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**Economics Of Food And Leisure Services**

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**Abstract:** Important in this paperwork is to underline the significance and the role of one of the economic niche domain, that is *food and leisure*. We think that this name, evoked in the title, is more appropriate, than catering, to design the economic process of providing, transformation (even production) and consumption of food, especially within firms, corporations, in the benefit of their employees. Therefore, we've analyzed some theoretical and practical aspects of this kind of Economics. Because, it's indeed an aspect of Economics, regarding the factors of production (on a larger scale, the resources), the production and preparation of different meals and, finally, meet the demand required by the people who intend to mix the food pleasure with work activities. The practical example is from Romania's services, which domain is not enough developed and there are many things, especially of qualitative order, in order to improve catering or food services within the entire Romanian economic system.

**Key words:** *catering, business environment, SWOT analysis, culinary products, consumer satisfaction.*

**1. Introduction**

**General Approaches:** The economic science has incorporated elements of philosophy from the seventeenth and eighteenth century (especially from the British John Locke, David Hume, John Hobbes), which became starting points in shaping the new economic science. The clear specification of the economics' matter of study comes precisely from this period: the use of scarce resources in order to meet certain set goals and certain expressed needs. These desiderates, which economics as a science was supposed to fulfill, are best expressed by the subtitle of J-B. Say's fundamental Works, in fact the first treaty of classical Political Economy, entitled, *Traité d'économie politique, ou simple exposé de la manière dont se forment, se distribuent et se consomment les richesses*. We have insisted upon the author mentioned above and the title of his reference work because, in the Anglo-Saxon perimeter, during the twentieth century, but especially during the postwar period, the economic science has evolved and is evolving under the name of economics, translatable as the theory of studying the means of meeting certain goals, those regarding the solving of problems such as: *what to produce?, How to produce? For whom to produce?* Being fundamental. The term compelled recognition and acquired global openness and acceptance by the capital work of American Professor Paul Anthony Samuelson, entitled "Economics", which was published in 1948 and enjoyed many reprints and translations in over 40 languages around the world<sup>1</sup>.

In a market economy, companies compete in the sale of their goods and services. To successfully face competition, their main concern is to meet consumer interests. As a result, they will strive to produce only goods that meet customer requirements in the most suitable way. Thus, companies that launch new products or improve the quality of their existing products are likely to earn a higher market segment over the others, which will have to reduce activity. The word *catering* comes from the noun *cate*. It was firstly given the meaning of purchase and then the meaning of purchased food. Afterwards, they obtained the verb *to cate* = to dress and then the noun *caterer* = person providing supplies for a household or club or providing the food necessary for a holiday. This system arose in the large U.S. urban areas, and then expanded rapidly in economically developed countries such as England, France and Sweden. The catering mainly addresses collective customers (school canteens, hospitals, military and aviation units, self-service restaurants or fast food establishments)<sup>2</sup>. The analyzed system allows the concentration of production in large units with multiple advantages:

- The increase of the level of mechanization of primary processing operations;

<sup>1</sup> Trifu, (2006) Essay regarding a panoptic of organic synapses of Economics, Performantica Publishers, Iasi, 10-20.

<sup>2</sup> Brăiescu, (1997). Guidelines on the assortment structure and efficiency of catering products at global level (the result of his PhD thesis), Bucharest, 27.

- The application of modern methods with a short duration of heat treatment;
- Preservation and conversion under appropriate conditions;
- The possibility to efficiently increase the number of assortment combinations;
- Ensuring hygiene by implementing modern methods, thus resulting in salubrious finished goods with high nutritional value.

In order to be effective, any food providing system requires the completion of five key points, which ensure the finality and success of the activity: Identifying the consumer (customer type, needs); Formulating the policy of the catering unit (organization chart, menus, professional standards, economic situation analysis, SWOT analysis, staff training, socio-cultural and environmental impact);

- Interpreting the demand;
- Using the facilities provided by technology;
- Analyzing the most suitable supply.

