

## **CATERING IN RUSSIA**

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Catering in Russia is a young and growing industry. It appeared in the early '90s and began to develop actively in Moscow and St. Petersburg. In other cities, the market began to develop 10 years later. Now It is actively formed.

Modern rhythm of life, new trends indesigning holidays and celebrations, corporate meetings, banquets, business conferences and exhibitions - all this are the basis for the development of catering in our country. Moreover, the one who has ever used the services of a professional restaurant catering services is able to appreciate all the advantages of this service. The purpose of our work is to research the state of catering in Russia.

Within the framework of our research, it is necessary to solve the following problems:

1. Define the concept of catering as a phenomenon and its place in the economy.
2. Consider the state of catering in Russia.
3. Identify prospects for the development of catering in Russia and to propose measures that should be taken for its improvement.

Catering in Russia suffered a lot after the collapse of the USSR. Economic changes and related processes of privatization in catering resulted in changes of organizational and legal forms of restaurants, cafes, bars, cafeterias, snack bars. Change of ownership of these companies led to the expansion of assortment and improvement of services quality that helped ensure the profitability of catering, creation of real competition. As a result, catering market began to revive in our country following the economic laws of supply and demand, and competition.

Market development prospects of catering services associated with measures of state regulation in the sphere of public catering by supporting small businesses.

The word "catering", comes from English. The concept of "catering" is very specific. So there is no word in Russia that denotes the same notion. Banqueting services, Christmas events, weddings, corporate Christmas parties - all these are Catering Services. It is not only cooking, but also the delivery of meals and service. Catering can take place both on the territory of the organization and outdoors.

Catering services are divided into two broad categories: corporate services, and personal service. The first include, as a rule, cooking breakfast, lunch and sometimes dinner. However, corporate receptions are not the same. Often they are a rich variety of dishes allowing to show imagination and creativity during serving. Individual service (i.e. service of private clients) assumes providing necessary service of different kinds: receptions, breakfasts, lunches and dinners. The number of guests here is rather insignificant, receptions are not so magnificent in comparison with corporate and their budgets are much lower. The majority of corporations spares no expense for the organization of the parties. However budgets of large private celebrations like a wedding to which a great number of guests is invited, can also be rather expensive.

There is another, special, sphere - service organizations. This includes catering of state institutions, that are nonprivate companies. This kind is close to the corporative. It involves catering services in schools, hospitals and other public institutions and agencies. As a rule, food is cooked in the organization, but if there is a need for better food or there are no internal conditions of its providing, the supplier of catering services from outside can be invited.

There are the following types of catering: preparing food indoors, preparing food outdoors (Outside Catering), contract for delivery (delivery to the office), social catering, retail of ready culinary products, VIP-catering, catering drinks and cocktails (outgoing bar).

Both global and Russian catering market is currently characterized by a tendency to increase. One indicator of the potential of the Russian market of catering is that the structure of European market of services "eating out" catering holds a leading position with a share of 31.5% of the total market. It is noteworthy that in Europe catering is even ahead of widespread fast foods, which accounted for 31% of total market services "eating out", the share of restaurants is only 9%.

From the perspective of opening a new business catering market is attractive, especially relatively small size of initial investment: \$ 100 thousand is enough to open a small canteen in the office center or enterprise. Payback period of investment is 1-1.5 years, sometimes less. Organization of deliver ready meals requires even smaller initial investment. According to experts, some operators of catering generally start with the preparation of meals in their own homes.

Despite the apparent attractiveness, working in the market of catering in Russia today is not easy. Due to expressed competition in recent years, there is a tendency to lower profitability of catering enterprises. In addition to the competition factor activity of specialized catering companies complicates the active development of traditional restaurants catering service areas.

Russian market leader of catering is currently the French company Sodexho, which has more than a hundred points of stationary supplies with a daily lunch to 25 thousand people. The second position is occupied by a Moscow company Parad Catering (formerly "LanCh"), with its 80 points of corporate power, in which 18.5 thousand people eat daily.

The main consumers of catering services in Russia are corporate clients, the share of corporate orders is about 70%. However, in some regions of Russia the share of corporate orders is less than 30%. For example, most consumers in Krasnoyarsk catering are private individuals.

The demand for catering services is characterized by seasonality. Mainly the factor of seasonality is significant for a segment of events organization. During the year, the demand for formats of events organized by catering companies, varies significantly: dinners and private events are the most popular in January and February, corporate events, presentations and cocktails are in demand from February to July; the so-called garden parties and gala dinners for weddings are popular in summer, "team-building" are the most popular in September and October. Hot season comes to catering companies during the Christmas holidays, and peak demand is in the second half of December.

Corporate market power in Russia is very promising, as more and more businesses today find it necessary to provide their staff with hot nutritious meals during working hours. The potential of the Russian market catering evidenced, in particular, the fact that only about 30% of Russian companies today outsource catering issues, whereas in comparison to 97% in the USA.

We tried to work out the list of measures that will promote development of catering in Russia:

- 1) It is necessary to expand the range of offered products in connection with the current trends of food in society. More and more people seek to live a healthy lifestyle, eat healthy food, pay more attention to the food ingredients, etc.
- 2) It is also necessary to design cyclic menu, which is repeated after a certain time of 2,3,4 or weeks as one of the main problems in the corporate catering is static menu when the dishes are not changed for a long time and become boring.

- 3) The provision of extra services can be a significant advantage in catering business. For example, the preparation of fresh juices, milkshakes, sushi, etc. Extra services can include delivery of tea, coffee and fruit directly during the working hours, the installation of water coolers, vending machines, service of meeting rooms.
- 4) Maintain flexibility and mobility is very important for the success of the catering companies. Market leading companies are able and willing to carry out activities as for thousands of people, so for small family parties (even a banquet for two people).
- 5) Limitation of catering is associated with the general menu that is prepared for all those invited to the event, whereas in the traditional restaurant everyone can make the personal order. Accordingly, the individual needs of each visitor should be taken into account for the attraction of costumers.
- 6) The quality of services provided should be improved.
- 7) Developing qualified commercial offer, as most companies in the market of catering services have not found their competitive advantage and a unique offer yet.

Nowadays, businesses value the reputation, so they try as much as possible to please their customers. Catering is evolving, so there is a lot space for creativity and new ideas. Investments in catering are small and payback occurs quickly. The prospect of such enterprises is obvious because more and more people prefer to order takeaway food and organize outdoors activities with good banquet.

All this measures will allow doing perspective business, which will be not only profitable, but also will satisfy needs of visitors.