

# The Catering Market Development of the Ural Region in the Context of New Industrialization

Anton Vladimirovich Vyatkin

Ural State University of Economics

Yekaterinburg, Russia

3dognight2009@mail.ru

Olga Viktorovna Chugunova

Ural State University of Economics

Yekaterinburg, Russia

chugun.ova@yandex.ru

Alexander Valerievich Arisov

Ural State University of Economics

Yekaterinburg, Russia

reviver200@mail.ru

**Abstract**—Currently, much attention is paid to areas of technological development that contribute to the growth of social welfare (health-oriented industries). A characteristic feature of the catering market in the Russian Federation is insufficient saturation, while its development is entirely dictated by regional specificities. The aim of the work was to study the state and prospects of the public catering industry development in the Ural region (particularly in Sverdlovsk Region) in the context of new industrialization, taking into account the development of information technologies. One of the areas of “new industrialization” (“the third industrial revolution”) is the development of NBIC technologies (N – nano, B – bio, I – information, C – cognitive science). In the paper, the main factors that substantiate the features of the regional development of the public catering sector have been identified and reviewed, the state of the catering market has been analyzed, and the main trends in the development of this sector has been highlighted. In general, it is noted that the unfavorable ecological situation, as well as the influence of external economic factors, has a negative impact on the development of public catering. At the same time, the geographical location, high urban population, as well as the development of the regional economy are factors contributing to the development of the industry. The development of new industrialization in the agroindustrial complex is impossible without NBIC technologies.

**Keywords:** catering market structure, industry development factors, information technologies.

## I. INTRODUCTION

In present-day realities, the need to restructure the Russian economy in the direction of “new industrialization” (“the third industrial revolution”), based on the achievements of the knowledge economy, is increasingly mentioned, with emphasis on the development of NBIC technologies (N – nano, B – bio, I – information, C – cognitive science) [1, 2].

Currently, much attention is paid to areas of technological development that contribute to the growth of social welfare (health-oriented industries) [3].

Based on the prediction of the development of new technologies in Russia, import substitution in the food industry will be the main focus. It has great potential in creating such technologies that will allow manufacturing products that already exist in the market, but with higher quality or lower cost due to the introduction of innovations [4].

One of the most important parts of the consumer market is catering. It allows you to assess the socioeconomic population's standard of living. The catering industry in Sverdlovsk Region is represented by a wide range of multi-profile enterprises that provide not only catering services, such as production, sale, and organization of consumption, but also often organizing leisure and raising the level of culture of the population. Synthetic biology and biotechnology will be actively developed in the coming years. This is due to the need for environmentally friendly solutions in the field of agroindustrial complex and agricultural sector, food industry and catering. The consumer is increasingly immersed in the information world, both in business and in personal life. The development and formation of a national innovation system are the result of innovation in the consumer market and the spread of NBIC technologies. As a result, technologies related to the convergence of the digital and scientific directions are being developed in the field of food production and consumption.

Innovative technologies used in public catering are associated both with the improvement of technological solutions for food production and the introduction of information technologies. Information technology can cover all structural elements of an enterprise: from automated warehouse accounting systems to online cash registers, from production to digitization of sales and product promotion services.

The importance and feasibility of studying the development of this segment of the economy, as well as the competitiveness of catering enterprises, is particularly relevant in the current economic situation, owing to its close interconnection and strong influence on almost all aspects of

human life. At the same time, it is of particular interest to study the influence of precisely regional factors [5, 6].

The Ministry of Regional Development has compiled a list of Russian cities that are most attractive for living. In this ranking, Ekaterinburg is located on the 5<sup>th</sup> place [7]. The ranking of cities in the presented rating was influenced by various factors:

- social infrastructure;
- natural environmental situation;
- transport and engineering infrastructure;
- demographic characteristics of the population;
- housing affordability;
- human resources and welfare of citizens [8].

The purpose of the paper is to study the state and prospects of the development of the public catering sector in Sverdlovsk Region under new industrialization, taking into account the development of information technologies.

