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RAYS CULINARY DELIGHTS: BUILDING a Start-Up BRAND

Ruppal Walia Sharma wrote this case solely to provide material for class discussion. The author does not intend to illustrate either effective or ineffective handling of a managerial situation. The author may have disguised certain names and other identifying information to protect confidentiality.

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On April 15, 2015, with the evening light beginning to fade, Prasoon Gupta and Ankush Sharma sat in their small office in New Delhi, staring at the whiteboard in front of them. They had a big presentation the next day, pitching their business plan to one of the well-known venture capitalists. But so far, they had not even begun work on the final presentation. They were still debating how to pitch their vision for Sattviko, a brand Gupta and Sharma launched in February 2014 with the opening of a casual dining restaurant in the posh and popular Greater Kailash area in New Delhi. Should they focus on their original business plan of building a restaurant chain serving healthy sattvik food or adopt an online marketplace model in the broader health and wellness space?

“Look,” said Gupta, thoughtfully walking up to the whiteboard. “We put too many threads on the board and we are getting nowhere trying to discuss all of them together. Let’s start from the very beginning of why we decided on Sattviko as a concept.” Wiping the board, Gupta turned to Sharma with a grin, “Bear with me please for a moment. I know we have this concept internalized, but sometimes putting our thoughts in black and white can help us focus and bring clarity.” Picking up the marker, Gupta wrote:

SATTVIK—fresh, highly nutritious, tasty, and wholesome foods, which according to Indian Ayurvedic literature, lead to clarity and equanimity of mind while also being beneficial to the body. Sattviko foods are vegetarian foods (including milk products), naturally sourced, and cooked in optimum conditions with a focus on freshness and lightness (see Exhibit 1).

Catching on to Gupta’s thought process, Sharma said:

Okay, now write why we thought of serving sattvik food. Remember we discussed how food outside home always seemed to be associated with an unhealthy lifestyle? We felt there was a need for an option that was economical, consistent in quality, energizing, and also great in taste. Sattvik food is light, nutritious, easy to digest, and always freshly prepared. Intuitively, this seemed a great idea because it could offer food that was tasty yet wholesome.

“Yes,” said Gupta, pausing for a moment and thinking back. “And then we decided to see if there could be a market for such a concept. Let me pull out the notes we made at that time.” Gupta quickly went across to his desk and pulled out two folders. Both friends sat back and sifted through the papers, picking out key points relevant to their analysis at this stage.

THE MARKET SCENARIO

Consumer food service in urban India had been growing, and this growth was expected to continue in the near future, not only in the large cities but also in the smaller Tier 2 cities.[[1]](#footnote-1) Fuelling this growth were the increasing number of working youth and double-income families with high consumption power and lack of time. Another very important factor fuelling growth was the willingness of the new age consumer to experiment with different types of cuisine and seek variety and innovation. Consumers liked to eat out for special occasions or sometimes simply as a change from routine. In addition to eating out, the market for takeaways and home delivery was expanding. The rise of the eating out economy had propelled the restaurant industry in India to US$48 billion,[[2]](#footnote-2) according to a report by the National Restaurant Association of India.[[3]](#footnote-3)

The food service industry had seen an influx of national as well as international players in both independent and service chain concepts. Street stalls and kiosks accounted for 58 per cent of the total Indian food service market, forming the largest chunk of the consumer food service industry in terms of the number of outlets. Full service restaurants, which included casual and fine dining, followed at 34 per cent. Fast foods outlets, cafes, and bars, though smaller in share at 4 per cent each, were seen as growing segments.[[4]](#footnote-4)

The market size of full-service restaurants was estimated at ₹3.6 trillion in 2014, which was a growth of 13 per cent in value. Projections for 2019 estimated that the market size would expand to ₹4.3 trillion, at a compound annual growth rate of 4 per cent at constant 2014 prices (see Exhibit 2). This included both fine dining restaurants targeted at high-income consumers, and economy-priced casual dining restaurants. The full-service segment was dominated by independent restaurants that accounted for more than 95 per cent of all outlets; however, full-service chain restaurants also grew rapidly in 2014.[[5]](#footnote-5) In terms of cuisine, Indian and Chinese fare were most popular, though this trend was changing with increasing interest in regional and world cuisine.[[6]](#footnote-6) Some of the popular casual dining restaurants serving traditional Indian cuisines, such as the chains Haldiram’s and Bikanervala, had established a presence in many cities.

