam, culture in general and culinary culture in particular contribute to creating a unique character for the industry and making an impression on customers. E1: Create a two-way relationship to receive feedback to improve quality... M3: A young population, the trend of rejuvenation and the trend of eating according to tastes and styles is newer... places with a young population have more potential.
Finance (Capital sources, costs)	M3: ...If our financial resources are relatively stable, we will have more comfortable and relaxed strategies. M2: Finances are very important, especially capital... M7: We need money for manpower, for publications, advertising, marketing... CO1: The current challenge is the economy. The risk problem surrounding money – where does the money come from...

Groups	Representative respondents
Support (government and reputable organizations in the restaurant industry)	F1: Recession and inflation are inevitable. So, customers will cut back on consumption... E1: There is appropriate policy support. In addition, localities, departments, and agencies must do a good job of managing so that businesses can develop their competitive advantage...a council, association, or organization to perform the function of control and provide professional certification. M6: ...legal issues need support from the committee or the state, which will positively impact businesses. M4: Throughout the pandemic, the state created opportunities for businesses to reduce their cost burdens. M1: Restaurant associations in Vietnam also set standards for evaluating restaurants and are attracting more and more members.

Appendix 4. Theories

Figure 1. Theories of the competitive advantage

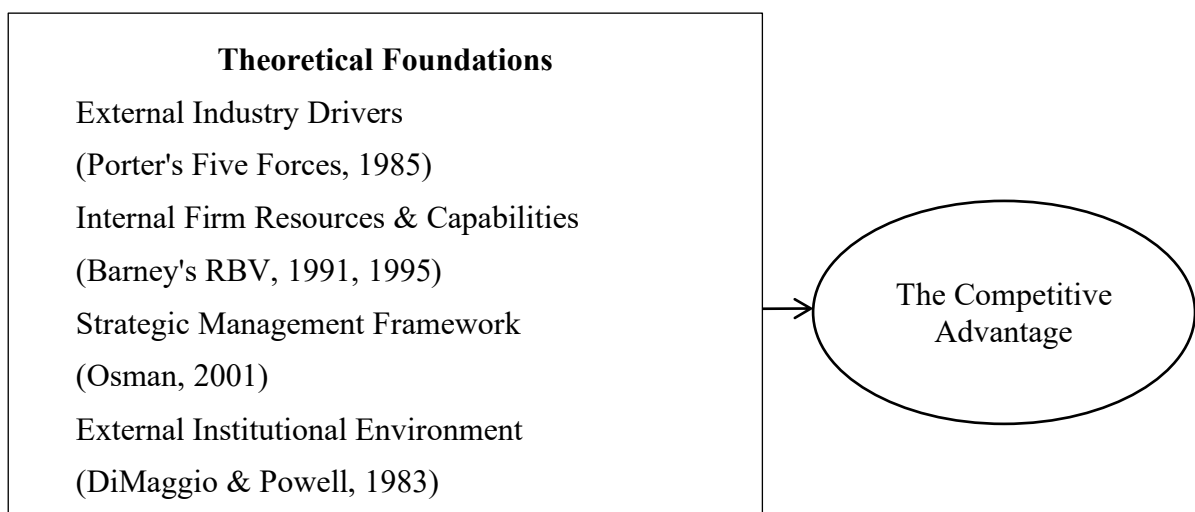


Figure 2. Research analysis framework (Processed by authors)

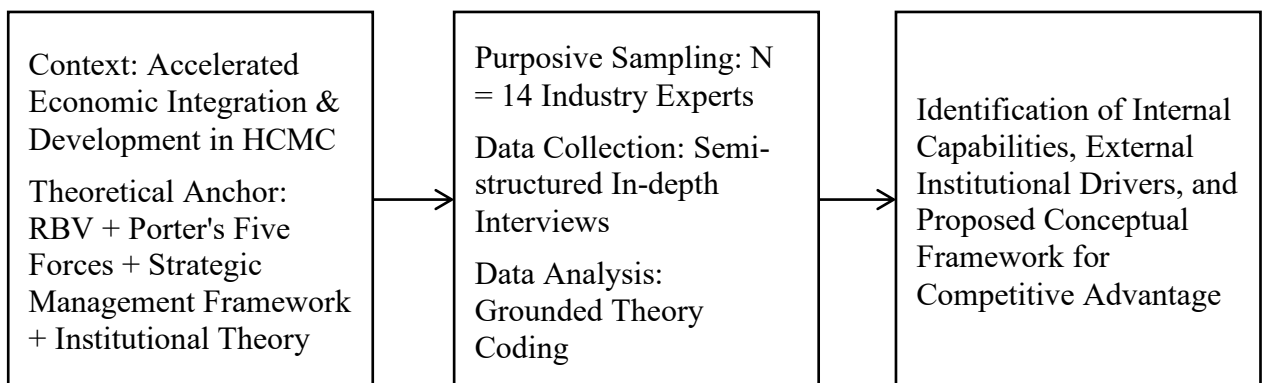


Figure 3. Data analysis process (Saunders et al., 2018; Corbin & Strauss, 2014)

