Impact and Viability of Gastronomic Ventures in Manzanillo, México: Situational Analysis in the Post Covid-19 Era

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ABSTRACT: One of the alternatives that are available to people in a situation of economic crisis are gastronomic ventures. The economic environment plays a fundamental role for the success of this type of company, so it is necessary to identify and develop instruments that empower the entrepreneur to achieve their organizational objectives in order to be present in an increasingly competitive market.

The gastronomic sector in Mexico has been beaten over the last two years by different factors; public health (pandemic restrictions), violence (curfews in some regions) and economic (inflation and shortages). However, this sector represented -until 2019- 2% of the national GDP, so it was important to know the economic impact in the post covid-19 era in this sector of the country.

In times of economic turbulence, crises behave like a kind of "sweeper" that wipes out companies and businesses that lack organizational strength to face the ravages of a phenomenon of this type such as lack of liquidity, low sales and rising prices. Prices. For this reason, this research focuses on studying the ventures in the gastronomic sector, the impact suffered by covid-19, the scarcity and the rise in prices of inputs derived from war conflicts and political situations in the world environment that affect the macroeconomic indicators of the country and region.

The study will focus on companies in the gastronomic sector of the municipality of Manzanillo, Colima, Mexico. Where inflation was identified as the main problem that lacerates restaurant businessmen with 88.7% of the cases studied. Finally, the instruments used to cope with the crisis experienced are detailed, the main strategies for the improvement and reactivation of sales were identified, as well as the red flags to attend to a possible resurgence of economic stagnation in the short term.

KEYWORDS: Inflation, Gastronomic Enterprises, CANIRAC, Manzanillo,

INTRODUCTION

The economic behavior that arose collaterally to the health risk experienced by the Covid-19 pandemic and that hit with greater intensity in the last two years, has generated significant negative economic effects in the short and medium term for most world economies. Estimates indicate that global economic growth slowed down 3.6% on average, reducing the GDP projections of the main world powers such as; USA at 3.8%, the Eurozone at 9% and Japan with 2.1% growth (CEPAL, 2022).

In Latin America, the economic shocks were recorded after that of the world powers, however, not with less intensity. Sectors such as tourism (hotels and restaurants), education and leisure were the most affected by having partial and total closures in their establishments and, consequently, zero sales and income.

The government actions taken by each of the affected countries have been key to encouraging economic reactivation and its rebound in GDP. However, the measures have not been generated in the same proportions. Such was the case of European Union countries such as France, where an economic rescue plan was implemented for more than 100 billion euros (21% of GDP) to create subsidies for jobs, costs, investment, and tax incentives. (Ayuso, 2020). In contrast, in countries like Mexico, the economic safeguard measures were the most modest in the world, as they only focused on the health sector, allocating 0.2% of their GDP and only 0.5% of GDP in programs for home support and companies. (FMI, 2021)

Impact and Viability of Gastronomic Ventures in Manzanillo, México: Situational Analysis in the Post Covid-19 Era

Derived from the aforementioned facts, the Mexican economy contracted 8.1% in 2020 and had a 4.8% recovery for 2021 (Banco Mundial, 2022). The trend in 2022 has been recovery. In areas such as tourism (where the majority are micro and small companies), the restoration has been enormous: considering a 99% recovery in the hotel industry and a 77% recovery in the labor supply. (CEPAL, 2021)

Finally, in 2022 a war between Russia and Ukraine managed to further aggravate the situation, directly affecting the European economy and collaterally that of the rest of the world, given a speculative effect and scarcity in the agricultural sector, increasing the price of cereals, edible oil and fertilizers. Just enough to mention that Ukraine is the world leader in sunflower oil exports with 52% of world production (FAO, 2022).

Given these facts and macroeconomic measures taken by most countries worldwide, economic effects have emerged in response to these actions; inflation in the price of basic basket products worldwide, the massive stoppages in Asian production lines derived from sanitary fences, the shortage of supplies and raw materials that have affected supply chains such as the automotive and technological.

Based on the above, it is pertinent to address an investigation focused on the repercussions and viability of gastronomic ventures in the face of the inflationary phenomenon that products and food have had, as well as the recent impact on the gastronomic sector. For this reason, this research will emphasize the companies Hotels, Restaurants and Cafeterias (HORECA) affiliated to the National Chamber of the Restaurant and Seasoned Food Industry (CANIRAC) in Manzanillo, Colima, Mexico.