In order to achieve this purpose, factors characterizing the regional specificities of the development of the public catering sector have been identified and studied; an assessment of the state of the catering market in Yekaterinburg and the Sverdlovsk region as a whole has been made; and prospects for the development of the sector has been identified.

Accordingly, the tasks have been set, as follows:

- characteristics of the conditions and factors of the public catering development of Sverdlovsk Region;
- analysis of the development of information technologies in public catering;
- SWOT analysis of the market in the city of Yekaterinburg and Sverdlovsk Region as a whole;
- identifying features and prospects for the development of public catering in Sverdlovsk Region.

## II. OBJECTS AND METHODS OF THE RESEARCH

The objects of analysis and research were the structure of public catering enterprises, demographic, economic, environmental, and other factors influencing the processes taking place in the public catering sector, namely:

- the statistical compendium “Regions of Russia: socioeconomic indicators” (2017);
- statistical reporting data of the Directorate of the Federal State Statistics Service for Sverdlovsk Region (2010-2018);
- Strategic development project “Cuisine for Every Taste”.

For the implementation of the tasks, generally accepted and special methods of collecting, processing, and analyzing information, namely methods of systematization, classification, modeling, comparison, and synthesis, have been used.

## III. RESULTS AND DISCUSSION

According to the Statregistr of the Rosstat, the Russian catering market is growing steadily from year to year. Thus, over the observation period from 2010 to 2017, the turnover of catering enterprises has increased from 781.4 million rubles up to 1,434.6 million rubles (see Fig. 1), which is 83.6% as a percentage [5, 9]. Over the past year, an increase has amounted

to 82.7 million rubles, or 6.1%. The slowdown in growth is due to the following factors:

– decrease in the purchasing power of the population against the background of the general economic situation in the country;

– the necessity and the actual transition of premium catering enterprises from a high price category to the middle price segment in order to support their activities (replacement of expensive raw materials with cheaper analogues, reduction of the total margin, etc.).

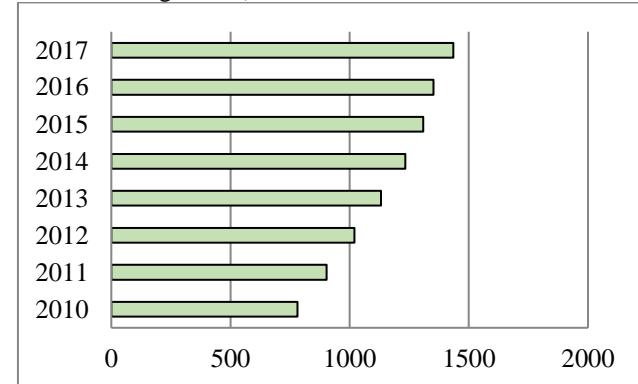


Fig. 1 – Turnover of catering enterprises of the Russian Federation, million rubles

In contrast to the Russian market of public catering, the turnover of catering enterprises of Sverdlovsk Region has recently tended to decrease. So, over the observation period from 2010 to 2017, the turnover of catering enterprises has increased from 32,138 thousand rubles to 50,548 thousand rubles (see Fig. 2), which is 57.3% as a percentage. The catering market in Sverdlovsk Region was not so resistant to the influence of negative factors, which led to a decrease in turnover in the last three years of observations from 56,041 thousand rubles up to 50,548 thousand rubles, or 9.9% [10].

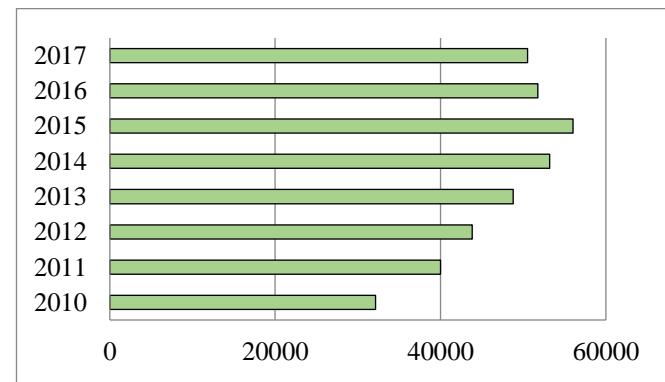


Fig. 2 – Turnover of catering enterprises of Sverdlovsk Region, thousand rubles

Over the period of observations from 2010 to 2015, the number of catering enterprises in the Russian Federation has changed in a positive direction from 60.5 thousand units to 76.2 thousand. But in the period from 2014 to 2015, the number of enterprises has slightly decreased from 76.4 thousand units to 76.2 thousand [11].

