

A photograph of a restaurant interior. In the foreground, there are two round tables set with white dishes, glasses, and napkins, surrounded by a curved booth with brown leather-like upholstery. In the background, a bar area is visible with a bartender and various bottles. The ceiling has exposed pipes and modern pendant lights. A blue 'EXIT' sign is visible on the right.

Study about Market Structure & Market Concentration

**Restaurant activities
56.11**

STRUCTURE

1. Methodology of the analysis
2. Objectives of the analysis
3. Descriptive statistics
4. Market concentration analysis
5. Conclusions

METHODOLOGY OF THE ANALYSIS

We carried out a search on Orbis for companies meeting the criteria:

- RESTAURANT ACTIVITIES (56.11)
- time: 2019 – 2020 – 2021
- location: BOLOGNA
- at least one record available between 2019 and 2021

The data collected were analysed using STATA version 17

OBJECTIVES OF THE ANALYSIS

Our goal was to study the degree of competition in the market that we have selected using some concentration measurements such as:

- The Concentration Rate (CR): CR1, CR4 and CR10
- The Herfindahl-Hirschman Index (HHI)
- The Entry and Exit Rate
- The Churn Rate

DESCRIBE THE DATA

1336 firms

Turnover

	Companyname	turnov~2021	turno~2020	turnov~2019
1.	FICO S.R.L.	5714779.00	9647274.00	34506346.00
2.	VECCHIA MALGA NEGOZI S.R.L.	7599724.00	4662136.00	12974291.00
3.	PIAZZA DEL GIGANTE SRL	7828681.00	5127992.00	9484075.00
4.	BERBERE' S.R.L.	10679448.00	6782657.00	9424435.00
5.	LUVI S.R.L.	5271742.00	4501233.00	5794568.00
6.	GARGANELLI S.R.L.	3446392.00	2266779.00	5124001.00
7.	MISTER CRAB SRL	4865953.00	4343466.00	5090633.00
8.	DAMA - S.R.L.	5751995.00	4560118.00	4732235.00
9.	DADINA S.R.L.	5730523.00	4323963.00	4528031.00
10.	WELLDONE S.R.L.	402736.00	1445989.00	4214062.00

Sort by turnover2019

DESCRIBE THE DATA

1336 firms

Variable	Obs	Mean	Std. dev.	Min	Max
turnover2021	1,206	381291	640064.2	1	1.07e+07
turnover2020	1,115	296367.7	546370.1	1	9647274
turnover2019	958	509877.7	1362251	1	3.45e+07

