

GENERATED ON **21/12/2022**

RISK EXPOSURE REPORT

Prepared for
Online



Company Profile

Company Name: **Online**

Industry Type: **Food & Hospitality**

Industry Sub Type: **Bakery**

Estimated Annual Turnover: **12**

Estimated Asset Value: **233**

Number of Employees: **3**

Industry Outlook

The hospitality industry in India is expected to reach a value of INR 1,210.87 Bn by the end of 2023, expanding at a compound annual growth rate (CAGR) of ~13% during the 2018-2023 period, owing to the high arrival rate of foreign tourists and business delegates.

Some of the key market trends to look out for in 2022 and beyond are:

- 1. Drive through and Quick Service Restaurants (QSRs)** - QSR is the future for any F&B brand as it involves less cost and space. Also, the drive-through concept is a growing trend in India. Burger giant McDonalds, among others, has pioneered in bringing this trend to India and will see an increased focus in the coming years.
- 2. Contactless Menu** - Maintaining social distance at the restaurant became one of the foremost protocols during COVID-19. To ensure all safety measures are in place, restaurants adopted contactless menus making customers comfortable and ordering seamless. In 2022 and onwards, this trend is going to increase. According to Square's Future of Restaurants 2021 report, 88 percent of restaurants will swap physical menus for digital ones.
- 3. Less dependency on physical kitchens** - or many restaurants, cloud kitchens became a means to survive during the pandemic. But now, it has become a new vertical that almost adds 10 percent to the top-line revenue, safeguarding against any losses incurred from the physical restaurants
- 4. Offer an experience of comfort** - Customers now have more expectations and are willing to pay extra for better experience at restaurants. While conditions have been relaxed, the industry needs to ensure that the patrons relax and enjoy in a secure and hygienic environment.
- 5. Focus on technology** - The industry needs to embrace technology and reduce inefficiencies. There are many technology-enabled solutions that can reduce dependence on human resources. These solutions include a better accounting PMS or IoT based engineering monitoring system.
- 6. Changing Workforce & Talent Management** - The industry is witnessing a serious talent crunch across the globe and India is no different. The employee turnover has increased significantly for both hotel and restaurant companies across the country. The focus on multi-skilling and cross-training of the staff has been a step in the right direction. However, the industry needs to look at options to optimise employees' working hours and rejig the salary structure.

Risk Outlook

 Extreme Risk

 Medium Risk



Cyber Risk



Crime Risk



Property Risk



Employee Risk



Liability Risk

Risk Insights

- **Cyber** - Information security is a pivotal aspect of many industries, especially the hospitality industry due to the nature of the data collected by companies operating within hospitality. Hotels, motels, resorts, and rented apartment complexes all gather and electronically store a range of sensitive personal guest data, such as names, phone numbers, addresses, and credit card details. This industry continues to be targeted by financially motivated criminals going after payment and personal data. Between November 2020 and October 2021, 5212 organizations worldwide experienced data breaches, out of which more than 1% belonged to the food & hospitality industry.
- **Crime** - As per PwC's Global Economic Crime and Fraud Survey (GECS) 2022, 52% of Indian organizations experienced fraud or economic crime within the last 24 months. Out of these 17% of the companies lost between USD 1Mn - 50Mn. 43% of the frauds were caused by external perpetrators, 33% by internal perpetrators and 24% was caused due to a collusion between internal and external actors.
- **Employee** - 2021 has been unparalleled when it comes to the talent exchange we are witnessing across sectors. The overall annualized attrition number for 2021 stands at an astounding 20% which is a record high since 2011. The hospitality industry saw an attrition rate of 20.2% and was among the top 5 sectors by attrition. Further, 78% firms in the hospitality sector are facing skilled talent shortage.
- **Liability** - Indian legal environment is changing very fast and the legal expenses of companies are also increasing each year. The legal requirement of industries varies from industry to industry. As per the analysis of various costs incurred by different industries over a period of 10 years (2010-2019), the legal cost incurred by the hospitality industry was 1.11% of their total expenses and 1.26% of their 10 year average sales revenue.

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