The premises of a successful food providing system activity<sup>3</sup>: A catering activity is successful if it has the following characteristics:

- Large production capacities with continuous fabrication lines.
- Mechanization and automation of the technologic process.
- Application of traditional and new technologies.
- Achieving a high quality of the finished product through a rigorous compliance with the working conditions.
- Restricting the range of food additives.
- The superior reevaluation of the resources of raw materials into products.
- Ensuring maximum satisfaction.
- Implementing new appropriate wrapping and packaging systems.
- A perfectly elaborated cold chain (regarding transportation and storage space).
- Adequate thawing and heating systems, resulting into salubrious finished goods, with high nutritional value.

The economic output of the catering system is defined as any ready-made food dish prepared in specialized industrial sections, kept for a longer or shorter period in special conditions and commercialized by different types of catering units. Such dishes become the daily menu in restaurant canteens, self-service permanent units, restaurants and fast foods. The catering product can be defined as a mixture of components dosed in certain proportions, industrially processed and preserved by dehydration, freezing and thermal stabilization. Tourism development and the deepening of the eating away from home trend have contributed to the permanent demand for culinary products and to an uneven distribution of the demand during the day, with large differences between the maximum and minimum demand.

## 2. Inside the Problem

In the last two decades, the food-providing services, in the tourism industry has significantly grown in England and in other Western countries, reaching 4,000,000 meals per year<sup>4</sup>. The main aim of the food-providing system is to solve the production deficiencies of classic cuisines, not only by producing intensively required finished dishes (ready for consumption), but also some ready-to-eat housewife-type products, or, most often, the centralized processing of vegetables and meat, which is a solution practiced in our country. The transition to the catering system is done only after certain techno-economic competent studies, which become the basis of the solutions chosen as being the most effective. Thus a new division of labor is obtained within the system of production, distribution and serving culinary dishes: the central kitchen focuses exclusively on producing the dishes and supplying the retail units, while the catering units deal with stock depositing and converting the dishes based on consumer demands. Characteristic to industrial catering is the phenomenon of centralizing the operations run from the raw material to the finished product and the methods of preserving the finished products.

<sup>3</sup> Negrea & Pîrvulescu, (2000). Food.Catering, Eurobit Publishing house, Timișoara, 55

<sup>4</sup> Stanciulescu, Gabriela (2003) *Management of tourism operations*, All Beck Publishers, Bucharest.

The commercial catering refers to organizing the sale of the industrial catering product. The link between industrial catering and commercial catering is distribution. Some countries that use large-scale food-providing services (USA, Sweden) show some basic principles in this area: the use of a perfectly elaborated cold chain and the use of specialized insulated transport containers; the rationalization of wholesale trade and the development of cold department stores located in consumption centers as to be accessible for sale; Equipping the consumption centers with own containers. Commercial catering, on the other hand, solves the problems regarding the supply and food preparation in the large kitchens within hospitals, canteens and barracks. Charity catering is the main non-commercial section of the catering industry. This sector includes catering in nursing homes, retirement homes, schools and orphanages and is in the category of *social catering* that is *hospitality industry*. A comparison of the costs of the classic cuisine and that using frozen meals indicates savings of about 65% regarding investments and up to 85% regarding wages. For designing new services for food-providing units, it is necessary to study the structure of the future clients by age, sex, income and occupation. It is estimated that catering products can and should address both nutritional needs as well as those needs influenced by economic, socio-cultural and psychological factors. The nationally and internationally recorded impulse after 1990 regarding the diversification of the catering product offer, especially as a consequence of the benefits regarding time and money saving implied by their consumption, confirms the recognition of these products' superiority along with putting behind the doubts regarding them. Catering products contribute to the effective use of available resources and to the diversification of the range of food products in order to cover the real needs of the consumers.

