

**ICEST 2021****II International Conference on Economic and Social Trends for Sustainability of Modern Society****STRATEGY FOR THE DEVELOPMENT OF FOOD ENTERPRISES  
IN URALS IN "NEW NORMAL"**

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**Abstract**

The transformation of the global and domestic economies in 2020 has increased the importance of using modern technologies, tools and organizational structures, increasing their influence on the formation of an effective management system for the catering industry within countries, regions and cities that meets the level of development of society in accordance with the development concept. The subject of the research is the features of strategic planning in the field of public catering in modern realities in the context. The task is to identify the trends influencing the development of strategic planning through the prism of practical situations in conditions of uncertainty and transformation of economic realities. In order to assess the features of the transformation of the catering industry, the methodology and methodology of modern research in the development of strategic planning of catering companies, as well as the practical experience of specialized companies in the Ural macro region, have been investigated. The methodological basis of the study was formed on the basis of the components of a SWOT analysis in order to avoid possible financial and economic risks. The results of the study were the identification of strategies for the formation and development of catering companies in conditions of uncertainty, as well as the identification of technologies, tools and organizational structures for branding places in the conditions of the "new reality".

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## **1. Introduction**

Trends in endogenous and exogenous factors are of paramount importance at the stage of determining the strategy and its subsequent implementation for the development of public catering enterprises as the most affected in the COVID environment.

## **2. Problem Statement**

Despite the objective difficulties and constant changes in the external environment, which stimulate the emergence of new methods, approaches and management systems, active integration processes are observed in Russian business; the influence of the process of globalization of business processes, in which national differences and preferences are erased, and consumption is standardized. And in this situation, it is important to determine the specifics and priorities of the internal development of the enterprise, based on the development of a development strategy taking into account its features (Kizim et al., 2019).

## **3. Research Questions**

Consideration of options for the development of events, the impact on the functioning of the enterprise, assessment of the consequences are the main task in the process of developing strategic planning, in which it is important to provide not only obvious / current development options, but also to focus on possible options for the onset and development of events, i.e. identify alternative development strategies. Further, one should take into account the influence of the internal characteristics of the company, which include strengths and weaknesses, which can be determined through SWOT analysis on accounting information data. Hence, the determination of the possibilities for the development of the catering business becomes the most realistic and close to the most possible development option in the future (Nambisan et al., 2017). It is also worth noting that the strategy should be a clear plan that can actually be implemented.

## **4. Purpose of the Study**

Definition of strategic planning as a set of goals, objectives and means of implementing business in the food industry. The development of a business strategy in public catering enterprises is a necessary tool in the conditions of instability of the market economy and market conditions.

## **5. Research Methods**

The material for the research was open information resources, statistical materials, and academic research literature; methods of observation and marketing analysis, general scientific empirical and retrospective methods based on analysis and synthesis, induction and deduction with subsequent interpretation of research results have been applied. The fundamental methodological and methodic recommendations for the implementation of strategic planning contribute to the innovative development of the catering industry in the era of post-COVID syndrome in the medium term.

The prospects for business development in the real sector of the economy in the new post-pandemic crisis conditions can be defined as real, based on the unprecedented measures taken by the Government of the Russian Federation to support enterprises and organizations operating in especially affected sectors of the economy and measures taken by the catering industry enterprises themselves. A key role in further development should be played by the massive introduction of digital technologies, as well as ecosystems for their distribution and use. Due to the corresponding impact of such advanced technologies, it is expected a gradual transition to a new distribution business model, combined with the development of robotization and digitization of a large number of production and economic processes, which will allow “turning products into services” and expanding value chains, supply of goods and services (Smyslova et al., 2020).

