



Serial Number - C17

Mexican Rodeo on Indian Streets

Table of Contents

Introduction	1
Q1-	
1.1 The Indian Food Industry	2
1.2 Indian Demographic And Lifestyle	2
1.3 Current Status And Growth Potential	3
Q2-	
2.1 Indian Food Processing Market Overview	4
2.2 Early Success	4
2.3 Mexican Cuisine Over Indian And Chinese	5
Q3-	
3.1 Swot Analysis For Checking Sustainability	6
3.2 Layout For Future Growth	8
3.3 Introducing Rodeo Food Truck	15
Conclusion	15
Annexure	16

Introduction

The food and service industry in India is a dynamic and thriving sector, deeply rooted in the country's diverse culinary traditions. With a rapidly growing population and changing lifestyles, there is an increasing demand for a wide range of dining options, from street food stalls to high-end restaurants. This industry not only provides delicious and diverse cuisine but also creates numerous employment opportunities, contributing significantly to India's economic growth. Quality service and a rich tapestry of flavors make it a vital part of India's cultural and economic landscape.

Mexican Rodeo, a food venture specializing in Mexican cuisine, embarked on a unique culinary journey in the vibrant city of Surat, India. Founded by childhood friends Mohit Sethia and Murli in 2012, this food venture had humble beginnings, starting as a single food truck joint. The duo's entrepreneurial spirit and passion for exploring diverse cuisines led them to venture into the uncharted territory of Mexican cuisine in a city known for its street food culture.

The food services industry in India was experiencing robust growth, with changing consumer preferences and rising discretionary spending on dining out. Mexican Rodeo found itself in a competitive landscape, contending with both domestic and international players. The founders faced a dilemma about the direction of their venture, whether to focus on the unorganized market with food trucks or expand through the QSR format, franchise model, or diversify into other international cuisines.

Despite the challenges and dilemmas, Mohit and Murli were determined to redefine and realign their business model to create a sustainable and successful brand called Mexican Rodeo. The next steps for their venture were crucial, and they needed a strategic plan to chart the course of their culinary journey.

This report delves into an in-depth analysis of the dynamic Indian food market, exploring the potential for the expansion of Mexican cuisine. Furthermore, we provide strategic insights to guide Mexican Rodeo toward a sustainable and successful business model expansion.

The Indian Food Industry

India is a diverse country with a rich culinary heritage, and people are increasingly willing to experiment with new cuisines and dining experiences. This has encouraged the expansion of specialty eateries that provide distinctive and cutting-edge dining experiences. In addition to Indian food, Lebanese, Chinese, and Japanese cuisines are all well-liked in India. Between 2019 and 2021, the number of sushi orders climbed by 50%. The Indian food service market is expanding as a result of changing lifestyles, rising urbanization, and the rising popularity of eating out. In 2021, more than 45 million Indians favored eating at restaurants.

Around 24% of Indians were vegetarian as of 2022, and about 9% were vegan. In order to serve the vegetarian and vegan populations in India, food service providers are now providing vegan menu options. In response to this trend, many fast-service restaurants are now providing vegan menu options. For instance, vegan options are available at Burger King, Pizza Hut, Taco Bell, and KFC.

Due to factors including busy lifestyles, convenience, and the COVID-19 epidemic, there is a growing demand for food delivery services in India, which is primarily driving the expansion of cloud kitchens. The expansion of digital platforms for food ordering and delivery, including Swiggy and Zomato, is another factor influencing the growth of cloud kitchens in India. With the help of these platforms, users can easily browse and purchase from a variety of cloud kitchen options, and cloud kitchens may reach a big client base without spending a lot of money on marketing and advertising. With a CAGR of 16.67% by value, cloud kitchens are therefore expected to expand the fastest during the projected period.

Indian demographic and lifestyle

The Indian consumer market is characterized by a huge metropolitan mass that includes both graduates and blue collar employees, and the country has one of the world's youngest populations. More than 50% of the consumer base is under the age of 30, including 390 million members of generation Z (born after 2000) and 440 millennials. These young people are more prevalent and have more discretionary earnings than their older counterparts, as well as a stronger propensity to spend money than to save it.

