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## **CATERING AS A NEW SERVICE IN UKRAINIAN RESTAURANT BUSINESS**

### **Abstract**

The article deals with the emergence and development of catering service as a new item in hotel and restaurant business in Ukraine, its categories of consumers. The general scheme was developed to prepare and provide this service to catering companies and other organizations engaged in hotel business and different segments of consumers.

Hospitality – one of the fundamental concepts of our civilization – has been developed into the industry where millions of experts work in the developed countries.

Restaurant business is one of the significant aspects of hospitality industry. At the same time on the one hand restaurant business is one of the means of highly liquid application of funds, on the other hand it is a highly competitive environment. It is one of the most widely-spread forms of small business in the world, because institutions and enterprises are in the state of constant struggle for market segmentation, search of new customers and maintenance of regular clients, their products and services. That is the reason why they should have a high level of competitiveness.

At the end of the XX- th century and the beginning of the XXI century hospitality as a field of industry in general and as a sector of restaurant industry particularly was greatly influenced by economic reforms and crises. Formation of an independent state, market relations in our economy, denationalisation and privatisation were sudden for the industry as it was one of the first to bear the burden of transition of command-administrative to market economy. The abovementioned phenomena were socially painful since all the problems were shifted to the shoulders of organizations of the industry and no compensatory mechanisms were introduced by the state. In response to this, the results of industry operations were pessimistic. The result of primary activity, physical infrastructure fell away significantly. As a consequence we witnessed the decline of places with sufficiently great space (eating places at industrial enterprises, educational establishments) and the emergence of places with lacking space (cafes, bar for 4-12 persons).

Over the period of independence the number of privately-owned restaurants has risen by 16%, the number of state-owned and corporate restaurants has fallen by 1.7 and the number of communally-owned restaurants has decreased by 7%. The researches, conducted in 1995-2004 in Ukraine show that there is a tendency towards the decrease in the number of public catering establishments and their space accordingly. The market structure of catering industry has been

changing for the last 14 years of Ukraine's independence. The number of public catering establishments in Ukraine in 2004 compared to 1990 has fallen by 55.5%, the number of seats has reduced by 62% over the same period. As a result more than a half of the seats out of their total number in public catering establishments have been lost over this period. The average space level has also fallen significantly. [Статистичний щорічник України за 2005 рік .2005: 302, 309]

In general over the research period the structure of main public catering establishments in Ukraine has been changed. There has been a growing tendency towards the increase in the number of cafes by 4.3% for the last five years. Up to now it has reached 64.2%. The share of bars is the same. It makes 15.4%. The increasing number of restaurants hasn't been noticed for the last five years. Their share hasn't reached 10%. The number of canteens and food delivery has been reduced by 4.1% and makes 10.5%. [Статистичний щорічник України за 2005 рік .2005:308]

The rates of restaurant business development are not so fast. It remains a hazardous area. Ukrainian market almost completely lacks family restaurant business, where all the members of a family are engaged in and their family business is inherited. There is a very small percentage of foreign investments on the market of catering industry.

The peak of restaurant business development happened at the end of 90-es of the XX th century and the beginning of the XXI century and was represented by elite segment.

From the beginning of 2005 the segment of high-class establishments was full and began to develop the segment of democratic institutions, fast foods and specialized facilities.

The researches show that a life cycle of any restaurant of elite segment is 5 years or less on average. There is a growing tendency of gradual merger of individual public catering establishments by formed networks that start their operation not only in the capital but also in other cities of Ukraine.

From the beginning of the XXI century in order to get a foothold in their segment some establishments, mainly of elite segment and restaurants on the premises of developed hotels, have started to diversify their range of services and provide them for customers not only in the selling areas but also outside. This type of service existed till 1990, but it was provided by experienced staff of individual restaurants which were subordinated to the Department of Special Service Kyivrestaurantrust in Kyiv. They provided services for diplomatic missions, embassies, receptions on a state level. Nowadays serving outside public catering establishments is provided by individual institutions (restaurants, cafes) and their special services, firms that are specialized in providing given types of services, restaurants on the premises of hotels, and in these latter days – by private entrepreneurs. Such kind of activity is called catering service.