The onset of the pandemic has provided a powerful impetus to digitization and the transformation of the economy. The current economic situation has shaped new experiences and increased the penetration of digitization into the lives of users. Digital transformation is one of the five national goals of the Russian Federation. Digital transformation is the transformation of the economy by revising business strategies, models, operations, products, marketing approach, and goals as a result of the spread of digital technologies. Its main purpose is to accelerate sales and business growth. The BDI (Business Digitization Index) integrates five specific indices: information transfer and storage channels, digital technologies integration, use of Internet tools, information security, and human capital. The main factors hindering business digitization include a lack of working capital and budgetary constraints, as well as a certain lack of interest in digitization of some business leaders, a low level of their knowledge and skills in the digital environment. Social networks and instant messengers are actively used to interact with clients: every second SME representative in Russia has a page on social networks (47%), 80% of them use messengers (Makarkin et al., 2020).

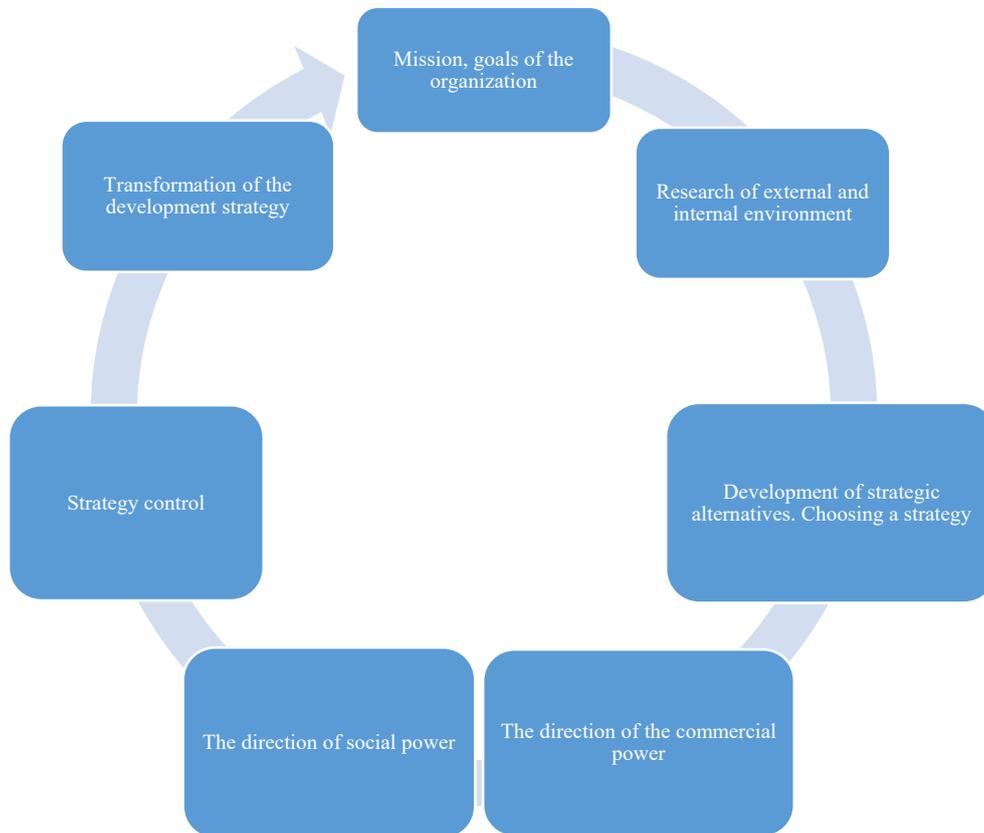
**Table 1.** Digitalization Index (BDI) (Makarkin et al., 2020)

Indexes	2019	2020
Index of digitalization (BDI)	45	50
Private indexes		
Channels for transmitting and storing information	57	59
Integration of digital technologies	27	58
The use of Internet tools	52	57
Budget constraints	54	41
Human capital	36	33

The active and progressive development of a single information space in Russia is becoming a guiding trend in the development of the economy, which determines the relevance of studying the features and trends of the digitization and industrialization processes, while the digital transformation of the economy primarily addresses the service sector, including the catering industry (Timakova & Ergunova, 2020).

Strategic planning includes all management processes in the Catering industry, presented in Figure 1, which are interconnected and have a certain impact on the development of the enterprise. The key role in this is played by the "accounting and analytical mechanism" (Capulina & Ivanov, 2018), or in other words, accounting information, as the main component of management decisions. The role of assessing the economic losses or profits from the implementation of a new strategy was determined by methods of

economic analysis, mathematical statistics, methods of comparison, synthesis and synthesis of scientific results. Empirical methods such as literary, retrospective, and statistical analysis were used.