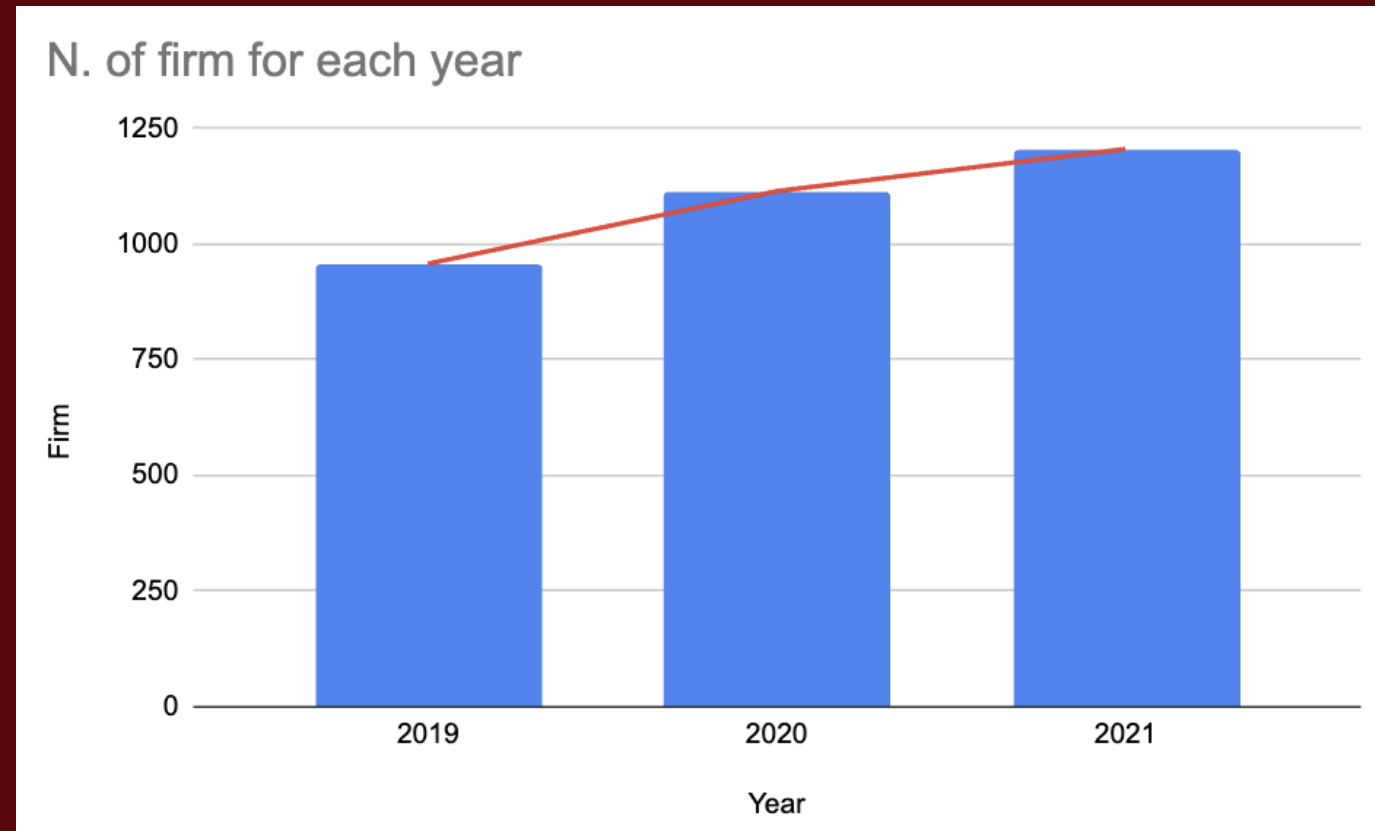
Year	Tot. Sales
2021	460.000.000
2020	330.000.000
2019	488.000.000

Summary
statistics

DESCRIBE THE DATA

how many firms were in the market in each year between 2019 and 2021?