During the period of observations from 2010 to 2015, the number of catering enterprises in the Russian Federation has

changed in a positive direction from 60.5 thousand units to 76.2 thousand (see Fig. 3). But in the period from 2014 to 2015, the number of enterprises has slightly decreased from 76.4 thousand units to 76.2 thousand [11].

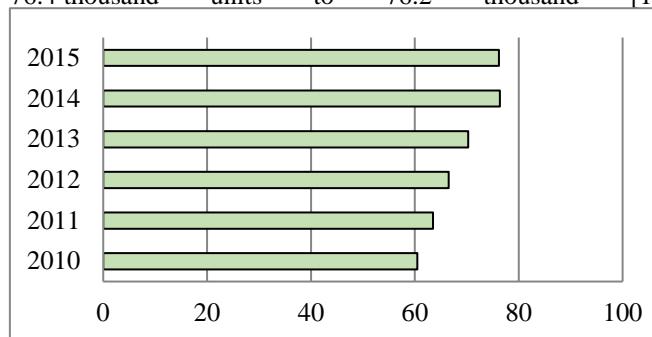


Fig. 3 – Number of catering enterprises in the Russian Federation, thousand units

In Sverdlovsk Region, during the observation period from 2013 to 2017, there has been a sustained increase, and the number of catering enterprises have changed from 6,439 units in 2013 to 7,386—in 2017, which led to an increase in the number of seats from 380.9 thousand to 387.9 thousand [12] (see Fig. 4).

The catering chain of Sverdlovsk Region (by type) by January 1, 2018 (% of the total number of objects) is shown in Figure 5 [13].

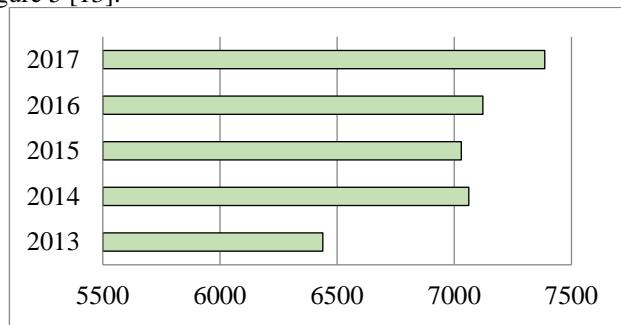


Fig. 4 – Number of catering enterprises in Sverdlovsk Region, units

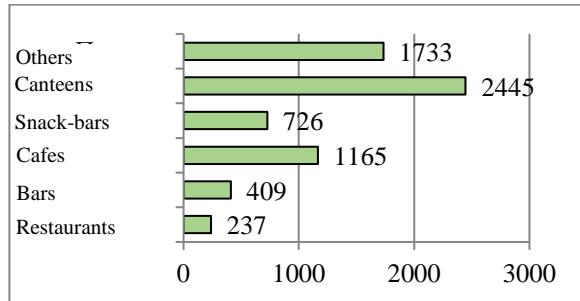


Figure 5 – Structure of the catering sector in Sverdlovsk Region, %

Thus, the number of restaurants in Sverdlovsk Region is 237 units (increase for the year by 3 units), bars – 409 units (increase by 109 units), cafes – 1,165 units (increase by 43 units), snack-bars – 726 units (reduction by 1 unit), canteens – 2,445 units (increase of 15 units), enterprises of other types – 1,733 (increase of 64 units). As in previous years, the majority of catering facilities account for canteens – 36.4%, refreshment rooms, cafeterias, convenience stores, etc. – 25.8%. Their share

has remained at about the same level as last year (in 2016 – 36.9 and 25.3%, respectively).