The fast food restaurant segment was third largest in terms of the number of outlets and was predicted to reach more than ₹1 trillion by 2019—an increase from a base of ₹990 billion in 2014[[7]](#footnote-7). McDonald’s continued to be the biggest player with a share of over 1 per cent of the market, with Kentucky Fried Chicken and Subway coming a close second and third, respectively. Domestic players were largely stand-alone, independent units specific to their region, while international players had a wider national footprint. The preference of young consumers looking for variety and Western cuisine at affordable prices was seen to drive growth in the fast food sector[[8]](#footnote-8).

High rental costs, particularly in large cities, were a key challenge faced by the food service industry. Another concern was the increasing popularity of technology-based applications and websites offering third-party ordering and delivery services.

The emerging trends for the food service industry included experimentation, Indian brands going global, increased share of delivery and takeaway formats, and a focus on value meals and technology-savvy consumers.[[9]](#footnote-9) Wellness-related categories such as health beverages, organic food, and low calorie fitness foods had also seen an upward trend and were expected to grow. The demand for healthier food options was expected to expand from metro cities to Tier 1 and Tier 2 cities as well.

**THE SATTVIKO CONCEPT**

Gupta and Sharma had been classmates at one of India’s top engineering institutes, the Indian Institute of Technology Roorkee. They had known each other for 10 years and both had been dabbling in entrepreneurship since their college days. One day in November 2013, Gupta came across an interesting article on sattvik food in an in-flight magazine. Gupta was excited by the unique strengths and health benefits of sattvik food, and was struck by the possibilities for popularizing this concept. This was, as he called it, his “eureka moment.” Gupta immediately texted Sharma and they started researching the idea.

Being young, Gupta and Sharma liked to go out with friends to trendy, yet economical, restaurants. They decided to look for restaurants that served the sattvik type of food, but were surprised to find hardly any options. There were many vegetarian-only restaurants, most of which served traditional Indian cuisine, but the food was not necessarily cooked the sattvik way. The target audience for the vegetarian restaurants were generally the middle-aged and family crowd looking for good, vegetarian, traditional cuisine. Such places may have been occasionally patronized by the youth, but were not generally considered by those looking for trendy or healthy food. At the same time, there were new and upcoming options for light and healthy food, but these were localized and catered to a relatively niche segment of fitness-conscious consumers.

Gupta and Sharma researched the preparation and benefits of sattvik food, gradually becoming ardent believers in the concept. They began to think of a way to make this popular and appealing. According to them:

We wanted to offer an option that was economical, consistent in quality, energizing, and also great in taste. This is why we chose to focus on sattvik cooking, which is wholesome and tasty. In the sphere of health, yoga, which originated from India, was already accepted worldwide. But food was also an important component of health, particularly food that has the power to energize us and maximize our potential. This concept was not popular even in India in the current times and barely known globally. We were driven by the idea of leaving a legacy beyond our lives and wanted to create something big. That is how we visualized Sattviko—a brand so *big* that it would [affect] international competition and leave its impact on consumer lifestyle.

From the very beginning, the friends were clear that their core value proposition would revolve around sattvik food and its embodied values. And since they wanted to popularize this concept, they decided to make sattvik a part of their brand name. The name “Sattviko” came easily to them. It was simple and meaningful, and representative of their key product benefit. They decided to adopt the name once all the regulatory checks had been cleared.

At this stage, Gupta and Sharma thought it best that before proceeding further, they discuss their idea with mentors and business experts. According to Gupta, “The more you talk and discuss your idea, the more it begins to crystallize and take shape.” They decided to connect with a mentor they had been in touch with earlier, and to seek opinions from marketing experts and other experienced entrepreneurs. After soliciting all the feedback, the two friends came away with the following set of questions: What kind of sattvik food would they like to offer? Which type of consumer would they target? Why would these customers want to have sattvik food? In what different ways or formats could sattvik food be served to consumers? What did they want “Sattviko” to be?

As they brainstormed, Sharma pointed out that all these questions were interlinked. If they decided who their target customers should be, then the rest of the questions could be answered one by one. That seemed pretty easy in the beginning; everyone who liked to eat out could be potential customers. But that was an answer that the experts had rejected outright: “You need to decide who is likely to appreciate the value, product, and service you are offering. For whom would it add most value?” They advised the friends, “Different types of people would have different requirements and expectations. You cannot fulfil all with the same value proposition. So decide who would be your core target group. Understand them and design your strategy so that their needs are fulfilled in the best possible manner.”

“I guess we need to narrow down our target segment,” said Gupta. “Should we look at youth? They are the ones who like to go out a lot and they are also open to try new things.”

“Yes, that’s true,” added Sharma, “but do you think youth will be attracted to the concept of sattvik food?”

