Food Services in India

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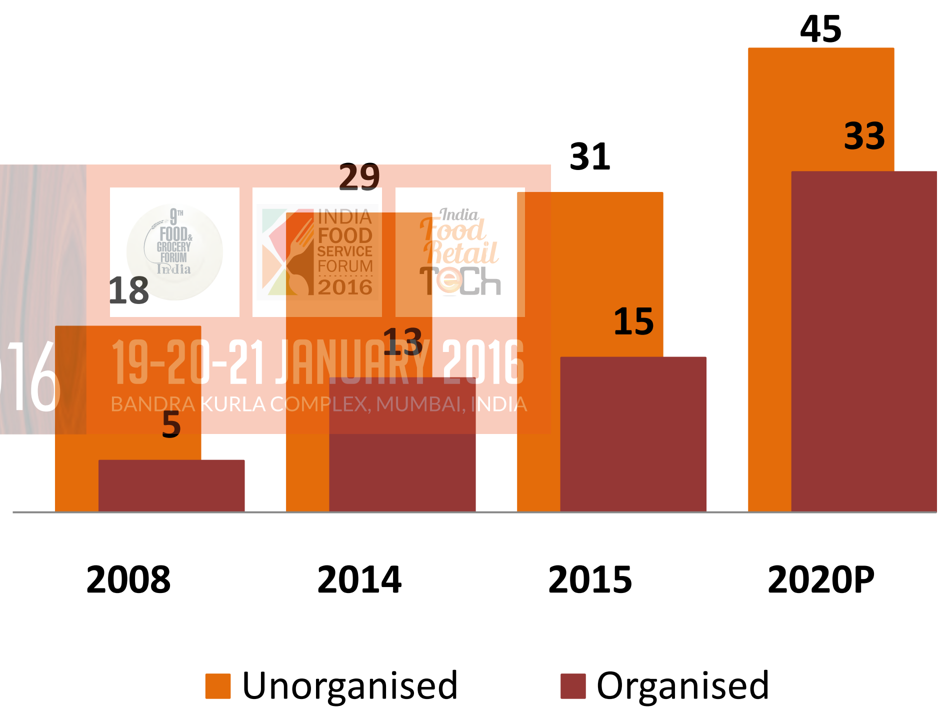
Indian Food Services (FS) Industry

- **Food Services retail market** estimated at US$ 46 billion (2015) and expected to grow at CAGR of ~11% by 2020 to reach US$ 78 billion
- **Organized FS market** accounted for ~30% (US$ 15 billion) of total market and is expected to grow at a CAGR of 17% and account for ~ 42% (US$ 33 billion) by 2020
- **Cafes & Quick Service Restaurants** accounted for ~ 25% of organized market and are the fastest growing businesses

Indian Food Services Market Size (US $ bn)



Source : NRAI - Technopak
Organised FS includes chains with 3+ stores, Licensed standalone includes restaurants with 1-2 stores