Year	N. Firms
2021	1206
2020	1115
2019	958

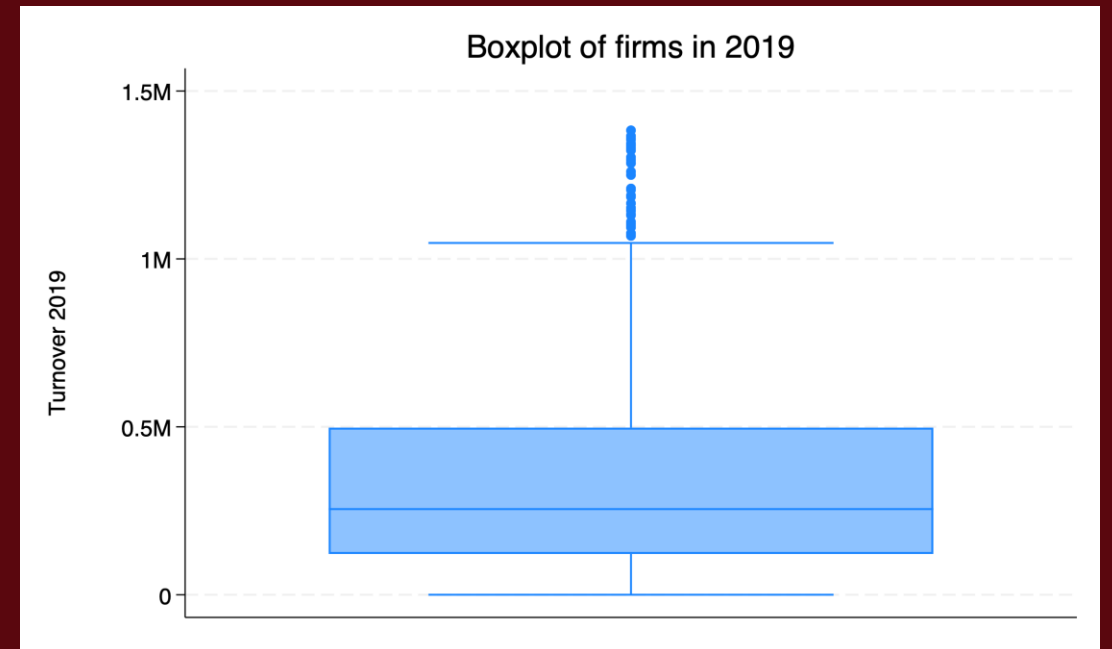
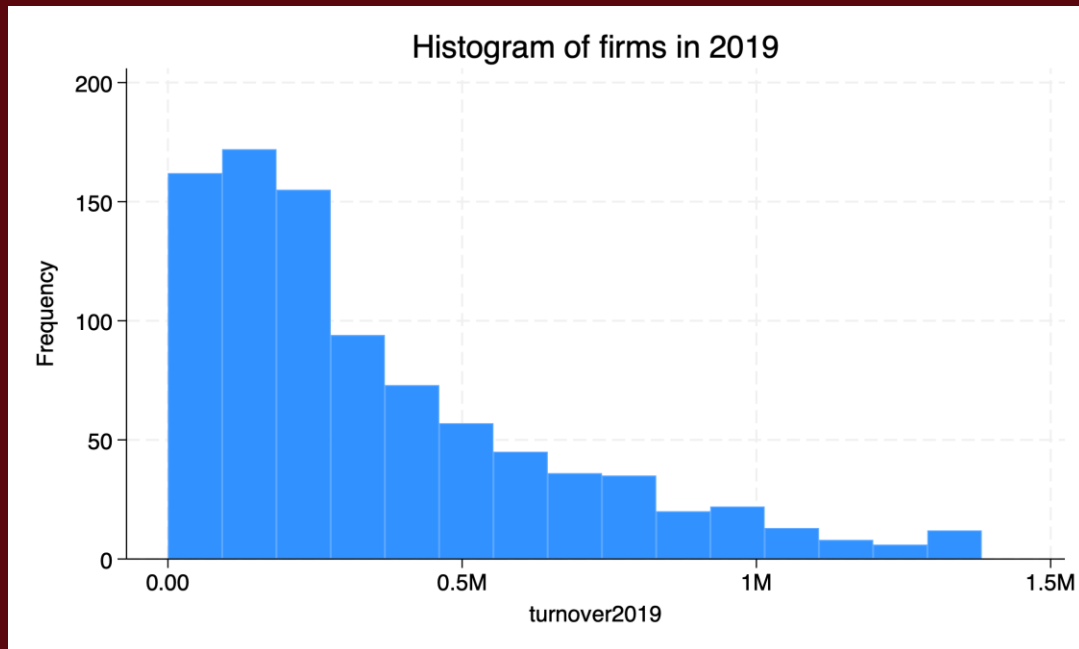


DESCRIBE THE DATA

What does the distribution of the firms look like in each year?