According to the country's consumption basket, food makes up about 31% of all retail purchases in India, compared to 9% in the US, 17% in Brazil, and 25% in China.

In recent years, there have been an increase in the number of restaurants, cafes, and international fast food outlets in India, and dining out has grown in popularity—especially among younger customers. Currently, 19% of consumers prefer to order takeout or have their food delivered, while 81% prefer to eat in a restaurant.



Full service restaurants (56.6%), fast food (16.3%), street kiosks and stalls (14.6%), and cafes and bars (12.5%) are the four primary components of the Indian food service industry. Fusion cuisine is a trendy restaurant trend right now. Some restaurant owners are incorporating foreign ingredients, like truffle oil, into Indian dishes to create new flavors that appeal to both Indian diners and foreign tourists who feel a sense of familiarity in such delicacies.

Mexican Food Current Status

Following the success of pizza and burgers, numerous start-ups are aiming to enter India to try their luck with Mexican foods such as tortillas, tacos, nachos, and enchiladas, which have become fairly popular in India. As a result, several restaurants now provide real Mexican food, including Sancho's in Delhi, Taco Fresco in Mumbai, Casa Mexicana at The Oberoi, El Mexicano at The Taj President, and many others. Una Mas, a chain of Mexican restaurants, is currently preparing to enter the Indian market.

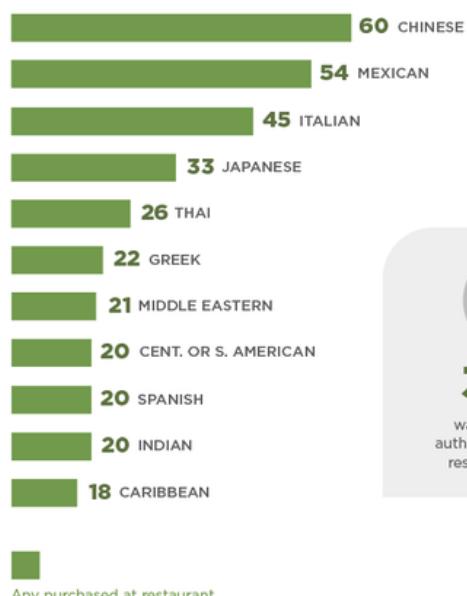
Today's newest Mexican food trends also have comparable traditional flavors. Like Tacos Al Pastor and Chipotle Tacos Al Pastor on the Grill, Roasted Adobo Pork, Chicken with Smoked Jalapenos, Smokey Chicken in Banana Leaves, Grilled Chipotle Pork Loin, Chicken and Cheese Chilaquiles, Vegetarian Chilaquiles with Summer Squash, Perfect Potluck Cheese Dip, Poblano Queso Fundido, Oven-baked Chilaquiles stuffed with Shrimp, Grilled Sweet Corn, Succulent Sweet Corn on the Grill, Baked Cheese with a Green Chile and Pork Stuffing and many more. Consequently, Mexican cuisine is extremely popular these days, as a result, there is an increase in the market's demand for Mexican snacks and the emergence of suppliers to meet it.

Growth Potential

The growth potential of Mexican cuisine in India can be quite significant, and it has been on the rise in recent years. Indians are becoming more adventurous in their culinary tastes and are increasingly open to trying different international cuisines. The exposure to global cuisines through travel, television, and the internet has piqued their interest in Mexican food.

Businesses entering this market should carefully navigate the balance between authenticity and adaptation to appeal to the Indian palate.

MOST POPULAR INTERNATIONAL FOODS:



Base: 2,000 Internet users aged 18+
Source: International Food Trends – US March 2016, Mintel Group, Ltd.

The Journey of Mexican Rodeo

2.1 India Food Processing Market Overview:

The Indian food processing market size reached INR 25,455 Billion in 2022. Looking forward, IMARC Group expects the market to reach INR 45,345 Billion by 2028, exhibiting a growth rate (CAGR) of 9.5% during 2023-2028.