The share of café-type enterprises has increased by 0.3%, the restaurant- and bar-types have retained their share in the total number of objects at the level of the previous year, while the share of snack-bars enterprises has decreased by 0.3%. This trend characterizes the establishment of a period of relative stability in the market of public catering services and the beginning of a slight revival in the “premium class” sector.

Overall, there is a process of changing the catering market in accordance with the needs of consumers. In connection with the decline in income and purchasing power, the sector of economy-class catering companies, in particular the “to go” formats, fast foods, inexpensive restaurants, cafes, and bars, are in high demand. In this regard, many “premium” catering enterprises for the preservation and maintenance of activities are moving into the “middle” price segment.

Also, they introduce information technologies and the transition to automated systems in order to improve the competitiveness of enterprises. The main tasks of automation are:

- increased profits and reduced costs;
- control and optimization of the enterprise;
- improving the quality of customer service;
- labor productivity increase;
- support and coordination of marketing activities;
- development of loyalty systems, discount systems to attract new visitors;
- analysis of activities and key economic indicators for the further development planning of the enterprise.

At present, catering enterprises use such automated systems as “R-Keeper”, “Iiko”, “1C”, and others. The analysis of the systems is shown in Table 1.

TABLE I. ANALYSIS OF AUTOMATED SYSTEMS FOR CATERING

Function, process	Iiko	R-keeper	1C
Profit and loss statement	+	-	-
Balance sheet	+	-	-
Cash flow statement	+	+	+
Employee nutrition accounting	+	-	+
Accounting sales of draft drinks	-	+	-
Chef working terminal	+	-	-
Control of permissible residues of goods	+	+	-
Control of procurement prices	+	-	-
Drafting dishes and calculations	+	+	+
History of changes in regulatory documentation	+	+	+
Discount system	+	+	+
System of attracting new customers	-	+	-
Accounting	-	-	+

Speaking about the catering enterprises of Sverdlovsk Region, it is impossible not to note the fact that the location of the catering enterprises in administrative managerial districts is not even. Thus, at the end of 2017, the Southern, Gornozavodskoy, Northern, and Western Districts have

recorded a positive trend in changing the number of catering enterprises. But at the same time, the largest number of enterprises, namely 43%, are located in territories that are not part of administrative managerial districts. These are the territories of municipalities—the cities of Yekaterinburg, Rezh, Berezovsky, Aramil, and Sysert. At the same time, 38.6% of public catering enterprises are located in Yekaterinburg, and the 10 most developed territories and administrative centers comprise 59.4% of catering enterprises, namely—3,991 enterprises of various types and forms of ownership. The number of catering enterprises in administrative managerial districts of Sverdlovsk Region is shown in Figure 6.

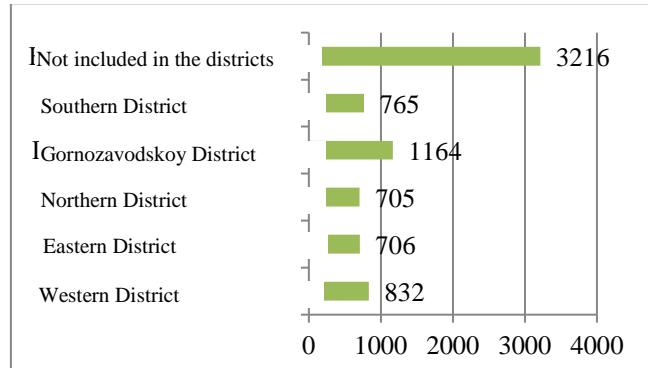


Fig. 6 – Number of public catering enterprises in administrative managerial districts of Sverdlovsk Region

SWOT analysis of the catering industry in Sverdlovsk Region is shown in Table 2.

TABLE II. SWOT ANALYSIS OF THE CATERING INDUSTRY IN SVERDLOVSK REGION [14, 15].