DESCRIBE THE DATA

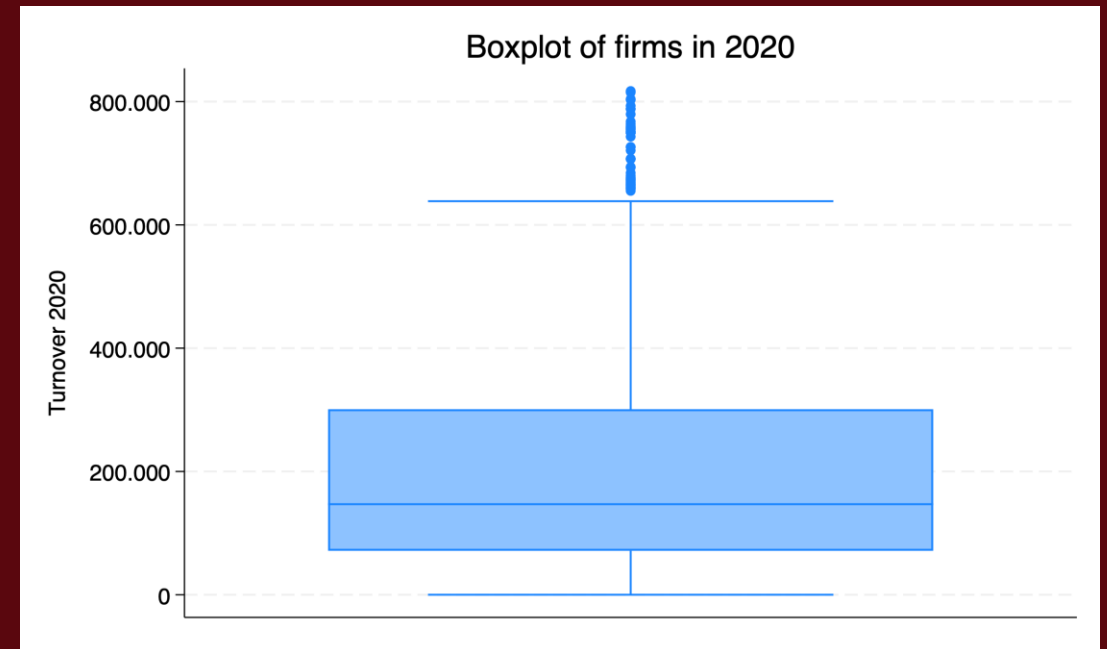
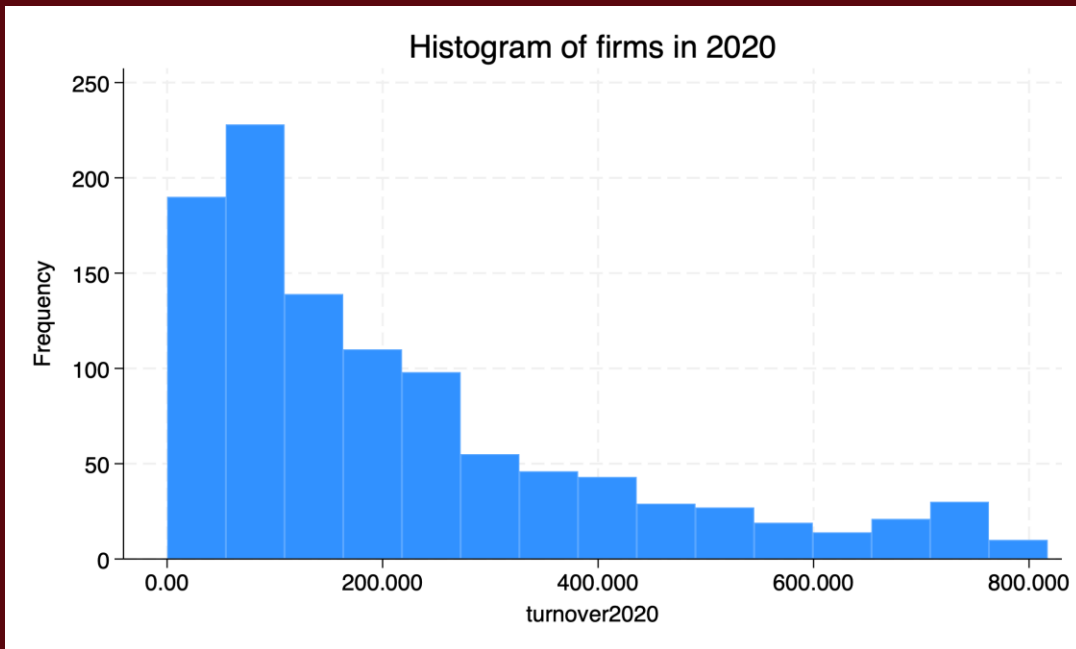
2019