The Mexican food market is expected to grow in the upcoming days. Here are some references that support this claim:

- **Technavio's Mexican Food Market Analysis Forecast 2022-2026:** This report states that the Mexican food market share is expected to increase by USD 113.85 billion from 2021 to 2026, at a CAGR of 6.65%.
- **IBISWorld's Mexican Restaurants Industry in the US - Market Research Report:** This report states that the Mexican restaurant industry in the US is expected to grow at an annualized rate of 3.4% to \$95.3 billion over the five years to 2027.
- **The NPD Group's Mexican Restaurant Category Insights and Opportunities:** This report states that Mexican restaurants are outperforming the rest of the industry, with traffic growth of 4% in 2021.



It can be said that the Mexican food market and overall Indian food market are increasing.

2.2 Early success

1. The Mexican food market is new in India and has low competition to start.

Locally, in Gujarat, a chain of Mexican fast food restaurants called Just Mexican started in 2012, indicating a market acceptance for Mexican cuisine.

2. Operational efficiency:

Mexican cuisine often relies on relatively inexpensive ingredients like beans, rice, corn, and chilies. The cost of ingredients is a contributing factor to the profit margins in Mexican restaurants, with some successful ones achieving profit margins upwards of 20%, though the average hovers around 5-7%.

Restaurants can optimize profits by managing operating costs effectively, setting appropriate price points, and differentiating their establishments from competitors. For Mexican restaurants, optimizing purchasing to reduce the cost of goods sold, such as minimizing food waste, is a strategy to increase the profit margin.

2.3 Mexican cuisine over Indian and Chinese

- 1. Flavor Variety:** Mexican cuisine offers a wide range of flavors and ingredients, including spicy, tangy, and smoky elements, which can appeal to Indians who appreciate bold and diverse taste experiences. The variety of salsas, chiles, and spices used in Mexican dishes can compete with the complex flavors found in Chinese and subcontinental cuisines.
- 2. Spices and Heat:** Both Mexican and Indian cuisines share a love for spiciness, albeit with different types of spices. The common appreciation for heat can attract Indian diners to Mexican food, as long as the spice level can be adjusted to suit individual preferences.
- 3. Vegetarian Options:** Mexican cuisine offers a plethora of vegetarian choices, such as bean burritos, vegetable enchiladas, and guacamole. Given the significant number of vegetarians in India, this aspect of Mexican cuisine can compete effectively with Chinese and subcontinental cuisines, which also offer vegetarian options.
- 4. Cultural Fusion:** Fusion dishes that combine elements of Mexican and Indian cuisine can cater to changing preferences. This approach allows Mexican restaurants to offer unique dishes that bridge the gap between the two culinary traditions.
- 5. Healthy Options:** Health-conscious Indian consumers can find Mexican cuisine appealing, as it features ingredients like avocados, beans, and fresh vegetables. Emphasizing the health benefits of certain Mexican dishes can help compete with other subcontinental tastes.
- 6. International Exposure:** The globalization of food trends has made people more open to trying different cuisines, including Mexican. Indian cities have seen an increase in Mexican restaurants, making them more accessible to consumers.
- 7. Cultural Exchange:** Cultural events, international food festivals, and exchange programs can create opportunities for people to explore and appreciate different cuisines, including Mexican.
- 8. Social Media and Food Blogging:** The influence of social media and food bloggers has made people curious and open to trying different cuisines. Visually appealing dishes and positive reviews can spark interest in Mexican cuisine.
- 9. Affordable Dining Options:** The availability of affordable Mexican fast-food chains and casual dining restaurants can make it accessible to a broader audience in India, competing effectively with other subcontinental tastes.

3.1 The SWOT analysis of Mexican Rodeo for checking sustainability :

Strengths- Unique concept Local flavour Resonance Early success Adaptability	Weakness- Operational challenges High Overhead Costs Staff retention Financial sustainability Café format losses Food truck trouble
Opportunities- Market Growth Franchise model Cultural fusion Diversification	Threats- Competition Regulatory Challenges High staff turnover Financial challenges

Strengths:

- **Unique Concept:** The authentic Mexican menu distinguishes Mexican Rodeo in a market saturated with local Indian flavors.
- **Local Flavor Resonance:** Mexican dishes, infused with local spices, appeal to Indian taste preferences.
- **Early Success:** The initial profitability of the food truck model indicates a promising market for Mexican cuisine.
- **Adaptability:** The founders' flexibility in business models and openness to franchising show their commitment to aligning with market needs.