THEORETICAL FRAMEWORK

In 2020, despite the fact that the National Entrepreneurship Context Index (NECI) in Mexico fell by 15.12% compared to 2019; being the fourth highest position of the Latin American countries to be positioned in place 33 of 44 (GEM, 2021). The most proliferating entrepreneurial businesses in the country focused on food, beverages, tobacco, and retail sale of specialized products. However, Mexico experienced considerable reductions in items such as "Ease of entry: market charges and regulations, commercial and professional infrastructure, as well as in government programs to strengthen entrepreneurship." The dramatic decreases in these items reflect the opinion of Mexican experts in the negative evaluation of how the government has responded to the pandemic, diminishing the ability of entrepreneurs to seek opportunities. (Garza & Amorós, 2021)

METHODOLOGY

The type of research to be carried out is exploratory, since it focuses on little-studied and discovered topics, either within a business structure or in a specific market. In this case, you want to discover the main success factors that gastronomic businesses must take into account when starting a business. This study is also called quantitative, since the results show percentages related to the causes that led to the success or survival of gastronomic businesses located in Manzanillo, Colima.

In addition, a documentary investigation was developed to collect data related to economic indicators such as: GDP growth, accommodation and food, country risk, unemployment rate and tariffs. After extracting this information, a non-experimental cross-sectional design with non-probabilistic sampling (for convenience) was applied.

This methodology consists of "analyzing what is the level or state of one or various variables at a given moment or what is the relationship between a set of variables at a point in time" (Dzul, 2010). It is also defined as "the design that collects data in a single moment, in a single time. Its purpose is to describe variables, and analyze their incidence and interrelationship at a given time. It's like taking a picture of something that happens." (Sampieri, Baptista, & Fernández, 1998)

The non-probabilistic sampling plan is made up of the elements of sampling, extension and time. The first refers to the target market in which the information is requested, in this case they are the restaurants that have been successful in the city of Manzanillo, who have been in business for more than 10 years in the market. The second is defined as the place where the sampling data is located, with which the city of Manzanillo, Colima has been taken into consideration and the last one focuses on the time in which the investigation is carried out, with which for the purposes of the same it was applied during the last week of the month of January of the year 2023.

To this was added the technique of (Leidecker & Bruno, 1984)to identify the critical factors of the success of the ventures. This consists of analyzing the business environment, the structure of the industry, the opinion of experts, the competition, the leading firm in the industry (benchmarking), evaluating the company, temporary and intuitive factors, and the market impact on profits.

A simple random probabilistic sampling of the gastronomic enterprises affiliated to CANIRAC in the municipality of Manzanillo, Colima, whose number of collaborators ranges between 2 and 50 workers, was carried out, seeking 95% confidence, with 5% error and an estimated probability of p= 0.5 or 50%. A total of 44 surveys were applied from February 3 to 9, 2023, using a survey-type measurement instrument addressed to the owners or managers of these establishments with the support of the research team

and some collaborators who were trained to apply said instrument.

The average age of the owners is 42 years, 28 (63.63%) are men and 16 (36.36%) women. Their marital status indicates that 20.46% are single and 79.54% are married or in free union. Regarding the level of studies of the entrepreneurs, all reported at least one educational level completed, being up to the primary level the representation with, 2.27%, 4.56% secondary, 13.63% technical career, 18.18% baccalaureate, 52.27% degree and 9.09 % studied a postgraduate degree.

Within the internal classification of the entrepreneurs of the gastronomic industry affiliated with CANIRAC, it stands out that the most representative was: Preparation for sale to the final consumer of food for immediate consumption with 65.90% of the total sample and the least represented was the of Food and beverage preparation services by workers in mobile units (see Table 01). The formally established companies represented 97.72% and in the informal market 2.27%. The total number of workers in the companies in the sample was 398, of which 183 (45.97%) are women and 215 (54.03%) are men; In addition, 85 (21.41%) are relatives of the owners.

Table 01. Distribution of the sample by main activity.