**Figure 1.** The process of developing strategic management in the catering industry

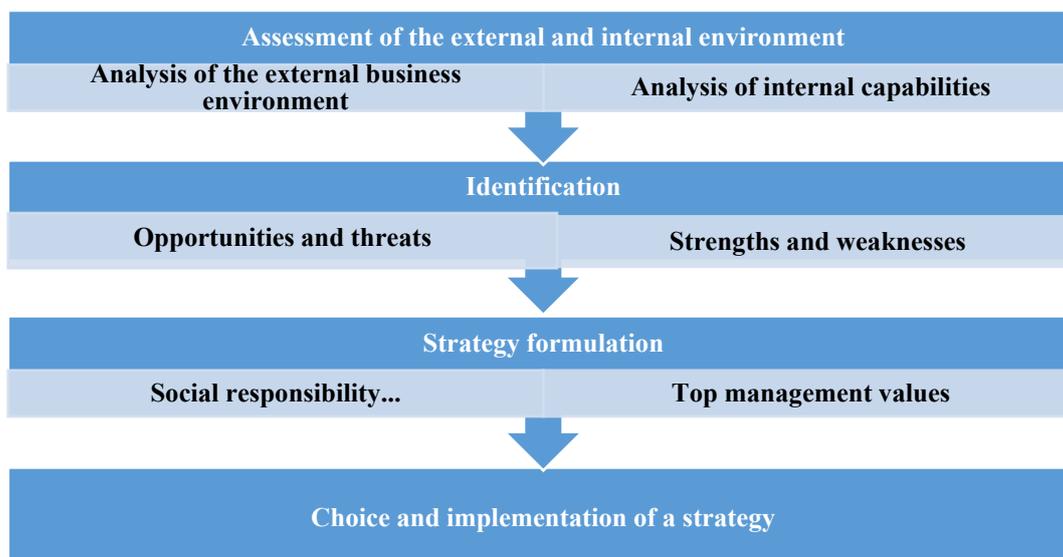
It should be canceled that such components as the implementation and evaluation of the strategy are not included in the strategic planning process, but are elements of management. Elements of strategic planning are presented in Table 2.

**Table 2.** Elements of strategic planning in the Catering industry (Cennamo et al., 2018)

Component	Description
Determining the goals of the organization	Establishing the meaning and necessity of the company's existence, its place and role in the food industry
Formulation of goals and objectives	Specifying specific formulations and quantitative characteristics by which it will be possible to judge the degree of their achievement
Analysis of the external environment	Study of two components: macro- and microenvironments
Assessment of the internal environment	Identification of internal opportunities that the company can use in competition
Creating of strategic alternatives	Deciding on ways to achieve the set goals and implement the mission
Strategy implementation	The beginning of the implementation of the adopted strategy
Control of the strategy (estimation)	Ensuring the relations hip between the objectives of the strategic plan and its implementation

According to (Shehekinov, 2020), an important direction of the strategic plan is customer relationship management (CRM) systems as technological assets that allow developing the necessary management skills to promote an effective strategy in the catering market by increasing profits by up to 30% as a result of knowledge of their target audience and its personalization. The software aimed at finance, analytics, warehouse, and online checkout allows it to develop in existing conditions by integrating into online for remote booking and ordering home delivery with cross-selling technology. The most rated systems include Tillypad, Quick Resto, iSOK, Traktir, Iiko, R-Keeper, the options of which are provided by time management, an order management system, loyalty systems, reports, etc.

Possible entrepreneurial risk of catering companies, according to Capulina, Lvova, Tikhonova (2014), "is interpreted as a result of the interaction of factors of the internal and external environment" (Capulina et al., 2014), which influence the choice of the management method. Strategic planning in the food and catering industries an effective way to assess the development of a company, providing a basic management framework. The Harvard Business School model (Figure 2) acts as a basic model for developing a strategic plan for an enterprise in the catering industry.