Gupta agreed:

Maybe not, but we need not go the traditional way. We can present sattvik food in a modern and interesting manner. Also, we need not restrict ourselves to youth but can focus more on young working people with spending power. They would probably eat out both with friends and family. This should be a large enough segment even if we were to only look at the vegetarians. There are many people in India who even today are particular about where they eat, and wonder if vegetarian food has been cooked in kitchens that don’t serve non-vegetarian food.

“But,” countered Sharma, “are we going to be looking at the traditional pure vegetarian segment or the younger, trendy, fitness-conscious segment, or both?”

Gupta replied:

If we target the youth and make the sattvik concept relevant to them, the type of food we serve should be contemporary. We could even look at new dishes that combine sattvik cooking style with international cuisines. If we look at the traditional vegetarian segment, then we need to include well-recognized and popular Indian dishes. Even people of the same age group can have different personalities and preferences. Rather than segmenting customers on the basis of traditional versus trendy, we need to see which kind of people the Sattviko value proposition would appeal to. We should essentially be targeting someone who is young and aspirational, with strong values and respect for tradition, and open to new ideas; someone who is discerning and would like to lead a fit and trendy lifestyle. Focusing on this segment makes sense because these consumers are health-conscious as well as open to interesting and innovative concepts. This segment would be significant in size. We can also extend the target segment to include slightly older age groups with similar values and desires.

Sharma asked:

So what we are clear on then, is, that our offering would be a restaurant serving innovative food, cooked the sattvik way, right? And if we want to build a strong brand, we have to ensure that we get the product right—in terms of taste, quality, and appeal. This will be the bedrock on which we build the rest of the value proposition.

Gupta concurred:

That’s correct, but we must not forget that sattvik food as a concept is considered by many as boring and limited and not highly appealing taste-wise. So we really need to work on the food we will serve. Research has shown that Indian consumers aspire for good health but not at the cost of taste. Quality and freshness have to be unquestionable but taste, innovation, and presentation will be our defining factors. And for that, we need to get a highly accomplished chef.

Deliberations on consumer segment and product focus were followed by decisions on the type of restaurant the entrepreneurs wanted Sattviko to be. They had whittled down the options to one of two: a full-service restaurant or fast food restaurant (also called quick service restaurant). They decided that since their core target was young customers, they should open casual dining restaurants where they could provide service but still maintain affordable pricing. This would help in reaching out to larger numbers of consumers and popularizing the concept. But since scale and reach were important, they also decided to simultaneously explore corporate catering and packaged food deliveries.

While grappling with these questions, Gupta and Sharma decided to touch base once again with the marketing expert with whom they had initially shared their idea. They invited the expert to a cup of coffee and presented her with the thought process they had gone through so far. One by one, they excitedly put forth their ideas.

The marketing expert smiled as the friends concluded, and said:

Good job guys. You are on the right track. But you still need to fine-tune a great many things. And answer the million-dollar question: *What do you want Sattviko to be?* What are the values it will revolve around? And what would be the scope in the future? Remember you are laying the foundation of your brand for the years to come.

As Sharma started answering, the marketing expert interrupted.

Hold on please. I don’t want you to answer straightway. Sure, you are the ones building the brand, but then you are building it for your consumers and so it is important that you first understand *them* and then give your answers. This will also help you in choosing between the various options you have been debating. While you are understanding consumer motivations and perceptions, also take some time to figure out who would be your competitors. But before you begin to seek all these answers, just tell me what’s the most important thought behind your desire to build Sattviko?

“That’s easy enough,” said the duo in unison. “That’s the one thing we are sure of. For us, the purpose of Sattviko is fostering wellness through tasty sattvik cooking,” said Gupta. “The emphasis is on taste and wellness.”

“Maybe,” added Sharma, “we need to add something about Indian tradition, but that’s something we are still debating.”

The marketing expert smiled. “I think you have already made the decision about Indian-ness subconsciously because of your choice of brand name. The word *sattvik* itself originates from Indian culture. You can give a new flavour to the old traditions but at the core, the link with Indian tradition will remain.”

“That part is true,” said Gupta, “but if we focus on Indian and traditional, then will we not be reduced to a vegetarian Indian brand? Will we not lose the segment of people looking for alternate international cuisine? We will then be limited to only those who are already vegetarian and like to have Indian cuisines outside home.”

The expert responded to this with her parting words of wisdom: “If you change the word *limited* to *focus*, I think you will find that it will actually help you. Think about this and then decide.”

“So that means,” Sharma said thoughtfully, “that our offerings could include both traditional Indian as well as modern international cuisine, but all dishes should have the sattvik ingredients and style of cooking, and even international dishes should have an Indian twist.”