Classification	Frequency	Percentage
Wholesale trade of groceries, food, beverages, ice and tobacco	3	6.81%
Retail trade of groceries, food, beverages, ice and tobacco	2	4.54%
Itinerant trade of food, beverages and tobacco	2	4.54%
Preparation for sale to the final consumer of food for immediate consumption	29	65.90%
Food and beverage preparation services	7	15.90%
Food and beverage preparation services by workers in mobile units	1	2.27%

Source: self-made.

Three parts of the instrument were used: the first of 18 items deals with the characteristics of the company; the second with 15 items shows the general data of the owner or director of the company, in the third with 17 items in which the key characteristics for the success of the company are exposed and finally in the fourth section with 6 items, the economic variables, such as inflation, unemployment, economic growth, price index, social environment and public policies. In this last section, a Likert scale is used, ranging from strongly disagree (1) to strongly agree (5). The conceptual definitions by variable are displayed in Table 02.

Table 02. Conceptual definition of variables.

Employee job satisfaction	The level of satisfaction that workers have with the job. It is measured with questions that address issues such as labor compensation, workload, management perceptions, flexibility, teamwork, resource management, etc.
Location of the premises	It refers to the physical place where they are going to be located. Said location will be different depending on the type of company, that is, depending on whether they are commercial or service (tertiary sector) or industrial (secondary).
The menu	It is the relationship of the different foods that make up a dish for a fixed price with limited possibility in the choice of different dishes.
Advertising	This can be understood as a communication formula paid by companies to advertise in the different media available on the market.
restaurant concept	It is the theme and general idea of the business. It includes the format of the restaurant, the type of service to be offered and the cuisine.
The prestige of the organization	It is the reputation and recognition given to a business or company by all those who make it up (employees, founders, administrators, suppliers, shareholders, creditors, competitors, and customers, among others).
Relationship with suppliers	It is the planning and optimization of the relationships that a company has with its suppliers of goods and services. Its objective is to add value to the supply chain and reduce the risk of failures.
Customers recommendation	It happens when a customer likes your product so much that they tell someone else about it. This action is done voluntarily, that is, you do not have to force or encourage him to do so.

Impact and Viability of Gastronomic Ventures in Manzanillo, México: Situational Analysis in the Post Covid-19 Era

Market experience	It is what drives target customers' perceptions of product design, features, and functions, and influences their purchasing and usage behavior.
financing options	They are all the investment channels that exist, from family investments, public (or governmental) investments or private investments.
The perseverance	It is the ability to overcome failures, it is considered an indispensable value in those who have the responsibility of leading organizations and work teams.
Empathy towards the client	It is considered as the ability to voluntarily place oneself in the consumer's place, with the aim of understanding him, understanding his needs and offering him solutions that meet his expectations.
The appearance of the premises	It is the business card of the establishment, which should not overlook the impact it can have on the opinion of the potential customer.
Product quality	It is the perception that the client has of it. It is a mental fixation of the consumer that assumes conformity with a certain product or service, which only lasts to the point of needing new specifications.
Price according to the market	It is a reference that indicates how far the consumers of that market will be willing to pay for the product in question and, simultaneously, from what amount of money the producers will start to market it.
Speed in attention	It is considered one of the pillars of good customer service, which, by dedicating the necessary time to solve a problem, fosters an emotional connection with your brand.
Business vinculation	It consists of practical experiences, talks with businessmen, networking events, membership of support organizations or business chambers.

Source: self-made.

RESULTS

In accordance with the objective and from the research construct, the following hypotheses are proposed:

H1: Gastronomic ventures in Manzanillo have difficulty promoting themselves in the post-covid 19 era.

H2: The owners of gastronomic enterprises in Manzanillo consider that the current economic situation hinders the profitability of their companies.

In order to verify the first hypothesis, information management was used using the Statistical Package for Social Sciences (SPSS) version 23 program, the values of the mean, the standard deviation and the Cronbach's alpha coefficient were determined. These values are presented in table 03; as evidence of reliability, all the economic variables present values between 0.7 and 0.8 in their Cronbach's Alpha coefficient recommended by (Oviedo & Campo-Arias, 2005). Additionally, we include a t-test for the difference in means observed between the business variables measured in Manzanillo and those reported at the national level by CANIRAC.