Weaknesses:

- **Operational Challenges:** Fluctuating demand in the food truck model hampers resource optimization and triggers financial losses due to municipal penalties.
- **High Overhead Costs:** The CDR model's financial strain is attributed to steep overhead expenses, including rent, staffing, and maintenance.
- **Staff Retention:** High staff turnover due to pay sensitivity disrupts operations, necessitating costly retraining efforts.
- **Financial Sustainability:** The business model's sustainability is in question, given inconsistent profitability and its impact on growth potential.
- **Café Format Losses:** Operating a loss-making café format negatively affects overall finances and requires evaluation for financial health.
- **Food Truck Trouble:** Food trucks invited trouble from the municipal authorities(City administration). The food trucks were running good on weekends with consistent traffic but they remained idle most of the day, except for a small crowd during the evening hours.

Opportunities:

- **Market Growth:** The booming Indian food service market presents a chance for Mexican Rodeo to expand its market share due to increasing urbanization, dual-income households, and changing consumer preferences.
- **Franchise Model:** Embracing the franchise model offers a growth path for Mexican Rodeo, enabling controlled expansion into new regions by sharing operational responsibilities and risks.
- **Cultural Fusion:** Introducing fusion dishes that combine Mexican and Indian elements can attract a diverse customer base and create a unique selling point, broadening the menu's appeal.
- **Diversification:** Expanding the menu to include multiple international cuisines attracts a wider customer base, enhancing resilience and catering to various preferences in a dynamic market.

Threats:

- **Competition:** Mexican Rodeo contends with intense competition from established international QSR chains and local eateries, making it challenging to establish a distinct position and compete with their diverse menus.
- **Regulatory Challenges:** Ambiguities in food truck regulations and the regulatory landscape of the food service industry may lead to legal challenges, including fines and operational disruptions. Clearing regulatory hurdles is vital for seamless operations and legal compliance.
- **High Staff Turnover:** High staff turnover due to pay sensitivity may lead to inconsistencies in service quality, impacting the overall customer experience. Continuous recruitment and training efforts drain resources and time.
- **Financial Challenges:** The business's overarching financial challenges may hinder long-term growth and sustainability. Without a robust financial strategy, the ability to expand and compete effectively may be compromised.

From the above SWOT Analysis we conclude they were facing several issues. They were trying to capture all the markets going towards CDR , QSR and food trucks. Which was having operational issues, high overhead costs, staff retention issues, and financial sustainability concerns, especially related to loss-making café formats and food trucks, are significant weaknesses. Staff turnover disrupted operations, and the inconsistent profitability of the business model raised questions about long-term financial sustainability. And there strengths were only a few which were also not that much significant. So from this analysis we can say that their model was **not sustainable**.

3.2 Layout for future Growth

Analysis of the Business Model

We Examine the data presented in Exhibit 6 for our future growth road. It reveals noteworthy trends in the organized food service segment. Quick Service Restaurants (QSRs) experienced an increase in market share from 2013 to 2017, and this growth continued through 2022, with a corresponding rise in their Compound Annual Growth Rate (CAGR). In contrast, the Frozen Dessert/Ice Cream category maintained a relatively stable market share, but its CAGR exhibited significant growth. Meanwhile, Cafes and Fine Dining Restaurants (FDR) saw a decline in their market shares and CAGRs. Casual Dining Restaurants (CDR) and Pub, Bar & Club Lounges (PBCL) observed more modest increases in both market share and CAGR.

Examining Exhibit 3, it's evident that Quick Service Restaurants (QSR) generate substantial monthly earnings, outperforming food trucks but trailing behind Café Restaurants in terms of income.