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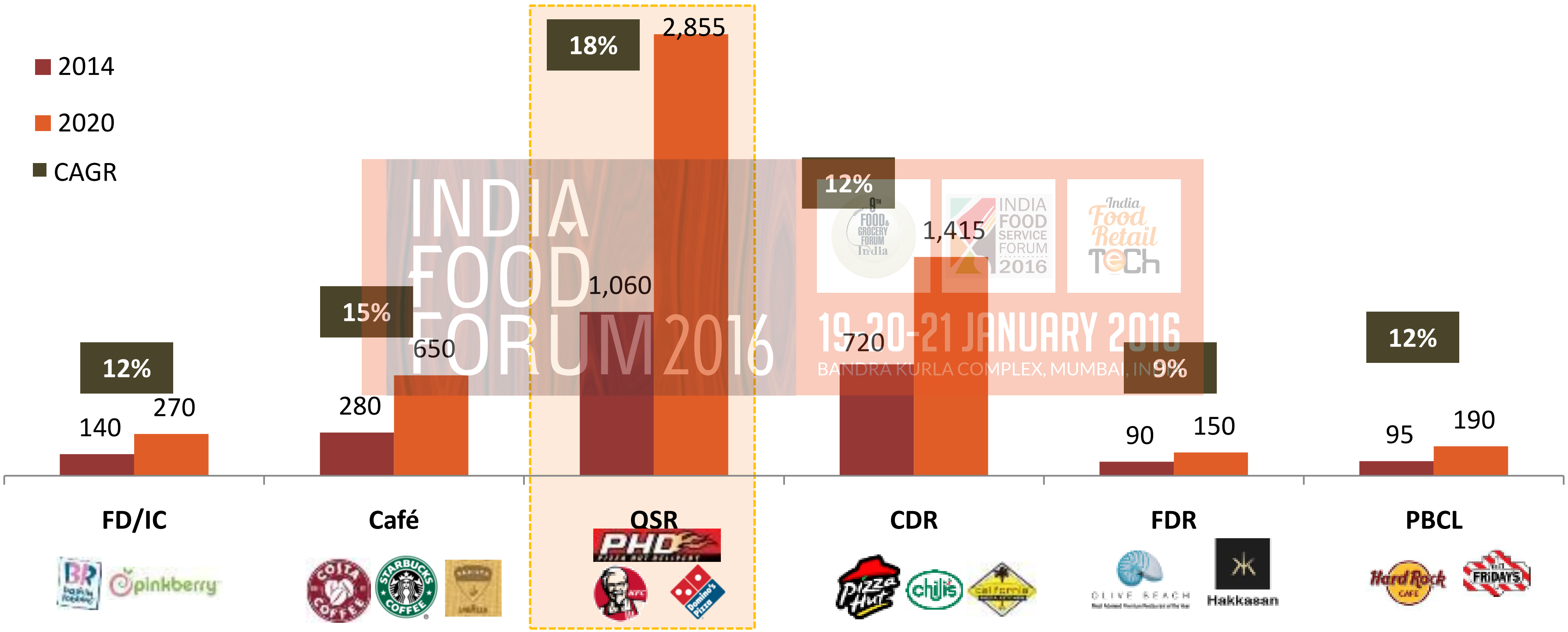
Organized : Chained Restaurants…

- **Chained restaurants** accounted for US$ 2.4 Billion, and are projected to grow to US$ 5.5 Billion by 2020 at CAGR 15%, growth driven by QSRs