**Figure 2.** Model of Harvard Business School (Ergunova et al., 2017)

This model is based on the development of a SWOT analysis to calculate the internal capabilities of the company and the external environment, which is especially important in a highly competitive environment to identify problem factors, opportunities and threats of the external environment (Tourism Statistics, 2021). At the same time, the quality of management decisions of catering companies depends on the reliability and completeness of the main SWOT-analysis information system - accounting, the status of which in the modern Russian economy is constantly being updated and improved (Capulina et al., 2014).

The internal potential of an enterprise in the Catering industry serves as the basis for realizing the opportunities that the external environment provides. Weaknesses involve minimization. The enterprise strategy includes the goals, development features, and is a deliberate, gradual process of choosing a certain strategy (Minin et al., 2017).

At the same time, as it was defined earlier, in addition to standard procedures for developing an enterprise strategy, which includes three important blocks: 1) setting goals; 2) forming alternative strategies; 3) choosing a strategy from possible alternatives.

## 6. Findings

In the catering and food segment of the Ural macroregion, these are:

- availability in the region of the necessary infrastructure that meets the level of participants in business meetings;
- high demands of business meeting participants to the level of business infrastructure, accommodation and catering facilities, as well as to the level of transport services;
- the general crisis caused by the pandemic COVID-2019 has hit the catering industry the hardest. In these conditions, competition among public catering enterprises is increasing, now the focus is on the quality of service to the population and the availability of services for all groups. Yekaterinburg, as the capital of the Ural macro-region, is a place of major international business and megasport events. In connection with this is special interest is studying the features of strategic planning of the activities of catering enterprises as a service provider for business tourists visiting the region. For example, representatives of the business elite and representatives of sports teams during major competitions are the most contrasting in relation to each other. Therefore, as a rule, the simultaneous holding of large sports tournaments and large congresses is not carried out (Ergunova et al., 2017);
- high interest of local authorities and local businesses in the development of business infrastructure and attracting representatives of large business to joint projects to solve the problems of their complex development (Ergunova et al., 2019).

The first of these features must be assessed even before the travel agency decides to organize a business meeting. The fact is that business tourists, especially those belonging to the category of corporate clients, are rather scrupulous about the parameters of accommodation facilities and places of their presence during business meetings.

Therefore, the management of the tourist enterprise needs to find out in advance the main requirements of this group of people on the example of the parameters on which business people focus their attention.

In Table 2, the indicators are arranged in descending order of influence on the final decision of the tourist to visit this institution.

**Table 3.** Indicators of the quality of hotels (Ergunova et al., 2019)

Business tourists	Conference participants (corporate clients)
Purity	Food quality
Comfort	Number, size and quality of conference rooms
Linen quality	Opportunities to negotiate discounts when setting prices for food and accommodation
Room lighting sufficient for writing / working	Negotiation support services and equipment
Good preservation of furniture and decoration	Efficiency of calculation procedures
Free access to the Internet, availability of office equipment (fact, copier, printer)	Number, size and quality of hotel rooms
Friendly service	Efficiency of check-in procedures and extracts
Fire protection automation	The presence of a person in charge of for all questions of organization and conduct conferences and meetings
Quality of door locks	Previous experience with staff and the services of this hotel
Good reputation	Transport accessibility

The last of the features indicated in Table 3 argues that "in fact" one local enterprise rarely becomes the sole owner of large infrastructure facilities, often several business representatives form joint structures for the construction and management of facilities. There are also cases of public-private partnerships, as well as other schemes of interaction between business and government, as well as cooperation of different levels of government, the purpose of which is to develop regional potential of the catering industry.