After the meeting, the entrepreneurs sat down to finalize their building blocks. They were already clear on their target segment. The next block was their positioning. Sattviko was about wellness, health, and taste, and being trendy, innovative, Indian, and, of course, sattvik. If they had to focus on only one or two differentiators, it would be taste and sattvik. The concept of sattvik itself connoted healthy, fresh, wholesome, and traditional Indian. So, should their positioning highlight tasty and traditional, or tasty and wholesome, sattvik cuisine? Or should they look at some other options? This was not a very easy decision and they were tempted to include all their strengths in their positioning.

The question of deciding what organizational values their brand would represent was easier. They were clear that their company, Rays Culinary Delights Pvt. Ltd., would be built around excellence, love, respect, commitment, and entrepreneurial drive.These values would drive their product, marketing, and human resources policy (see Exhibit 3).

Though the basic idea had taken shape, there was a still a lot of work to do before the business plan could be finalized. They had to get their customer insights right, think through the scale and direction in which they wanted to move, and the funding model they would be following.

INSIGHTS ON CONSUMERS AND COMPETITORS

India was believed to be home to the largest number of vegetarians in the world. According to a national survey conducted in 2006, 31 per cent of Indians were vegetarians and another 9 per cent were vegetarians who also consumed eggs.[[10]](#footnote-10) Even among Indians who were non-vegetarian, many abstained from eating meat, fish, or eggs on certain days of the week and special religious occasions. Those who ate vegetarian food largely consumed dairy, but some specific communities, such as Jains, avoided ingredients like onion and garlic, which were considered non-sattvik.

Other than specific committed communities, not too many people consumed sattvik food on a regular basis, but most people were aware of the concept of sattvik food. Market research and discussions with consumers revealed that among the youth, a large number were familiar with the term *sattvik* but did not understand it properly. Those who had some understanding, associated sattvik food with traditional, pure, somewhat bland food, cooked without onion and garlic. They perceived it as healthy but not exciting or tasty.

The expansion of restaurant offerings from simple and traditional food to a menu that offered diversity in taste, style, and origin was a major factor driving eating out habits and preferences. Eating out had gained in popularity across different cities in India, and emerged as the second highest expenditure category for youth.[[11]](#footnote-11) Celebrating occasions and hanging out with friends were the most commonly cited reasons for eating out. While international cuisine had gained in popularity, the love for Indian food remained strong. A sizeable 56 per cent of Indian youth indicated a preference for Indian fast food items, while 21 per cent preferred south Indian food, and another 32 per cent indicated a preference for north Indian and traditional meal options (see Exhibit 4).[[12]](#footnote-12)

Though a significant percentage of people ate out at stalls or outlets in the unorganized sector, there was an increasing preference for hygienic and branded outlets. Most people exhibited a consciousness about health and fitness. However, a study involving youth and adolescents highlighted that, despite awareness about good nutrition, participants preferred less healthy options over healthier foods, mainly due to taste.[[13]](#footnote-13)

At a broad level, all eating out options were competition for Sattviko. However, more specifically, their competitors would be casual dining options offering traditional Indian food, such as Haldiram’s, Bikanervala, and Sagar Ratna. Niche restaurants offering health food, most of which focused on international cuisine, would also be competitors (see Exhibit 5).

THE SATTVIKO LAUNCH

Having done the groundwork, the entrepreneurs commenced work on the business plan. They decided to start their venture with a pooled capital of ₹15 million. Of this, 10 per cent was their own funds and 90 per cent was funded by individual investors known to them. Gupta and Sharma worked out the cost of setting up and running the business. The bulk of the ₹15 million would go to capital expenses and rentals.

Their first priorities were identifying a location for their casual dining restaurant, hiring a chef and other staff, and obtaining the requisite permits needed from different government agencies. They planned to start with one casual dining outlet in Greater Kailash in South Delhi because it was a trendy and popular market frequented by people with spending power. The entrepreneurs planned to set up several more outlets in quick succession, so they also worked on identifying suitable sites in other parts of Delhi.

While work on the restaurant interior and kitchen was going on, Gupta and Sharma also started brainstorming the logo that would be the core of their visual identity. They approached a few designers for ideas but did not like any of them. They finally put their own heads together. Gupta described the process:

We locked ourselves up in our office and decided that we would step out only once the logo had been finalized. We were clear that the brand name had to be an integral part of the logo. Plus, it had to have elements of being Indian, traditional yet not static. We finally settled for a round symbol that resembled a combination of four S-shapes connected in motion (see Exhibit 6). It also bore a slight similarity to the ancient Hindu *svastika* symbol, connecting our logo to its heritage. But the resemblance was not strong enough to have religious or other connotations. The colours used in the logo were orange and green, which complement each other well and are also the colours of the Indian flag.