Exhibit 5: Market Share and Growth

	Market Share (2013)	Market Share (2017)	Market Share (2022 P)	CAGR (2013 – 2017)	CAGR (2017 – 2022)
Unorganized Market	70%	66%	57%	6%	7%
Organized Market	30%	34%	43%	11%	16%

Source: NRAI Technopak India Food Services Report 2016, Technopak Analysis

However, it's worth noting that Café Restaurants, as indicated in Exhibit 6, have been experiencing a decline in their market share over time, possibly impacting their long-term sustainability. Café Restaurants in terms of income.

Analyzing the data in Exhibit 5, we can observe a significant shift in the market dynamics between organized and unorganized sectors. Over the years, the unorganized market share decreased from 70% in 2013 to 57% in 2022, accompanied by a moderate Compound Annual Growth Rate (CAGR) of 6% from 2013 to 2017 and 7% from 2017 to 2022.

Conversely, the organized market saw substantial growth, with its market share increasing from 30% in 2013 to 43% in 2022. The CAGR for the organized sector exhibited robust performance, with an 11% increase from 2013 to 2017 and a notable 16% increase from 2017 to 2022. This trend is aligned with the patterns observed in the organized standalone sector, demonstrating a consistent rise in its market share. Exhibit 8 illustrates a similar pattern, with a notable increase in the organized standalone sector of the Indian fast food services market.

Examining Exhibit 4, we observe that Mini Metros and the Next 21 cities represent a substantial portion of the market in FY 2016. This presents an opportunity for our business, as these regions have significant market potential, and we can enter with the advantage of potentially facing less immediate competition from large foreign multinational corporations. Establishing a strong brand presence in these areas could be strategically advantageous for our growth.

From all the points we can conclude that QSR is profitable and its market is increasing so we should work on this model. Managing a single model, the QSR allows for better streamlining of operations. It simplifies supply chain management, staff training, and consistency in service, leading to improved cost control and overall efficiency.

Why QSR Model?

Some of the Top Quick Service Restaurants Brands in India:

1. Domino's Restaurant: In 1996, the first Domino's Pizza store was opened in New Delhi. With 1250+ stores present all over India, you can have a Domino's pizza even while traveling on a train. The brand is the largest Quick Service restaurant in India based on the Market share.

Revenue Market share: 21%

2. McDonald's restaurants: It currently operates over 300 McDonald's restaurants across 42 cities and 11 states in West and South India. The Company is one of the top Brand Quick Service Restaurants in India.

Revenue Market share: 11%

3. KFC Restaurants: Today there are over 350 KFC Restaurants in India across more than 100 cities. KFC is the world's No.1 Chicken QSR and has industry-leading stature across many countries. Company that owns other leading brands like Pizza Hut, and Taco Bell.

Revenue Market share: 10%

4. Haldiram QSR model: Complementing its packaged food empire, Haldiram's possesses a thriving Indian QSR (Quick Service Restaurant) business, contributing 15% to its overall revenue. Haldiram's currently operates most of its stores. Embracing an aggressive franchising policy and adopting an asset-light model with streamlined systems could propel Haldiram's towards exponential earnings growth. Tata's expertise, as seen with positions them favourably to undertake this transformation.

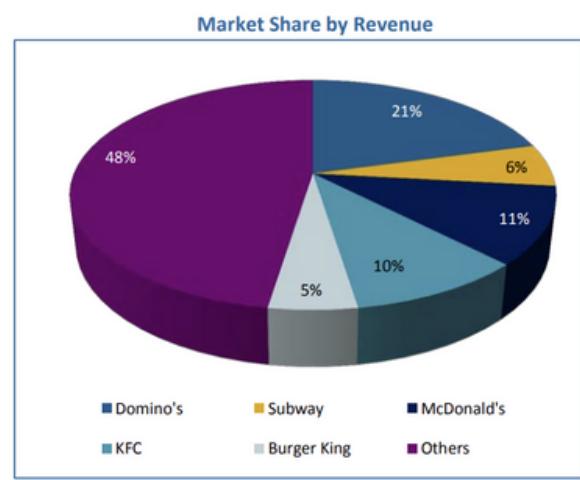
Revenue Market share: 15%

5. Subway: Today, the SUBWAY brand is the world's largest submarine sandwich chain with more than 44,000 locations around the world. In India SUBWAY has More than 500 Restaurants.