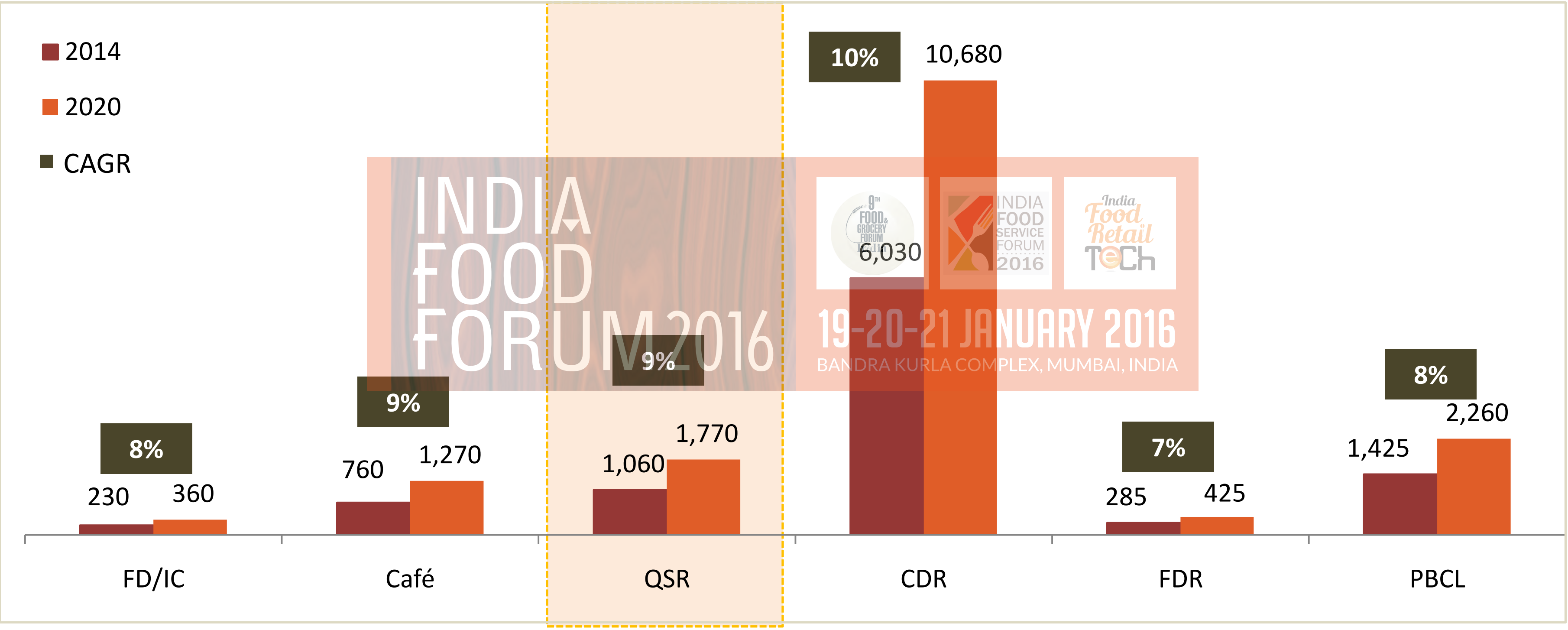


- *All figures in US$ million*
- *FD/IC – Frozen Dessert & Ice Cream*
- *CDR – Casual Dine Restaurants*
- *FDR – Fine Dine Restaurants*
- *PBCL – Pub, Bar, Club & Lounge; Exclusive of outlets in Hotels*

Source : NRAI - Technopak

Organized : Licensed Standalone…

- **Licensed standalone restaurant** market was ~US$ 10 billion, and is projected to grow at CAGR 9% to reach ~US$ 16.7 billion by 2020



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Bollywood
~ US$ 2.5 bn

FMCG
~ US$ 30 bn

Telecom
~ US$ 39 bn

Food Services
~ US$ 46 bn

- **An eco system supporting and growing with the food services industry**

  - **Real estate**
  - **Suppliers for food - fresh, ingredients, beverages….**
  - **Suppliers – kitchen equipment, construction, furniture…**
  - **Supply chain, logistics…**
  - **Commissaries, central kitchens…..**
  - **Services - design, housekeeping, security …**
  - **Education - schools, training, skilling…**
  - **Entertainment – media**
  - **……….**

How do I start my Food Services Operations

Setting-up New Restaurant Business

Key Factors to Consider….

Number of days in year spent by an urban Indian couple on various activities.

Eating out accounts for ~200 meals out of house (9 days in a year) primarily led by quality of urbanization and participation of women in the workforce

The Target Consumer…..

- Who is the consumer?
- Who could be complementary segment?
- Where they eat out?
- What they eat?
- What is the ambiance of places they eat?
- How much they spend on eating out?
- Why they eat out?
  - Relaxation
  - Socializing
  - Break from house meals
  - Celebration etc.

‘Middle India’
Driving Consumption

‘Middle India’
Driving Consumption

- ~ 500 Million consumers (excluding extremely affluent and BPL families) across Urban and Rural India (18+ years)

- ~ 270 Million in Rural India
- ~ 230 Million in Urban India
- ~ 80 Million in the top 100 cities
- ~ 75 Million in the top 70 cities
- ~ 45 Million in top 30 cities
- ~ 30 Million in the top 8 cities

The Cuisine.....

- **What are people eating?**
- **What people want to eat?**
- **What raw material is easily available?**
- **Do I factor in seasonality?**
- **How much do I have to import?**
- **How will it be different from competition?**

‘Regional Going National’

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- Pan India rise of authentic Indian regional cuisines
- Growing market for ‘Foods of India’ : snacking, condiments, pickles, spices, ingredients, RTE among others
- Casual dining formats specialising in regional cuisines

‘Culinary Nostalgia’

‘Culinary Nostalgia’

- **A revival of Grandmother’s recipes through casual and fine dining concepts. Time consuming cooking and dishes, no longer being made at homes**

- **An authentic connect with the history of cooking and the cuisine – being introduced through packaged food as well**

‘Authentic & Original’

- An evolving palate for a range of consumers, increasing appreciation and demand for ‘authentic’ and ‘original’ cuisine and flavours

- Both for food services – fine and casual dine – and a range of packaged foods

- Premiumisation through authentic and original, specially for bakery and desserts

‘Authentic & Original’

'Food on the Go'

‘Food on the Go’

*In **RAIL** Catering*

- **Ready meals and snacking options – both through retail and food services**

- **Increasing presence at travel locations, commercial complexes, campuses among others**

- **Increasing role of Mobile Vans and Carts, offering a range of cuisines**

‘Home Style Meals’

- **Home style meals to substitute home cooking**
- **Competitive pricing, Commissaries and delivery points networks**
- **Micro catchment led models, but scalable**

‘Home Style Meals’

Continued focus on
‘Healthy Eating’

Continued focus on ‘Healthy Eating’

- **Focus on fresh, balanced diet and nutrition**
- **A greater emphasis on ingredients, cooking methods, special diets, vegan diets, glycimic value and calories**
- **Not just limited to ‘organic’**

The Format…..