Extending the fabrication of catering products is possible because there are or can be created the necessary technical conditions, adequate *resources of raw materials* can be provided, there is growing demand in the context of an increasing level of employment and therefore of the reduction in the time for preparing and serving food. *Potential consumers* are all those consumers that are receptive to new, willing to give up the idea of traditional, replacing even partially the traditional cuisine. The categories of consumers will differentiate mainly from the psychological point of view, the reluctance to new, to change, the degree of conservatism regarding traditions, habits and food preferences. Within the catering products' market, this sector made of collective consumers is the most important. Catering products are more and more requested by individual consumers, in order to make various menus for celebrations, receptions or picnics. The quality of these dishes, the way they are presented and served are aspects that favor them against traditional culinary products. More and more consumers show a marked preference for frozen products. The results of a survey carried out in the former West Germany showed that 60% of the citizens living in households of one or two people would not want to be deprived of these products under any circumstances. At the end of a working day, they would like to eat fast, yet without giving up the freshness and full nutritional content of the products.

According to the companies in the field, in the absence of statistical data on the Romanian catering market potential, in the context of 22 million inhabitants, out of which five million are active people, at an average amount of 20 lei per day spent for food, this would translate into revenues of 100 million lei in one day for the catering companies. More than 200 catering companies operate on the domestic market, out of which 80 in Bucharest alone. Culinary products are promoted by the menu, whose presentation involves the following methods<sup>5</sup>:

- **Visual presentation.** The visual presentation of goods and culinary dishes means their presentation under the form of a mini-exhibition or of an exhibition on specially designed stalls within the restaurant, on presentation carts which are specific to the ranges of goods presented or in special showcases; in all these cases, the dishes must be presented in an aesthetic, pleasant and inviting manner and must meet all the requirements regarding sanitary hygiene. For presentation, the dishes should meet aesthetic, gastronomic and technical qualities, wearing a label with explanations regarding the name of the product and its price.
- **Written presentation.** This method of presenting goods and dishes within gastronomic units means presenting them either daily, through the "menu list" (made for all the stages of the day), or under the form of occasional or permanent "commercial advertising" (through leaflets, press, magazines, posters or billboards). All these methods of presentation must be used in an aesthetic graphical form, with exact data regarding the place of action and particularly regarding the existence of the products listed in the add

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<sup>5</sup>Brăiescu, (1997). Guidelines on the assortment structure and efficiency of catering products at global level (the result of his PhD thesis), Bucharest, 54

The list must contain the following sequence of data presentation<sup>6</sup>: date, month, year, goods and dishes determination, weight and measure, sale price, the stage of the day for which it is prepared (breakfast, lunch, dinner), the signature of the head of the unit and of the head chef, quality certification. The dishes are placed in groups as follows:

- cold and hot snacks;
- minutes;
- hot drinks for breakfast;
- liquids (soups, creams, borsch);
- fish dishes;
- vegetable dishes with or without meat;
- steak specialties, vegetable side dishes;
- salads;
- desserts;
- Soft and alcoholic drinks.

Television presentation. This method is performed through special programs, within the internal television circuit of the unit. The television monitors are located in the eating room. All the goods and culinary dishes, which are prepared and served by the unit, are represented through a nice description carried out by sector specialists.

- Electronic presentation (Internet), through which are listed, in real time and with plenty of information and details, the goods and dishes that can be offered daily; this can also be done for the stages of the day on electronic display panels installed in the eating rooms, observing the aesthetic principles in achieving the display. These presentations may be periodic or continuous, through the control panel, which has direct relations with all unit sections.
- Oral and mixed presentation. Such a presentation is done by the worker/waiter by words, directly at the table, and is combined with the written presentation (menu list) and the visual presentation of the plate of dishes and of the beverages, followed by a brief description of the characteristics.

They say the food cooked by someone else is always tastier; restaurants offer this luxury, but lack home comfort. What happens when you do not want to leave your home, the place where you feel best, or you want the party to be yours alone, without the looks of some strangers who you may not want to share your privacy with. The answer to this question is simple: hire a catering company. Let us consider a restaurant, call it, "B", from a less developed region of Romania (such as Moldavia), which has constantly supplied the companies: Alpha, Beta, and Omega with catering products. The restaurant was able to provide 700 daily portions, of which 680 for Omega, 15 for Beta and 5 for Alpha.