Since food, wellness, and sattvik values were at the core of the brand, the entrepreneurs decided on the tagline “Food for Soul.” The first version of their logo had been simpler, with the tagline “Your Soul Food.” However, they later developed the logo into a more vibrant circular form and changed the tagline. “Your Soul Food” had evoked the idea of the soul food globally associated with African culture*.*

Gupta and Sharma opened their first Sattviko restaurant on February 13, 2014*.* They had hired an executive chef from Taj Hotels, one of India’s best-known five star hotels. The chef was briefed to use sattvik ingredients and cooking style to come up with attractive and tasty dishes that would appeal to the young (see Exhibit 6). Initially, the entrepreneurs did not want their positioning to be too focused; rather, they wanted to test the market with a broader appeal, highlighting trendy and healthy food. Their first creative, sent with the invite to the launch of the restaurant, highlighted sattvik burritos and burgers so they did not risk losing customers who would not normally have tried sattvik food.

To spread awareness, they used email marketing and set up a Facebook page highlighting the cuisine at Sattviko. They showcased some of their interesting offerings on the Facebook page along with information about sattvik cuisine. They also hosted contests to boost customer engagement. In addition to the Facebook contests, the Sattviko team distributed flyers and organized special promotional events largely aimed at generating awareness and trial (see Exhibit 7). Extensive sampling was also undertaken through delivery of small packed lunches to offices.

The restaurant did fairly well with very high customer satisfaction and positive feedback. Although repeat customers were numerous, expanding the customer base was difficult. Further, this market attracted largely a weekend crowd, so occupancy on other days was low and the high rental costs became a hurdle for profitability.

For the next two outlets, the entrepreneurs decided to focus on a different demographic. As options, they identified Kamala Nagar in North Delhi, which was a student hub and could attract large numbers of cost-conscious customers, and Rajinder Nagar in Central Delhi, which had more post-graduate students with higher paying ability. Footfalls were expected to be higher in both locations. They decided to go with smaller formats with lower rentals, and also explored shared spaces, like food courts, to improve profitability. Initially, their positioning was very broad and communication focused on different messaging at different times. As they grew their business and got feedback from customers, the founders refined their positioning to focus on innovative sattvik food that was delicious and wholesome.

THE SCENARIO IN 2015

Gupta and Sharma opened their second and third Sattviko outlets in quick succession in July and September 2014. By that time, they had also opened a centralized base kitchen in Vasant Kunj in South Delhi. This enabled them to service their restaurants, do home delivery in nearby residential areas, and reach out to the corporate hub in Gurgaon, where they had taken up contracts for four corporate cafeterias and small outlets in food courts. The second and third restaurants had quicker turnarounds and became profitable much faster due to higher footfalls and faster penetration.

In all, the entrepreneurs were operating nine outlets by January 2015. At that point, they decided to shut down their first restaurant and focus on the other two, more profitable restaurants. Though the rapid expansion in 2014–2015 had helped increase visibility and penetration, it had also strained their resources. Each of the outlets was able to recover its operational costs, but that was not enough for growth and sustenance.

Until 2015, their journey, though enjoyable, had involved a lot of sweat and struggle, especially in securing funds to meet their monthly expenditures. They had tested the market and were ready to take a big leap. Their original plan had been to rapidly increase operations and establish a restaurant chain across India and, eventually, perhaps even in other countries.

To realize their plans, they needed significant funds, so they started exploring the idea of raising venture capital (VC) funding. The start-up economy in India was booming and VC funds seemed to be there for the taking. Technology had always been a big area for VC investment, but by 2015, there was a lot of action in the food space as well. In fact, 2015 was identified by the start-up ecosystem as the “Year of Food.”

Food technology start-ups attracted $130.3 million in investments between January and September 2015, up 93 per cent from the previous year.[[14]](#footnote-14) While big food services like Zomato, Swiggy, and TinyOwl raised between $15 and $60 million in 2015, other food ordering marketplaces raised angel funding between $100,000 and $200,000.[[15]](#footnote-15) The number of companies in the online food ordering sector in India increased from 204 in 2014 to 335 in 2015.[[16]](#footnote-16) These start-ups were largely related to technology and ranged from those focused only on delivery to aggregators pooling food-related services and outlets on the same platform.