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>– Stable growth in the public catering turnover;</li> <li>– Ever-increasing competition;</li> <li>– The presence of educational institutions that can carry out primary and higher professional training of catering workers;</li> <li>– Opening of new modern catering enterprises;</li> <li>– Variety of concepts and pricing;</li> <li>– Support for small and medium-sized enterprises;</li> <li>– Public organization uniting restaurant business professionals;</li> <li>– The general concept of improvement and development of the catering industry in the region “Cuisine for Every Taste”.</li> </ul>	<ul style="list-style-type: none"> <li>– Personnel shortage and low professional qualifications;</li> <li>– Lack of equal quality of services provided at enterprises of the same type;</li> <li>– Uneven distribution of food enterprises in the region;</li> <li>– Imperfect control of the consumer sphere by state authorities of the constituent entity of the Russian Federation and local governments;</li> <li>– Insufficient introduction of modern technologies: equipment and forms of services provided;</li> <li>– The presence of the shadow economy and illegal salaries;</li> <li>– The lack of a unified source of relevant information required for public catering enterprises in the region.</li> </ul>

Continuation of table 2.

Opportunities	Threats
<ul style="list-style-type: none"> <li>– Improving the quality and diversity of the services provided;</li> <li>– Increased public demand for catering services and insufficient catering services;</li> </ul>	<ul style="list-style-type: none"> <li>– Low purchasing power of the population, associated with a decrease in actual incomes;</li> </ul>

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>– Cooperation and collaboration of companies aimed at improving the competitiveness of enterprises;</li> <li>– Improving the quality management system of the catering sector;</li> <li>– Creating and ensuring conditions for fair competition.</li> </ul> | <ul style="list-style-type: none"> <li>– Additional bureaucratic barriers associated with the opening of businesses;</li> <li>– Economic and financial crisis;</li> <li>– Counterfeit and low quality products.</li> </ul> |
|--|--|

Thus, the main trends in the development of public catering in Sverdlovsk Region and Yekaterinburg include:

- An increase in the number of enterprises actively using information technology in their work. Information technologies have become more actively used and developed in all aspects of the catering enterprise activities. Starting from websites aimed at attracting potential consumers, continuing with various software responsible for analytics, purchasing, and tracking the quality of goods and services, and ending with self-service terminals at fast-food establishments [16];
- Increased competition in large urban centers. The opening of new catering enterprises in completely different segments, whether it is a premium restaurant or a fast-food company, leads to an improvement in the catering and services provided. The diversity and quality of the company's concepts on the food market, as well as the services they provide are increasing;
- The increase in the number of enterprises of the entire catering chain. It is worth noting the increase in the number of bars and cafes in the publicly accessible chain and canteens of specialized chains at recreation centers, while the number of restaurants and snack-bars are increasing slightly. All this leads to the fact that catering enterprises change turnover tends to increase;

– Gradual increase in requirements for the quality of services provided. Mutually beneficial relations are periodically established between companies operating in the public catering sector to meet the needs of consumers in quality services. At the same time, the demands on the food constantly increase and change. Such relationships can be organized in the form of professional forums and various kinds of trainings;

– Insufficient provision of enterprises with highly qualified and professional staff. Professional staff is required at all levels—both in the management of the enterprise and in its production part. Qualified and professional personnel, who know their job perfectly, are the key to improving the quality of the services provided and, as a result, the success of the enterprise in the conditions of market competition;

– Uneven development of the catering industry. Uneven development is observed both in the quality of the services provided and in the geography of distribution. In large urban centers, the quality of the services provided is significantly higher than in the rest of the region;

– The increase in the catering market associated with the emergence of new players. The continuous development of Sverdlovsk Region, as well as such large urban centers as Yekaterinburg, Nizhny Tagil, and others, attracts representatives of the catering industry of regional, all-Russian, and even world-class. The number of catering enterprises of large and medium-sized chains is growing, which, in turn, causes an increase in competition and in the quality of services provided;

– Value for money. The number of public catering enterprises that use an adequate approach in matters of pricing and the establishment of compliance with the price and quality of the services provided to the population is steadily increasing.