Table 03. Comparative descriptive statistics of the sample of gastronomic enterprises in CANIRAC Manzanillo with that of the population of CANIRAC México.

		Manzanillo		National		
Variable	alpha	Half	Dev. Standard	Half	Dev. Standard	p-value of the difference
Location of the premises	0.864	4,434	0.577	4,260	0.672	0.174 ***
Relationship with suppliers	0.814	4,346	0.583	4,222	0.674	0.124 ***
Price according to the market	0.795	4,455	0.518	4,373	0.618	0.082 **
Business vinculation	0.846	4,382	0.555	4,229	0.644	0.153 ***
financing options	0.806	4,322	0.627	4,218	0.698	0.104 **
Product quality	0.785	4,441	0.533	4,377	0.620	0.064 *
Employee job satisfaction	0.865	4,478	0.563	4,326	0.683	0.152 ***
Customers	0.811	4,370	0.560	4,218	0.654	0.152 ***

recommendation						
restaurant concept	0.858	4,273	0.630	4,005	0.785	0.268 ***

Keys of Significance.: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1
Source: self-made.

Table 03 presents the descriptive analysis of the values obtained for each of the items of the variables, in addition to the general means, the minimum and maximum values obtained are presented, allowing us to see the strongest and weakest areas specific to each enterprise. gastronomic. In this same sense, in table 04, it is possible to see that the regression model has an adequate fit with a p value <0.001 and an adjusted R^2 of 0.596.

Table 04. Regression Statistics

Measurement	Worth
Standard error	0.353
r squared	0.67
adjusted r squared	0.596
F-value	77.5
Degrees of freedom	8 and 305
p-value	0

Source: self-made.

We can see that, in the regression presented in Table 05, 5 of the analyzed variables are considered significant: Relationship with suppliers, financing options, price according to the market, location of the premises and business relationship; while the variables of product quality, employee satisfaction and customer recommendation did not show a significant effect on the tendency towards the difficulty of a gastronomic venture in Manzanillo.

Table 05. Regression model on the difficulty of starting a business in Manzanillo

Variable	Coefficient	Mistake standard	value.t	PR(>|t|)
(Intersection)	-0.040	0.209	-0.192	0.848
Relationship with suppliers	0.099	0.047	2,107	0.036*
Product quality	0.050	0.048	1,032	0.303
Employee job satisfaction	-0.053	0.055	-0.960	0.338
Financing Options	0.188	0.056	3,385	0.001***
Customers recommendation	0.006	0.043	0.135	0.893
Price according to the market	0.143	0.052	2,740	0.007**
Location of the premises	-0.103	0.049	-2,084	0.038*
Business vinculation	0.659	0.060	11,064	0***

Source: self-made.

Continuing with the development and verification of the proposed hypotheses. In the second; It refers to economic variables such as inflation, which directly impacts the price of inputs in most gastronomic ventures. In order to represent these inflationary changes in the scenarios that the country went through in a post-covid-19 stage, it is advisable to analyze a sensitivity analysis to the change in inflation in the country. For this reason, in Graph 01, it is possible to observe the evolution of general inflation in Mexico from April 2018 (before the pandemic) to April 2022 (after the pandemic) in order to identify the variation in the period under study.

Impact and Viability of Gastronomic Ventures in Manzanillo, México: Situational Analysis in the Post Covid-19 Era
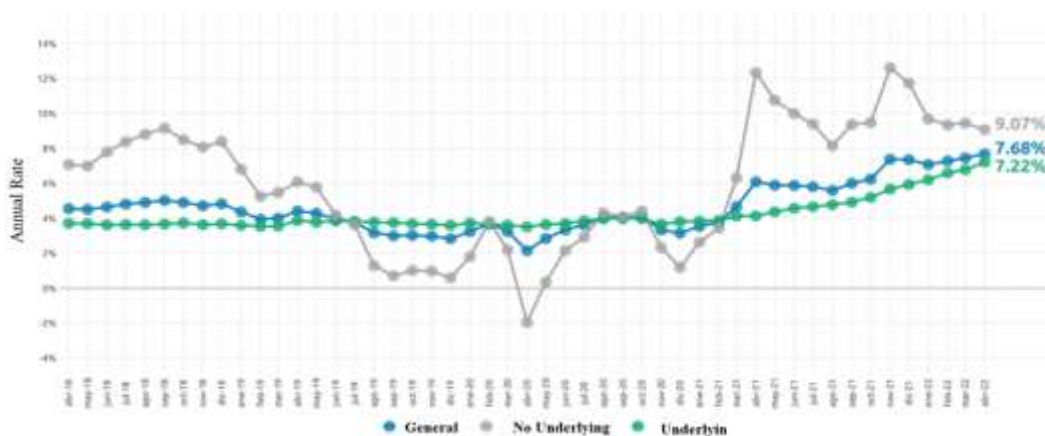
Graph 01. Sensitivity analysis to change in inflation in Mexico.
Source: (INEGI, 2023)