Revenue Market Share: 6%

6. Burger King: Burger King India restaurants are known for serving high-quality, greattasting, and affordable food. Founded in 1954, BURGER KING® is the second largest fast food hamburger chain in the world with about 18,000 restaurants operating in more than 100 countries and US territories as at June 30, 2019.

Revenue Market share: 4%



QSR Benefits:

1. The Ingredients for the Rise of QSR

A study by Oracle estimates that 64 percent of consumers do not want to wait more than 5 minutes to order at a counter. Similarly, when dining in-house 71 percent found it upsetting to wait for over 10 minutes. This insistence on quick service has shifted priorities for restaurants. They now cater to convenience, which means drive-throughs, takeaways, fast food, and deliveries have become more important than laid-back dining-in. Customers of all generations want quicker options and food available on their terms. Fortunately, all the ingredients required either to start or convert into QSR are easily available.

2. Need Low Capital Investment

Fast-casual restaurants, virtual brands, or dark kitchens require a sliver of capital compared to fine dining. The cost of renting or buying a physical location is lower, as they need smaller areas to set up a business. In the case of dark or ghost kitchens, which do not have a storefront the capital investment is even smaller. Additionally, the cost of running the restaurant is dramatically decreased since the operational footprint is minimal. There is no expense for décor or fine dinnerware. The overhead cost is further reduced with fewer servers, hosts, and other employees. All of this makes QSR the perfect bet for testing new food concepts or international cuisines. Suffice it to say, that unique food trends can be launched without being economically prohibitive and if they meet with success, introduced on a bigger scale.

3. Higher Profit Margins

In a traditional restaurant setup, there are three primary categories of expenditure: food, labor, and location-related. In total, they consume about 78 percent to 93 percent of revenue, leaving a profit margin of 22 percent to 7 percent or even less when a franchisee has to factor in outlet fees. For QSRs, since the location and labor-connected expenses are not as considerable, the profit margins are higher. The rise of third-party delivery services helps make this margin thicker. They have proven to be a blessing for quick-service restaurants by supporting healthier sales and profitability as compared to run-of-the-mill restaurants.

4. Expand Footprints Faster

Speed is the linchpin of the growing popularity of QSR. When customers order food, they do it with a sense of urgency, so even the best meals can be ruined when delivery is at a snail's speed. QSR solves this customer's pain point. But it's not just quick delivery that has become an ingredient in the rise of the industry. It's also the speed with which they can expand their brand presence. Since the real estate needs are negligible, restaurants can open in multiple locations with relative ease. Consequently, compared to traditional cafés, diners, and fine dining, they can be scaled faster.

5. Food Hygiene

Food safety was always important, but post-COVID it's become a critical factor. Recent research by Deloitte shows that out of 5 consumers, 4 would patronize a restaurant with better cleanliness and food safety. And they would be open to paying more for this hygiene.

QSR Model Rate:

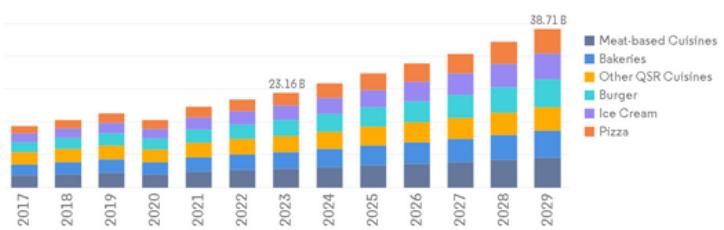
India's quick service restaurant industry is likely to witness 20-25 pc growth in the current financial year supported by demand uptick and increasing penetration driven by a rapid expansion of stores. Over the long-term, revenue growth shall be supported by factors like rising QSR penetration levels, a shift from the unorganized to the organized segment with a preference for branded quick service restaurant (QSR) players, given the hygiene and convenience factors (delivery over dine-in), etc.

QSR Strategies:

1. Deciding the Location

The first step while getting started in the restaurant industry is to understand that a lot of food businesses rely on the location.