- Self Service
- Full Service
- Assisted Service
- QSR, FDR, CDR, PBCL????

Chained 'QSRs' & 'Cafés'

Driving Growth

Chained ‘QSRs’ & ‘Cafés’
Driving Growth

Chained Restaurant Growth Rate-

QSR- 18%

Café- 15%

CDR & PBCL- 12%

FDR- 9%

Standalone Restaurant Growth Rate-

CDR- 10%

QSR & Café- 9%

PBCL- 8%

FDR- 7%

The Location…..

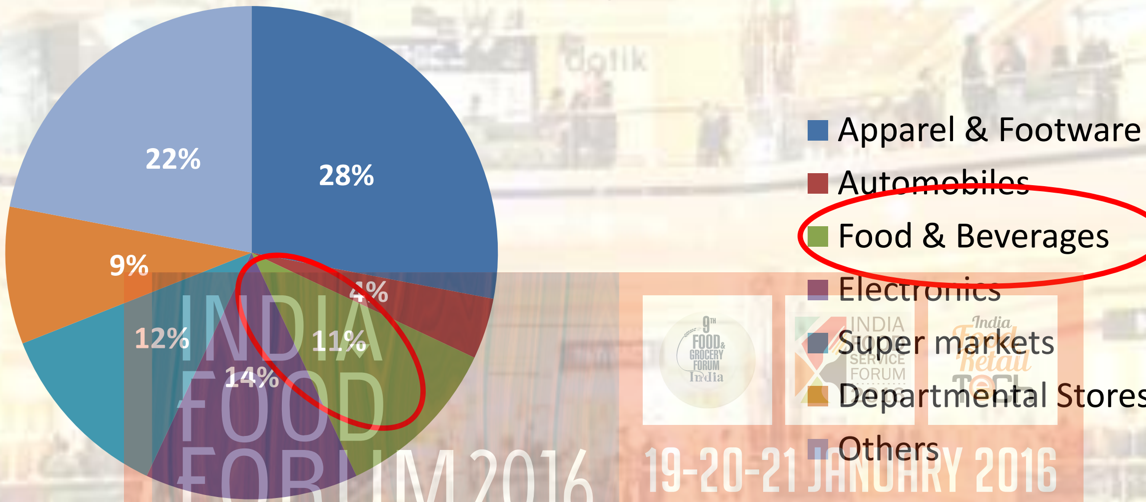
- Where people hangout?
- How accessible I will be?
- Will this place grow in near future?
- How crucial are rentals?
- Where should I be placed?
  - Mall
  - High Street
  - Office Complex
  - Food Hub
  - Local Market etc.

Malls & High Streets

High Presence of F&B Outlets

Malls & High Streets
High Presence of F&B Outlets

Category wise Retailer Penetration in Shopping Hubs



Source: Cushman Wakefield Research

Share of F&B outlets in major malls of India

Mall	City	% Share of F&B Outlets
R City Mall	Mumbai	35%
Ambiance Mall	Delhi NCR	28%
The Great India Place	Delhi NCR	26%
Mantri Square Mall	Bengaluru	23%
Select City Walk	Delhi NCR	22%
Inorbit Mall	Mumbai	22%
High Street Phoenix	Mumbai	21%
Inorbit Mall	Hyderabad	16%
South City Mall	Kolkata	14%
Inorbit Mall	Pune	10%

Sources: Technopak BoK

The Pricing…..

- **How much are people paying?**
- **What are they paying for?**
- **Do I have a value proposition?**
- **Will it be different from competition?**

Even More
‘Value for Money’

- Shift from 'value plus' to 'trade downs'
- Look at more affordability across various income levels and different price segments
- Power of brands coming under pressure

Even More
'Value for Money'

Format		Average Price Point per Person (APPP) in INR
Fine Dining	Regular	1000 to 1500
	Premium	> 1500
Casual Dining	Affordable	250-500
	Premium	500-1000
PBCL		750-1500
QSR		75-250
Cafés		50-200
Frozen Dessert		50-150

Source: NRAI- Technopak

High Growth Potential

Even More
‘Value for Money’

Connecting with Consumers…..

- **How can I reach out to maximum consumers?**

- **Where do my consumers spend their maximum time?**
  - ➢ **Home**
  - ➢ **Office**
  - ➢ **Local Travel**
  - ➢ **Shopping**
  - ➢ **Internet etc.**

- **How do they communicate?**

‘Growing Digital World’

- <u>~ 325+ million internet users; ~ 100 million broad band internet users; 175+ million Phone users with Internet</u>

- Increasing direct connect with the consumers through Social Media.