Gupta and Sharma once again sought advice from mentors, this time on raising VC funds. One of the mentors provided frank advice:

Look guys, decide where you want to take your brand. If you want to focus on restaurants and expand one at a time, that’s fine. But if you want to make Sattviko into a big business by attracting VC funds, you need to look at what the VCs [venture capitalists] find exciting. VCs will look at scale and technology. Your old pitch, therefore, is not likely to work. You will need to think afresh to tap into a growing opportunity area. Technology in online retail is big; why don’t you look at entering this space?

Preliminary investigation revealed that the total market for health and wellness products in India was close to ₹683 billion in 2015, of which the natural and organic categories accounted for 15 per cent.[[17]](#footnote-17) This was the market that Sattviko could target. The overall expected growth rate for health and wellness products was more than 6 per cent per year. There were already some big established players in this field, such as Dabur, Patanjali Ayurved, and Fabindia, but the category was still dominated by many small, unorganized players who could benefit from an online aggregator.

While Gupta and Sharma were still exploring this idea and working out the size of the opportunity, another expert opined:

Market potential is not the only thing you should be looking at. Before deciding on what strategy and business model you should present in your VC pitch, you need to decide what *you* want Sattviko to be. Your original vision was very focused and based on a desire to popularize sattvik cuisine because you thought this value proposition offered by you would fill a need gap in the market. Do you still believe in that or do you feel this opportunity is no longer attractive?

THE FINAL DECISION

It had been a month since their last brainstorming session with the experts and tomorrow was their big pitch for VC. It was time to make a final call. The sun had set by this time and the whiteboard was covered with bullet points. Putting aside their papers, Gupta tiredly rubbed his eyes and said, “So it all really boils down to what Sattviko should be.”

“Well, if we take the mentor’s suggestion,” said Sharma, “then in order to get VC funds, we need to start looking beyond food, at products and services that can lead to a healthy life and be associated with the sattvik concept in some way. That would certainly broaden the scope.”

Gupta added:

For that we have to develop an aggregator model and a platform for selling health and wellness-related food and lifestyle products and services. We could look at packaged food and snacks, yoga-related products such as yoga mats, herbal-based wellness products, fitness programmes, and other similar products and services. This should appeal to VCs. We would need to develop a portal and focus on finding the right vendors and developing the logistics as a retail aggregator.

Sharma pointed out:

That’s true, but in this model we would be merely connectors or facilitators to advance the product or service to the customer. Technology, sourcing, and logistics would have to be our focus. We will need to completely reinvent ourselves. But then what happens to our focus on creating and popularizing innovative sattvik cuisine? What do we do with the restaurant business? And most importantly, is this the best route for growth at this time?

Exhibit 1: THE SATTVIK CONCEPT

Sattvik foods were considered healthy according to Indian Ayurvedic and yogic literature because the foods purified the body and provided calmness and clarity of mind balanced with a flow of energy*.* Sattvik foods were basically vegetarian foods (including dairy products), naturally sourced, and cooked in optimal conditions with a focus on freshness and lightness. Sattvik food was cooked lightly, with little oil and spices, bringing out the flavours of the ingredients. Sattvik was derived from the Sanskrit word *sattva*, which referred to “pure, vital, conscious, strong, true, honest, wise, and clean.” Ayurveda, India’s ancient medical science, classified food into modes of *sattvik* (goodness), *rajasik* (passion), and *tamasik* (ignorance). Foods in the mode of goodness or sattvik were said to be without meat, fish, eggs, alcohol, caffeine, onions, and garlic.

Source: “Our Philosophy,” Sattviko, accessed November 3, 2016, www.sattviko.com/sattviko-philosophy; Scott Gerson, *The Ayurvedic Guide to Diet and Weight Loss: The Sattva Program* (Silver Lake, WI: Lotus Press, 2002), 107–132; B. P. Desai, “Place of Nutrition in Yoga,” *Ancient Science of Life* 9, no. 3 (1990): 147–153; Sir Monier Monier-Williams, *Sanskrit-English Dictionary* (Oxford: Clarendon Press, 1872; Cologne: Digital Sanskrit Lexicon, 2008), s.v. “sattva,” accessed November 3, 2016, www.sanskrit-lexicon.uni-koeln.de/scans/MWScan/2014/web/webtc/indexcaller.php.