Represent 95% of the firm, and 47 firms are in the top 5%

DESCRIBE THE DATA

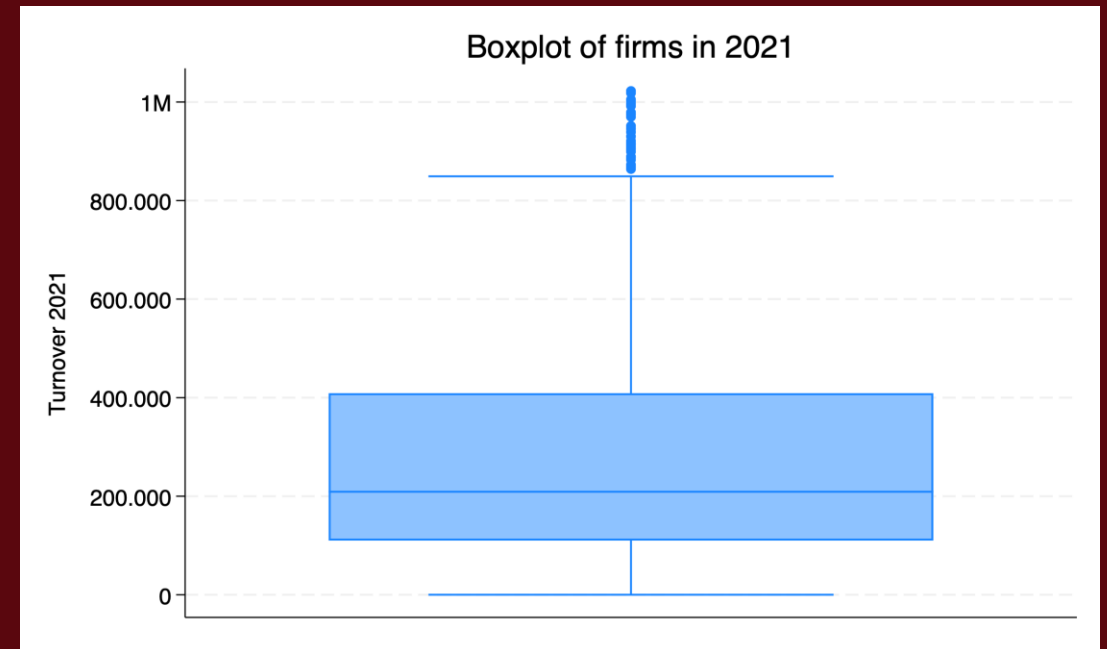
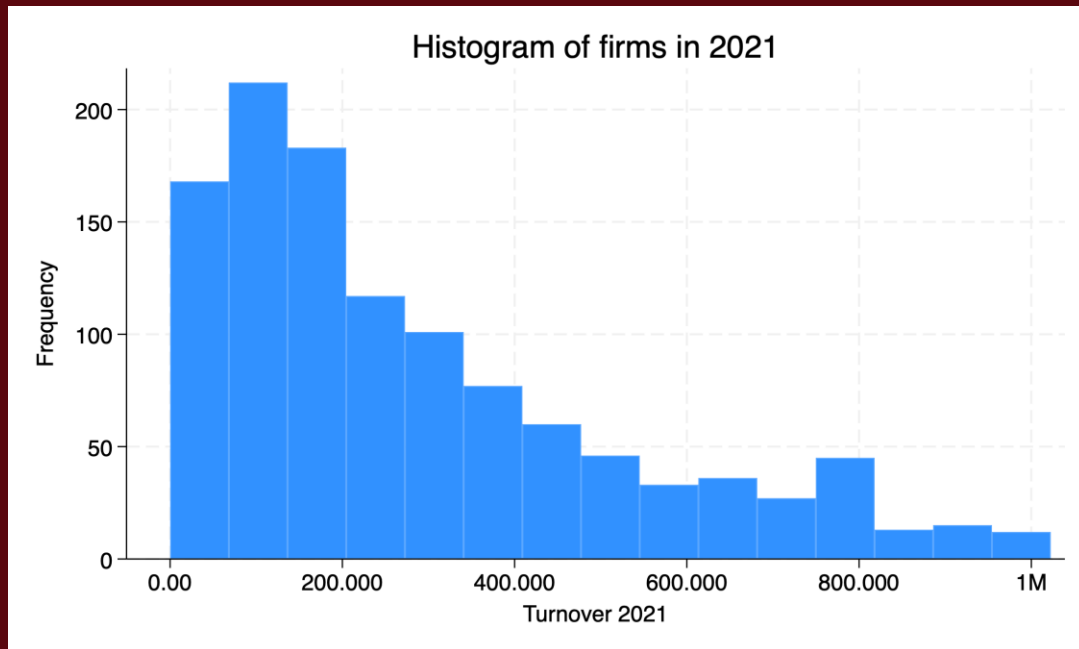
2020