- Online reviews, gourmet clubs and critics to gain importance

‘Growing Digital World’

The Dynamic Environment

‘Age of Disruptions’

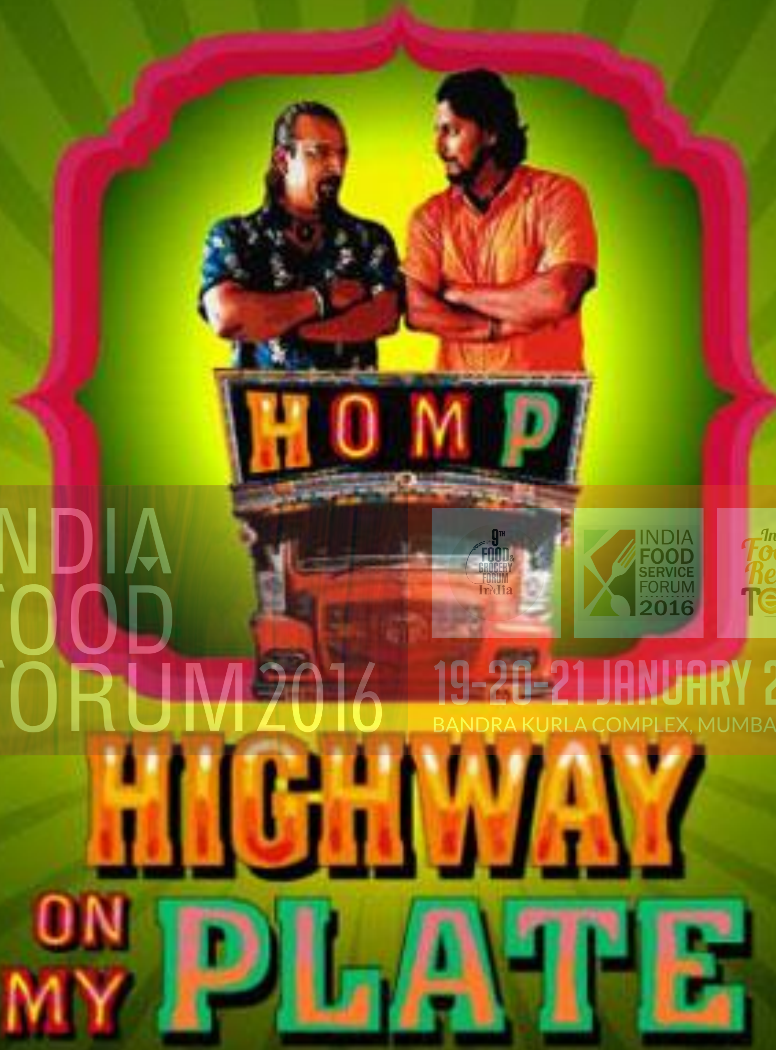
‘A new Food-tech world’

- **A whole range of new food tech concept, across exploration and discovery, reservations, delivery, feedback, internet restaurants, amongst others**

- **Internet only, curated and differentiated restaurants to gain market share**

- **Web based ordering is estimated at approx. US$ 1 bn**

‘A new Food-tech world’



‘Changing Consumers’

Changing Consumers

- A whole breed of new consumers, across bloggers, twitterati, neighborhood experts, food groups/ clubs, amongst others

- High influence of media and internet leading to demand of gourmet and specialized food

- Looking out for different experiences has gained momentum along with sharing the same on social media like Pinterest, Instagram etc.

- Brand loyalty is dynamic and newer segmentation is witnessed as the same consumer behaves in different ways with different groups e.g. when with friends, colleagues, family, when alone etc.

‘Changing Business Models’

‘Changing Business Models’

- Changing format types: Delivery to dine-in and vice versa
- Change in Menu/ core offerings: Fast Food to Gourmet
- All day Dining
- Chef and Home cooks based Portals

Changing Payment Ecosystems

Changing Payment Ecosystems

- **Mobile wallets and other online modes of payments are gaining traction. Industry estimated to be around US$ 1 bn plus**

- **Near Field Communication (NFC) will change the way people are paying**

- **Do not fight “Head- On”**
- **Start thinking like a “Start-Up” and be BOOT STRAPPED**
- **Differentiate between FAD and SUSTAINABILITY**
- **Continuously invent new business models**
- **Focus on better consumer experiences**
- **Work in an agile and multidisciplinary manner**

Thank you

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