Exhibit 2: MARKET SIZE PROJECTIONS OF FULL-SERVICE RESTAURANTS

Forecast Sales in Full-Service Restaurants by Category: Food Service Value 2014–2019

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **₹ billion** | **2014** | **2015** | **2016** | **2017** | **2018** | **2019** |
| Chained Asian Full-Service Restaurants | 32.1 | 32.8 | 33.6 | 34.4 | 35.2 | 35.8 |
| Independent Asian Full-Service Restaurants | 3,509.8 | 3,656.3 | 3,812.2 | 3,978.6 | 4,121.5 | 4,234.0 |
| Chained European Full-Service Restaurants | 1.6 | 1.7 | 1.8 | 1.9 | 2.0 | 2.0 |
| Chained North American Full-Service Restaurants | 2.2 | 2.3 | 2.4 | 2.5 | 2.7 | 2.8 |
| Chained Pizza Full-Service Restaurants | 27.3 | 29.8 | 32.4 | 35.4 | 38.5 | 41.7 |
| Chained Other Full-Service Restaurants | 3.8 | 4.6 | 5.4 | 6.3 | 7.2 | 8.2 |
| **Full-Service Restaurants Total** | **3,576.9** | **3,727.4** | **3,887.8** | **4,059.1** | **4,206.9** | **4,324.5** |

Forecast Full-Service Restaurants by Category: Units/Outlets 2014–2019

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Outlets** | **2014** | **2015** | **2016** | **2017** | **2018** | **2019** |
| Chained Asian Full-Service Restaurants | 1,075 | 1,150 | 1,228 | 1,308 | 1,389 | 1,472 |
| Independent Asian Full-Service Restaurants | 717,710 | 740,677 | 762,897 | 783,495 | 803,082 | 820,750 |
| Chained European Full-Service Restaurants | 50 | 54 | 58 | 62 | 66 | 70 |
| Chained North American Full-Service Restaurants | 77 | 81 | 86 | 90 | 94 | 98 |
| Chained Pizza Full-Service Restaurants | 1,310 | 1,520 | 1,748 | 1,993 | 2,252 | 2,522 |
| Chained Other Full-Service Restaurants | 57 | 66 | 75 | 84 | 93 | 102 |
| **Full-Service Restaurants Total** | **720,279** | **743,548** | **766,092** | **787,032** | **806,976** | **825,014** |

Source: “Food Service Industry Report September 2015,” Euromonitor International, accessed February 18, 2016, www.portal.euromonitor.com/portal/analysis/tab.

Exhibit 3: sattviko’s organizational values

Our core values guide how we work and how we engage with our customers, team members, and other stakeholders.

* We work for excellence in food and service: the best ingredients from the best sources, connecting with the customer, and being consistent in quality.
* We relate with love and respect: treat others how we would like to be treated and being open.
* We own our larger purpose and are committed to delivering what we promise and promise what we deliver.
* We are entrepreneurial: we are self-driven, take initiative, and continuously evolve to be our best.

Source: Company documents.

Exhibit 4: INDIAN YOUTH FOOD CHOICES OUTSIDE HOME

|  |  |
| --- | --- |
| **Food Choices** | **(%)** |
| Fast food (samosa, kachori, burgers, vada pav, and sandwiches) | 56 |
| Chat | 35 |
| Chinese | 30 |
| Pizza | 29 |
| Snacks (potato chips, namkeen, kurkure, etc.) | 22 |
| South Indian dishes | 21 |
| Vegetarian thali | 18 |
| Biryani | 18 |
| Chicken or mutton dishes | 14 |
| North Indian or Punjabi dishes | 14 |
| Dessert (ice cream, milk shakes, and pastries) | 13 |
| Italian dishes | 6 |

Source: Businessworld, *The Marketing Whitebook 2013–14: Decoding Diversity*, 9th ed. (Delhi: BW Books, 2014), 160.

Exhibit 5: PERCEPTUAL MAP of SATTVIKO’S COMPETITORS

**Traditional**

**International**

**Rich Food**

**Healthy Food**

Haldiram’s

Nirula’s

Sagar Ratna

Saravanaa Bhavan

Barbeque Nation

Bikanervala

Red Mango

Carrots Restaurant

Ruby Tuesday

KFC

Pizza Hut

Yo! China

Hard Rock Cafe

McDonald’s

Café Zoe

World in a Box

Note: KFC = Kentucky Fried Chicken

Source: Created by the author based on company documents.

Exhibit 6: SATTVIKO MENU

   

Sample Menu Items

*Methi fajita wrap:* Bell peppers, lettuce, and potatoes wrapped up in a great flavoured methi (fenugreek) wrap. A right combination of Indian & Mexican flavours.

*Sabudana poha:* Sweet, sour & spicy sabudana (Tapioca Sago) prepared with a handful of nuts.

*Stuffed wheat paratha with raita:* Two pieces of whole wheat paratha (bread) stuffed with cauliflower, cottage cheese, peas, and green beans, and enhanced with the heat of chilies.