Represent 95% of the firm, and 55 firms are in the top 5%

DESCRIBE THE DATA

2021



Represent 95% of the firm, and 60 firms are in the top 5%

MARKET CONCENTRATION

How many companies possess $\geq 1\%$ market share?

7

2019

	Companyname	mar~2019
1.	FICO S.R.L.	7.064272
2.	VECCHIA MALGA NEGOZI S.R.L.	2.656147
3.	PIAZZA DEL GIGANTE SRL	1.941616
4.	BERBERE' S.R.L.	1.929407
5.	LUVI S.R.L.	1.186286
6.	GARGANELLI S.R.L.	1.049005
7.	MISTER CRAB SRL	1.042174

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2020

	Companyname	mar~2020
1.	FICO S.R.L.	2.919436
2.	BERBERE' S.R.L.	2.052552
3.	PIAZZA DEL GIGANTE SRL	1.551821
4.	VECCHIA MALGA NEGOZI S.R.L.	1.410845
5.	DAMA - S.R.L.	1.379972
6.	LUVI S.R.L.	1.362153
7.	MISTER CRAB SRL	1.314409
8.	DADINA S.R.L.	1.308508

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2021

	Companyname	mar~2021
1.	BERBERE' S.R.L.	2.322442
2.	PIAZZA DEL GIGANTE SRL	1.702491
3.	VECCHIA MALGA NEGOZI S.R.L.	1.6527
4.	DAMA - S.R.L.	1.250877
5.	DADINA S.R.L.	1.246208
6.	FICO S.R.L.	1.242784
7.	LUVI S.R.L.	1.146437
8.	MISTER CRAB SRL	1.058191

MARKET CONCENTRATION

Acc. To Van Dam et al. (2021),

Concentration Ratio (CR)

CR4 = 0% PERFECT COMPETITION

0% < CR4 ≤ 40% EFFECTIVE COMPETITION

40% < CR4 ≤ 60% LIMITED COMPETITION

CR4 > 60% DOMINANT FIRMS WITH LIMITED COMPETITION

2019

	Companyname	CR2019
1.	FICO S.R.L.	7.064272
2.	VECCHIA MALGA NEGOZI S.R.L.	9.720419
3.	PIAZZA DEL GIGANTE SRL	11.66204
4.	BERBERE' S.R.L.	13.59144
5.	LUVI S.R.L.	14.77773
6.	GARGANELLI S.R.L.	15.82673
7.	MISTER CRAB SRL	16.86891
8.	DAMA - S.R.L.	17.83771
9.	DADINA S.R.L.	18.76471
10.	WELLDONE S.R.L.	19.62742