The nature of domestic catering service lies in the fact that a restaurant (its appropriate service), a private entrepreneur or a catering company ensure the preparation and delivery of prepared food of catering industry to an appointed place (home, office, working place, leisure area etc.) and provide restaurant service of a celebratory event. This activity has become very popular since it allows attracting additional buyers, increasing efficiency of use of unengaged manufacturing resource potential and competitiveness of an establishment. With the development of new technology in hospitality industry catering service is gradually becoming more and more wide-spread in organizing celebratory events, banquets when the process of preparation and serving is combined with the services of other service sectors: rent for a wedding dress and accessories, cars, organization of entertainment programs and concerts, styling design of buildings and table decoration. That is why it separated into an individual business of establishments that are specialized in this activity and became an additional service in other public catering facilities.

Domestic catering service can be classified according to different features: user population, event location, completeness of services.

According to user population customers can be divided into four main groups: corporate buyers, public organizations, individual buyers and associations of institutions, companies and educational establishments.

The representatives of the first group are corporate buyers – companies that organize presentations, conferences with cold table, corporate holidays and parties. Catering-service is an alternative to the organization of a restaurant event if the same event is a large-scale and there is a lack of space in a restaurant when an organization doesn't want to advertise its activity or wants to feel importance. The specific feature of catering service customers is that one client of a catering service firm is a team of the whole company (40-200 or more persons) and there is only one person or a group of 6-10 people in a restaurant (apart from banquets). The most frequent clients of catering service are corporate customers.

The second group of buyers is public organizations that hold seminars, conferences, charitable events etc.

The third group is private individuals that organize family holidays (birthday parties, wedding parties, anniversary celebration etc.) at home or outside (cottages, yachts). To provide services for the first three groups gives a customer an opportunity to organize a high-level holiday, make a good impression on guests without wasting time and energy on its preparation.

The fourth group is represented by firms that organize 'table d'hôte' for their staff (breakfasts, dinners), business-lunch, coffee-break etc. This service can be provided both on the territory of a firm at special places or working area.

According to event location catering-service is provided: inside a building – office, home, recreation center, factory floor, exhibition center, business center, planetarium, museum, theatre hall, gallery and other places, in the open country – park, suburban areas, island or coastal zones, using different means of transport – yachts, water crafts (motor boat, motor vessel), air and automobile transport.

Usually it is a customer who defines an event location. At the same time either a restaurant or a catering company may suggest him/her a wide choice of variants.

According to completeness of services catering-service is divided into servicing prepared food stuff and full-service.

The first case is called off premise catering when a restaurant, a private entrepreneur or a catering company are responsible for preparation and delivery of food, but don't participate in a service. This type of service is usually used by public catering establishments that dispose of pizza, food ration or business-lunch delivery to working area, home. Their clients are usually representatives of the second to fourth group of buyers.

Full-service is a kind of off premise catering where a restaurant, a private entrepreneur or a catering company are responsible for organizing an ordered event: creation of a script including different shows, entertainment, menu planning, preparation of food and drinks, their delivery, servicing of the customers on a restaurant level, cleaning of a territory after the end of a banquet.

The last type has appeared due to the emergence of new opportunities connected with the development of science, technology in restaurant business: new multifunction equipment for catering-service, appropriate utensil, furniture, accessories and new methods of food processing and packing.

A general scheme of event organizing by domestic catering companies, services of public catering establishments or private entrepreneurs is of the same type. It consists of the following actions:

1. Catering manager, administrator, director or a private entrepreneur of a firm meet a client and receive an order.
2. Creative group (manager, chef-cook, special designers, florists) are responsible for developing a script.
3. Interior designers, art-directors, florists are responsible for styling, production of appropriate decorations for an event, building (including branded uniform for service staff) and event location. They choose, buy and (or) rent appropriate material support: fabric, furniture, utensil, clothes, flowers and other decorative elements. Some firms suggest landscaping services – artificial creation of reservoir, planting trees on the territory of an event.
4. Highly-trained cooks and confectioners are responsible for food preparation.