<sup>6</sup>Negrea & Pîrvulescu, (2000). Food.Catering, Eurobit Publishing house, Timișoara, 45

The caterer of restaurant, B” is the one planning the meals for various events, he has special skills that turn him into more than a cook-waiter (his basic profession), and in fact he is the head of the room. The caterer knows all the rules of food preparation, he is concerned with all the special claims related to a particular diet, he knows the entire planning activity (regarding supply-sales), documents all the details related to the implementation of an order supply and also has great organizational capacity. There are a few qualities that a caterer must not lack: *marketing knowledge, communication skills, resourcefulness, punctuality and the ability to work under deadlines*. The two caterers of the restaurant do not lack these qualities; they are professional caterers whose activity is successful in the context of the competitive market. Given that type of food service, which is such an important part of the restaurant activity, bringing the company a profit that is not negligible, the management has decided to use a strategy in order to develop this activity in the future. The development strategy is used in this respect<sup>7</sup>.

The development strategy occupies, amongst others, an essential place given its complexity and importance to the economic activity. The development strategy is elaborated on the grounds of the following elements:

- economic or business environment
- internal situation
- Company’s aim

Elaborating the development strategy requires going through the following stages:

- Formulating the mission: developing the catering activity within the restaurant Belvedere
- Highlighting the weaknesses and strengths: they can be found in the conclusions of the paper
- finding opportunities and threats

**Opportunities:**

- Diversification of product range
- Winning new markets and implicitly new customers
- Increasing business profitability

**Threats:**

- The level of demand
- The structure of consumption priorities, thus losing the traditionalist character of the restaurant
- Identifying the firm’s place in the business environment. For this, it is necessary to identify the internal and external factors that determine the company’s shortcomings. Internal factors:
  - Financial and exceptional income regression
  - External factors:
  - Competitors

Consumer behavior, lack of education in accepting catering culinary products instead of classic culinary products.

- Setting objectives and strategic options:
  - Assimilating new culinary products
  - Improving the old culinary products by a high quality of the raw materials
  - Broadening the cooperation with new companies by signing contracts

**3. Conclusion**

The alimentation of the future as well as relaxation and recovery possibilities require culinary products that are as ecological as possible and the catering system, paying attention to the current view on nutrition, meets the demands of the modern man living in a society of continuous transformations.

- The production of catering dishes is continuously developing and diversifying, based on the scientific and technological achievements in food preparation, obtained by carrying out new research, by extending the range of raw materials used and the ranges of dishes.

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<sup>7</sup>For detailed elements of management and marketing in catering field, see Babaita, (2010) *Catering as a business*, Mirton Publishers, Timișoara.

- The increasing level of employment has increased the eating away from home trend, the demand for pre-cooked products and finished culinary products. The unevenly manifested demand during the day, the week and seasons has led to the development of the catering system, which provides significant benefits for both customers and the unit.
- The quality of catering products is largely influenced by the freshness of the raw materials.
- In assessing quality, it is necessary to take into account the benefits of the catering products in the sense that their innocuousness is ensured.
- A decisive role for the success of the system falls on the promotion of the catering products on the market.
- Food-providing services find their applicability in the collective alimentation in enterprises or hospitals as an attempt to correct the weaknesses in terms of quality, range and price. This applicability ought to be encouraged.
- Fabricating culinary products in the catering system assures a higher economic and social efficiency compared to the traditional culinary production.
- The links between resources-----food preparation and assortments created-----meeting the consumer's preferences and that is the core of considering food and leisure services as a niche market within Economics commerce.

Those who managed to survive these obstacles are now facing the need to be in line with the European Union standards regarding equipment, kitchen hygiene, transport, storage, etc. In addition, from now on, catering companies will have to face a more experienced customer, be it a Romanian company, which has already learned these practices, or a foreign company expecting a level of the services as high as that from outside Romania. Customers know now what they want and what to ask for to sort them out, on the principle that the demand can and must influence the supply.

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