2020

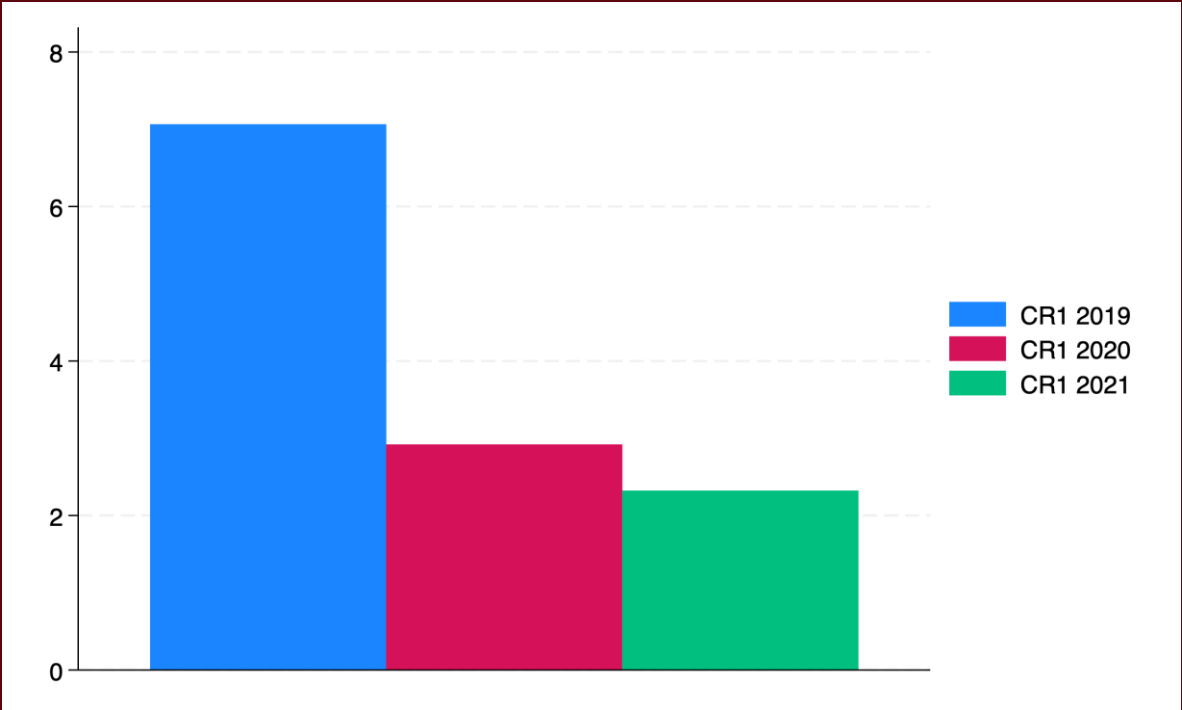
	Companyname	CR2020
1.	FICO S.R.L.	2.919436
2.	BERBERE' S.R.L.	4.971987
3.	PIAZZA DEL GIGANTE SRL	6.523808
4.	VECCHIA MALGA NEGOZI S.R.L.	7.934653
5.	DAMA - S.R.L.	9.314625
6.	LUVI S.R.L.	10.67678
7.	MISTER CRAB SRL	11.99119
8.	DADINA S.R.L.	13.2997
9.	GASTRONOMIA FLORA S.R.L.	13.99255
10.	GARGANELLI S.R.L.	14.67852

2021

	Companyname	CR2021
1.	BERBERE' S.R.L.	2.322442
2.	PIAZZA DEL GIGANTE SRL	4.024933
3.	VECCHIA MALGA NEGOZI S.R.L.	5.677632
4.	DAMA - S.R.L.	6.92851
5.	DADINA S.R.L.	8.174717
6.	FICO S.R.L.	9.417501
7.	LUVI S.R.L.	10.56394
8.	MISTER CRAB SRL	11.62213
9.	GARGANELLI S.R.L.	12.37161
10.	LOWENGUYS SRL	13.07391

MARKET CONCENTRATION

CR1



	2019
FICO	7.06%

	2020
FICO	2.92%

	2021
Berberè S.R.L.	2.32%

MARKET CONCENTRATION

Herfindal-Hirschman index (HHI)