Inflation in Mexico has been increasing since 2017, with an average annual inflation of 3.4%, in 2018 the consumer price index rose to 4.86%, and in 2019 it stood at 3.77%. This situation has worsened due to the high price of fuels and the decrease in agricultural production. Additionally, the devaluation of the Mexican peso has contributed to increases in product prices. These price increases have impacted the Mexican economy, affecting the pockets of citizens.

Based on the behavior of the prices of the products, the variable "Price According to the Market" in the field study in the Manzanillo region, reported a standard deviation of 0.518 while that of the national level was 0.618, which is It is possible to mention that inflation has had a generic impact throughout the country, this being an important element that determines the cost factor and price in the final product of all gastronomic ventures. In table 06, it is possible to significantly appreciate the inflationary changes that have occurred in the country in terms of food and non-alcoholic beverages, it is worth mentioning that this specific item is the most in line with the reality faced by gastronomic enterprises in Manzanillo.

Table 06. IPC – Food and non-alcoholic beverages 2023

	Year Over Year	Cumulative January	Monthly Variation
January 2023	12.6%	1.0%	1.0%
December 2022	12.5%	12.5%	0.8%
November 2022	12.3%	11.7%	0.3%
October 2022	14.1%	11.4%	0.5%
September 2022	14.0%	10.8%	1.2%
August 2022	13.6%	9.5%	1.3%
July 2022	13.4%	8.1%	1.2%
June 2022	12.9%	6.8%	1.4%
May 2022	11.9%	5.3%	1.0%
April 2022	12.1%	4.2%	1.2%
March 2022	12.1%	3.0%	1.2%
February 2022	11.7%	1.7%	0.8%
January 2022	11.0%	0.9%	0.9%

Source: Own elaboration based on IPC México 2023

CONCLUSIONS

The purpose of the study was to corroborate possible hypotheses about the critical factors that contribute to the success of gastronomic ventures in restaurants in Manzanillo, Colima after the Covid-19 pandemic. For this purpose, managers who own establishments that achieved success and permanence of more than 10 years in the market were interviewed, as well as the application of surveys to new entrepreneurs in the sector. An instrument designed according to the critical success factors that occur in the restaurant industry at a global and local level was created, for which an INEGI sectoral investigation and information that was presented in the theoretical framework was taken as a basis. The interviews were transcribed, obtaining relevant information for the study from each statement,On the other hand, the surveys applied to gastronomic ventures in Manzanillo show another business context in which the lack of experience, preparation for eventualities and economic difficulties are present

in 8 out of 10 ventures. Being the rising inflation in the entrepreneurship period, the main reason for the non-agreement of financial objectives, investment returns, projected cash flows and constant modification in the cost of the menus offered to the public.

It is common knowledge that in times of crisis is when you really know "what companies are made of" and that the companies or ventures that know how to overcome the onslaught of crises are the best prepared and those that manage to survive by positioning themselves. in a competitive market. That is why this type of episode such as covid-19 is a watershed for the positioning of enterprises with solidity in their organizational structure.

Finally, it is possible to mention that these economic variables that hinder gastronomic ventures in Manzanillo, Colima are present in a general way, that despite being negative effects that directly impact the cost of raw materials, they permeate each and every one of the food retail and service sectors. Therefore, they are not only from a sector or niche, which the end customer could notice as a restrictive element at the time of purchase, ends up resembling a regional or national macroeconomic problem.

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