*Tomato rice bowl:* Fragrant white rice tossed with bell pepper in scrumptious gravy, served with a side of cucumber yogurt.

Source: Company documents.

**Exhibit 7: Brand Communication**

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Source: Company documents.

1. India classified cities based on population. Tier 1 cities were highly commercialized metropolises with populations exceeding 5 million. Tier 2 cities were typically regional hubs with populations of 500,000 to 5 million. [↑](#footnote-ref-1)
2. All dollar amounts are in US$ unless otherwise specified; US$1.00 = ₹62.36 on April 15, 2015. [↑](#footnote-ref-2)
3. Reeba Zachariahi, “Eating Out: Indians Cook Up $48 Billion Food Business,” *The* *Times of India*, May 29, 2013, accessed November 3, 2016, http://timesofindia.indiatimes.com/business/india-business/Eating-out-Indians-cook-up-48-billion-food-business/articleshow/20321889.cms. [↑](#footnote-ref-3)
4. “Consumer Food Service in India, Industry Overview, September 2015,” Euromonitor International, accessed February 18, 2016, www.portal.euromonitor.com/portal/analysis/tab. [↑](#footnote-ref-4)
5. Ibid. [↑](#footnote-ref-5)
6. Vivette D’Cruz, “Servicing the Potential that the Indian Restaurant Market Offers,” Ernst and Young, accessed May 5, 2016, www.ey.com/in/en/industries/consumer-products/servicing\_the\_potential\_that\_the\_indian\_restaurant\_market\_offers. [↑](#footnote-ref-6)
7. “Consumer Food Service in India, Industry Overview, September 2015,” op. cit. [↑](#footnote-ref-7)
8. “Fast Food in India, Category Briefing, September 2015,” Euromonitor International, accessed February 18, 2016, www.portal.euromonitor.com/portal/analysis/related. [↑](#footnote-ref-8)
9. “India Food Services Report 2013,” National Restaurant Association of India (NRAI), accessed February 18, 2016, http://nrai.org/downloads/reports. [↑](#footnote-ref-9)
10. Yogendra Yadav and Sanjay Kumar, “The Food Habits of a Nation” [reporting on the Hindu–CNN–IBN State of the Nation Survey], *The Hindu*, August 14, 2006, accessed November 3, 2016, www.thehindu.com/todays-paper/the-food-habits-of-a-nation/article3089973.ece. Generally, a vegetarian diet was considered to be a diet free of meat, fish, and fowl (by-products of slaughter); variably, “vegetarian” could also mean the diet excluded other animal products such as eggs and dairy. [↑](#footnote-ref-10)
11. Tanuj Lakhina, “Youth Survey—Where is the opportunity for brands?,” *India Social*, January 27, 2011, accessed April 8, 2016, www.indiasocial.in/youth-survey-where-is-the-opportunity-for-brands. [↑](#footnote-ref-11)
12. Businessworld, *The Marketing Whitebook 2013–14: Decoding Diversity*, 9th ed. (Delhi: BW Books, 2014), 160. [↑](#footnote-ref-12)
13. Melissa Harrell, Jose Medina, Blanche Greene-Cramer, Shreela V. Sharma, Monika Arora, and Gaurang Nazar, “Understanding Eating Behaviors of New Dehli’s Youth,” *Journal of Applied Research on Children* 6, no. 2 (2015): Article 8, accessed November 4, 2016, http://digitalcommons.library.tmc.edu/childrenatrisk/vol6/iss2/8. [↑](#footnote-ref-13)
14. T. E. Narasimhan and Gireesh Babu, “Investment in Food Start-Ups Rises 93% in 2015,” *Business Standard*, October 13, 2015, accessed April 5, 2016, www.business-standard.com/article/companies/investment-in-food-start-ups-rises-93-in-2015-115101300029\_1.html. [↑](#footnote-ref-14)
15. Binu Paul, “Food-Tech Startups Get Gastric Trouble,” Tech Circle, November 4, 2015, accessed April 5, 2016, http://techcircle.vccircle.com/ 2015/11/04. [↑](#footnote-ref-15)
16. Dhanya Ann Thoppil and Sayan Chakraborty, “The E-Commerce Evolution,” Live Mint, December 25, 2015, accessed April 5, 2016, www.livemint.com/Industry/saEM7A9tPaPbgpFV12pBvL/The-ecommerce-evolution.html. [↑](#footnote-ref-16)
17. “Health and Wellness Industry Report 2015,” Euromonitor International, accessed February 18, 2016, www.portal.euromonitor.com/portal/analysis/tab. [↑](#footnote-ref-17)