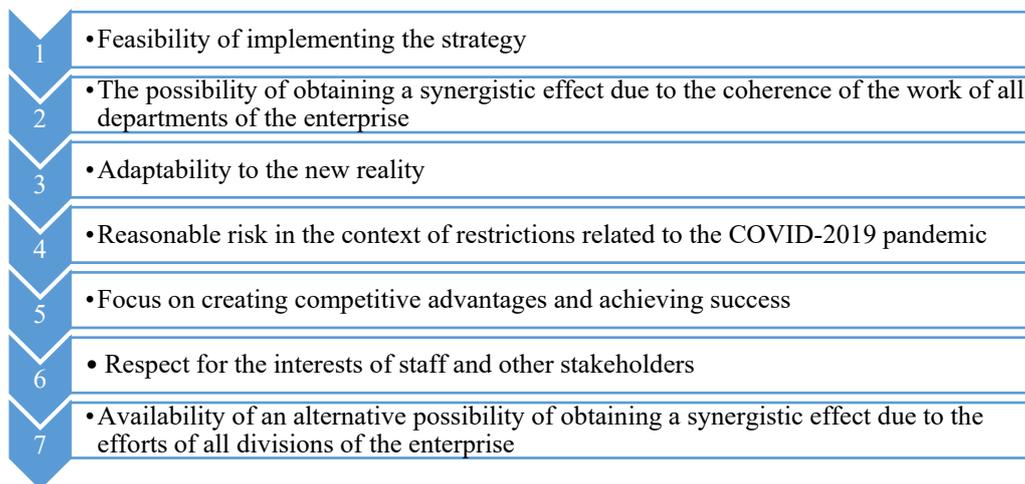
An enterprise operating in the field of the catering industry in the Ural macro-region, when drawing up a strategy for its development, must have data on:

- the quantity, quality and capacity of business infrastructure objects in those sales markets in which the company operates or is going to enter;
- the number of competitors in the market, their status, their infrastructure;
- goals and objectives of the region for the development of business infrastructure;
- goals and objectives of competitors for infrastructure development;
- provision of the main market players with financial resources necessary for the construction of large business infrastructure facilities;
- demand for services in business tourism from local businesses;
- plans of local large and medium-sized businesses to hold large-scale business meetings;

- the nationality of tourists who will be encouraged to visit local tourism sites, their food preferences, cultural characteristics.

In turn, the strategy of an enterprise in the catering should establish a way to adapt the enterprise to the external environment, use its organizational potential, and determine coordinated actions in order to achieve significant competitive advantages. To achieve these parameters, the requirements are imposed on the strategy, as shown in Figure 3. Note that the developed strategy of the organization allows it to go towards the intended goal, despite external influence.

Catering companies that are exclusively engaged in business usually develop a general corporate strategy that reflects the strategic goals and objectives of the entire enterprise; and functional strategies that relate to the goals and objectives of the company's divisions and services by activity area. Business strategy is the definition of long-term goals and resources in achieving them. There are different strategies: commodity (market), price and financial.



**Figure 3.** Requirements for the company's strategy in the catering industry (Nambisan et al., 2017)

In the conditions of the “new normality”, it is necessary to pay attention to the defensive competitive strategy and tactical actions within the existing strategy for the near future:

- implementation of network projects aimed at street food and fast food;
- change in price positioning (the so-called down-to-earth catering pyramid);
- expansion of the market for food delivery and catering services;
- development of social projects;
- digitization of business processes.

## 7. Conclusion

To overcome the competition and globalization of business in the post-market space, the enterprises of the public catering industry of the Ural macro region must constantly develop, increase their potential, and transform their strategy accordingly. From these positions, a corporate growth strategy is preferable.

However, the use of this strategy may be impeded by the external environment, the use of which is very limited, but, on the other hand, the catering organization may lack the necessary resources for continuous development to raise investment proposals for the competent management of financial resources. In this regard, enterprises should take into account the risks of not being able to use a growth strategy and determine the sustainability of the strategy or even the strategy of reducing the business. Corporate strategies allow us to develop optimal functional responsibilities of catering departments through internal regulations of accounting policy, which is the main in for motion resource and, as a result, an effective tool in all areas of management activity.

Thus, the specificity of the strategic planning of the catering in the Ural macro-region is that in addition to the main factors taken into account in the activities of regional enterprises, it should take into account not only the state of the business infrastructure in the region, but also the national characteristics of tourists: food preferences, national entertainment, peculiarities business etiquette.

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