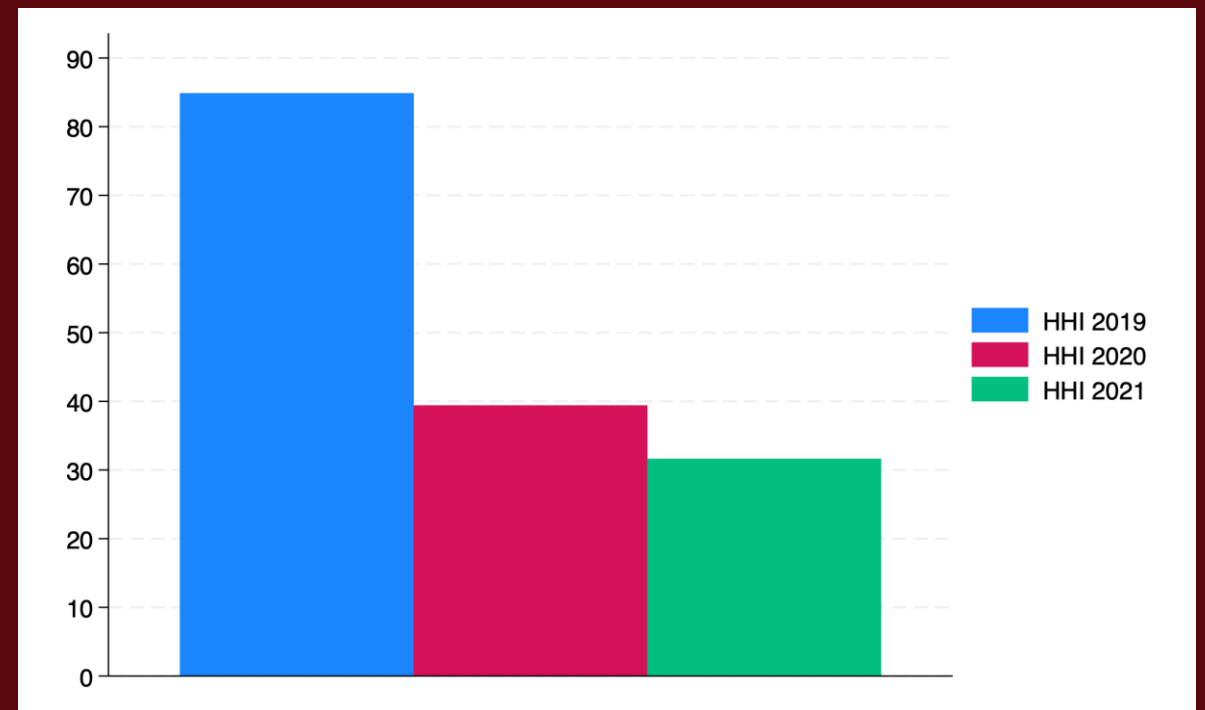
2019	2020	2021
84.87	39.42	31.64

Acc. To Van Dam et al. (2021),

HHI < 1000: “unconcentrated”

$1000 \leq \text{HHI} \leq 2000$: “moderately concentrated”

HHI > 2000: “highly concentrated”



MARKET CONCENTRATION

Other measures

	2020	2021
Entry rate	15.07%	15.09%
Exit rate	0.9%	7.5%
Churn rate	16.05%	22.64%

Problems and Challenges

- Some observations had weird values for their characteristics (e.g. 10 employees and a turnover of 3.5 M euros)
- Calculating the entry, exit and churn rate we assumed that the data for each year were collected at the end of each period

CONCLUSIONS

- N. of firms in the market has increased from 958 to 1206
- N. of firms in top 5% for turnover in each year has increased
- CR1, CR4 and CR10 have decreased from 2019 to 2021
- HHI has decreased from 2019 to 2021
- Exit rate has increased from 2019 to 2021

... so our market is **unconcentrated**

**THANKS FOR YOUR
ATTENTION**