5. Actors, DJ, VJ, music bands, conferencier, toaster, lighting cameraman, experts in special effects create a script of show-programs, choose special effects. These people may be both on the payroll of catering companies or work with firms or public catering establishments on a contract base. This activity has become popular for the last five years.
6. Delivery of material support, prepared food or semi-products of high level is done by different means of transport. Transport may be company-owned or rented. If there is a necessity, folding facilities are used (tents with walls, floor or without).
7. Personnel of an establishment or specialized firm (headwaiter, waiters, barmen, loading hands, general-duties men) prepare the place of an event that is decorated by designers in advance. This activity entails an appropriate design of aperitif, banquet tables and their layout to suit the general idea of an event.
8. Administrators, hostesses, headwaiters, waiters, barmen, sommelier, barista are responsible for servicing.
9. Cleaning of a place is the responsibility of in-house personnel that minimize costs (waiters, barmen, housecleaners, loading hands) or a specialized firm of clearing direction under specialized agreements.
10. Waste utilization is done by the staff (drivers, loading hands) or by the staff of a specialized firm.
11. Transportation of material support to the office or warehouses of a firm (restaurant, private entrepreneur) is done by the staff (drivers, loading hands) using personal or rented specialized means of transport.

Providing catering services is a complicated process. It requires substantial material and financial expenses, work of highly-trained personnel. The popularity of catering-services is increasing. More and more public catering establishments introduce this type of service finding it economically profitable.

Catering service activity may be both commercial and unprofitable, socially oriented.

Commercial high-yielding and mean income catering service has almost been formed in Ukraine.

According to the results of the researches, 50 companies, including foreign firms that are specialized in servicing corporate and other groups of customers, use it in their operation. We also should take into account a large number of restaurants and private entrepreneurs that use the same kind of service. It is obvious that nowadays catering service is becoming more wide-spread among small and medium businesses that provide services for the staff of small firms, different associations, committees, parents committees, association of graduates, private individuals, families, including children. Supermarkets have also entered this market segment. They have

culinary departments and are not engaged in a script creation. Unfortunately socially oriented catering service is underdeveloped in Ukraine (catering and prepared dinners or rations of socially unprotected stratum).

Catering service as a separate direction of restaurant business faces certain problems. The main of them are:

1. There is no regulatory framework for this direction in the sphere of restaurant business. It is not defined which type of activities it belongs: trade or restaurant. There are no fixed standard system, qualifications, operating, process, hygiene requirements. These services are not certified.
2. We can come across both unprofessionalism of founders and other staff who are absolutely unaware of restaurant business activity that leads to a discredit of catering service.
3. Currently education system of different levels doesn't prepare highly-qualified professionals of this direction. Learning and teaching process takes place at companies, firms, restaurants. It mainly has self-training character. Organizations usually employ generalists rather than a professional man cutting down their expenses.
4. There are no combined efforts for the creation of associations (such as Exhibition Association, Association of hoteliers, restaurateurs, gastrologists, barmen in Ukraine). The result of the above mentioned processes is an aggressive competition among legal entities on this services market.
5. There are problems with food products that are used for providing catering services, suppliers of raw materials, material support and specialized means of transport.
6. Some firms carry out professional espionage, headhunting, entice qualified staff, steal scripts and creative ideas together with their carriers.
7. The main problem is the deterioration of ecological situation as a result of organizing large scale events. Cultural life of our nation has been suffering greatly when similar events are organized on the premises of cultural centers to meet the needs of different customers.

Catering service as any type of activity should be covered by marketing planning. Marketing planning consists of analysis of competitive environment, defining key markets and tasks for every employee, goal setting, developing action plan and evaluation of the effects of action.

Evaluation of competitive activity of catering companies, services as institutions, and entrepreneurs on the services market should be carried out in such directions: organizational, manufacturing, personnel, marketing.

Organizational direction includes the following criteria: type of company's activity or appropriate services, number and types of events, range of services and products, types of a

menu, list of an event location, customers' characteristics and monitoring of client base, study of 'dead season' phenomenon.

Manufacturing direction includes manufacturing environment, keeping to hygiene rules, material support of catering and transport availability.

Personnel direction includes staff (permanent, temporary), division, specialization level and teamwork, qualifications of personnel.

Marketing direction includes money policy, advertising policy, monitoring of external environment, rivals.

Catering service activity is rather complicated and has many niceties. The research and analysis of the main aspects of catering service operation and companies are of utmost importance for coming professionals of restaurant business and services market.

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