#### IV. FINDINGS AND CONCLUSION

The indispensable conditions for the implementation of new industrialization in the food industry is the development of NBIC technologies in the consumer market. At the same time, the development of new industrialization in the agroindustrial complex is impossible without NBIC technologies. The development and creation of a national innovation system are the result of the ongoing state administration of innovation activities in the consumer market and the spread of NBIC technologies.

The public catering sector of Sverdlovsk Region is an important part of the consumer market. The development of this area is positive and seeks to fully meet the needs of all categories of consumers in high-quality food and services. This is facilitated by a high level of competitiveness among catering enterprises, which contributes to improving the quality and diversity of services provided, the availability of educational institutions aimed at improving the skills of professional personnel, as well as the availability of public organization and the general concept of the development of the catering sector. Also, information technologies influence the increase in the competitiveness of enterprises, simplifying many aspects of their work and controlling it both economically and technologically.

#### References

- [1] Gubanov S. S. (2013) New industrialization, Supernovae Reality, No. 6. [Electronic source]: Retrieved from <http://www.sverxnova.ru/Onas/chitat-6/novajaindustrializacija>.
- [2] New industrialization in Russia and the third industrial revolution, M.: Strategy Partners Group, p. 16.
- [3] Dementiev V. Ye. (2006) Overtaking Post-Industrialization and Industrial Policy, M.: CEMI RAS, p. 80.
- [4] Leiberova N. V., Chugunova O. V., Zavorokhina N. V. (2011) Innovative approach to the development of consumer-oriented food products, *Economy of the Region*, No. 4, p. 142-148.
- [5] Kolchina N. (2014) The development trends of the public catering industry in the Republic of Mordovia for 2008-2013, *Herald of the University of Mordovia*, No. 4, pp. 162-173.
- [6] Mayurnikova L. A., Scherbakova T. A., Krapiva T.V., Davydenko N. I., Novoselov S. V. (2015) Identification and analysis of factors in the development of the food industry of the Kemerovo Region, *Technique and technology of food production*, No. 4, pp. 169-174.
- [7] Rating of regions of the Russian Federation for quality of life. RIA Rating, 2017, p. 20. [Electronic source]: Retrieved from <http://ria.ru/infografika>.
- [8] Mayurnikova L. A., Krapiva TV, Davydenko N. I., Samoylenko K. V. (2015) Analysis and prospects for the development of the public catering market in the regional context, *Technique and technology of food production*, No. 1, pp. 141-147.
- [9] Federal State Statistics Service. Regions of Russia. Socio-economic indicators. Statistical collection, 2017, pp. 664-668.
- [10] The main indicators of socio-economic development of the Urals Federal District in January, 2017, [Electronic source]: Retrieved from [www.gks.ru](http://www.gks.ru).
- [11] Russian catering market [Electronic resource]: URL: <http://www.research.rbc.ru/articles/11/07/2013.shtml>.
- [12] The dislocation of public catering enterprises of the Sverdlovsk region on 01/01/2018. Territorial body of the Federal State Statistics Service in the Sverdlovsk region. [Electronic source]: Retrieved from [www.sverdl.gks.ru](http://www.sverdl.gks.ru).
- [13] Chugunova O.V., Vyatkin A.V. (2016) Assessment of the socio-economic trends in the development of the public catering market in Yekaterinburg, *Competitiveness in the global world: economy, science, technology*, No.1, pp. 194-199.
- [14] Resolution of the Head of the Administration of the City of Yekaterinburg No. 141 dated January 18, 2013 "On approval of the strategic project" Kitchens for every taste ". [Electronic source]: Retrieved from <http://xn--80acgfbsl1azdqr.xn--p1ai/officially/glavadoc/glavadoc2013/4966/>.
- [15] Ministry of Agriculture and Food of the Sverdlovsk Region [Electronic source]: Retrieved from [www.mcuso.midural.ru](http://www.mcuso.midural.ru).
- [16] Information reference edition of the food industry market [Electronic source]: Retrieved from <http://www.foodnewstime.ru/category/horeca>.