Value of Quick Service Restaurants Foodservice Market by cuisine,
USD, India, 2017 - 2029



In a QSR, the location is of prime importance. This is because buying in a typical QSR happens not because of the restaurant itself but because the outlet was placed conveniently enough for the customers to buy impulsively. The ideal location, thus, is a place of high footfall area for the target audiences like marketplaces, university campuses, or shopping malls.

However, finding the correct location is also the prime challenge in starting a quick-service restaurant. The rentals of high-footfall areas are pretty steep, making it difficult to survive at least until the QSR breaks even.

Based on several reported cases and market research, Mexican Rodeo should strategically plan for future growth by capitalizing on the thriving demand observed in Pune and various regions of Maharashtra. To leverage this opportunity, the company should explore the establishment of Quick Service Restaurants (QSRs) in proximity to corporate offices and educational institutions. Office employees, despite their busy work schedules during office hours, present a significant potential for generating substantial revenue. Moreover, the presence of numerous engineering colleges in areas such as Ahmedabad, Vadodara, Pune, and Mumbai offers a promising opportunity for expanding the QSR franchise. By targeting locations near these colleges, Mexican Rodeo can tap into the disposable income of the student demographic, further boosting its growth prospects.

2. Staffing the Quick Service Restaurant

The biggest asset in any organization is its employees. The employees are the face of the restaurant and it is no different for a quick-service restaurant. But staff in a QSR bears more responsibility than the staff in an ordinary restaurant. This is so because in a QSR, there are a multitude of things happening simultaneously and while there is no wait staff, there is also usually no difference between kitchen staff and counter staff.

The process of training the staff is different in a QSR as compared to the other restaurant formats. Here comes the fact that there is no actual cooking that happens in a QSR kitchen, only assembling and or the final level preparation of food. Consistency in assembling and preparing the final product ultimately comes from consistency in training.

One thing that team must watch out for is the attrition rate. This industry is infamous for its high attrition rate. The industry is very welcoming to newcomers & and requires a low initial investment. This increase in competition is something that the store-level employees can easily cash out since they understand that the opportunity for them is everywhere.

In addition to this poor training and management, no loyalty for the company is created. The staff feels devalued and so does not hesitate while leaving. To control staff attrition at the outlet, talk to them on a regular basis. Making them feel like they are a stakeholder in the company is important. Let them feel valued and that they belong somewhere. This will lessen the chances of the staff leaving team.

3. Managing Operations

From a plethora of operations that need to be managed in a QSR ranging from staffing to marketing, there are three major operations that need to be taken care of for a successful QSR business.

- **Product Standardisation**
- **Front and Back of the House Coordination**
- **Choosing Suppliers for Inventory**

(I) Product Standardization

Product Standardization or rather ‘Taste Standardization’ is achieved from a mixture of staff training and controlling recipe units. Planning the menu so that the base ingredients are the same. This is so because, in the QSR business, only the assembling happens in the kitchen, which means that 90% of the cooking and preparation happens in the Central or Base Kitchen.

To explain it with an example, here is how the local burger QSR does it: all the sauces and premixes for the burgers are what give each burger its unique taste. Apart from this, it is the patty in the burgers and extras like fries, etc which define these tastes. The sauces, patties, and fries are all mass-produced in the unit. The patties and fries are semi-cooked so they are just fried before being served while the premixes and sauces are bottled up and all this is sent to different outlets weekly.

The other things like buns and vegetables are ordered fresh but are always of the same kind everywhere. Vegetables are the only thing that can create a taste difference but since they are used in lesser quantities and the defining taste comes from the mass-produced ingredients, the final product tastes the same. Here is how we can maintain consistency in the outlets better.

Needless to say, this product/taste standardization goes hand in hand with Staff Training which further relates it to Front of the House and Back of the House Coordination.

(ii) The Front and back Restaurant Operations Coordination

The staff in a quick-service restaurant is trained to handle every position possible. Everyone is one unit from the person assembling to the person cashing the order. There is no specialization of chefs or waiters which primarily means everyone understands each other, the requirement of the work and so coordination just flows as they have exactly the experience of what each member of the team requires and is going through. This means that virtually there is no front of the house or back of the house because no one is a specialist and so there is no gap in operations.

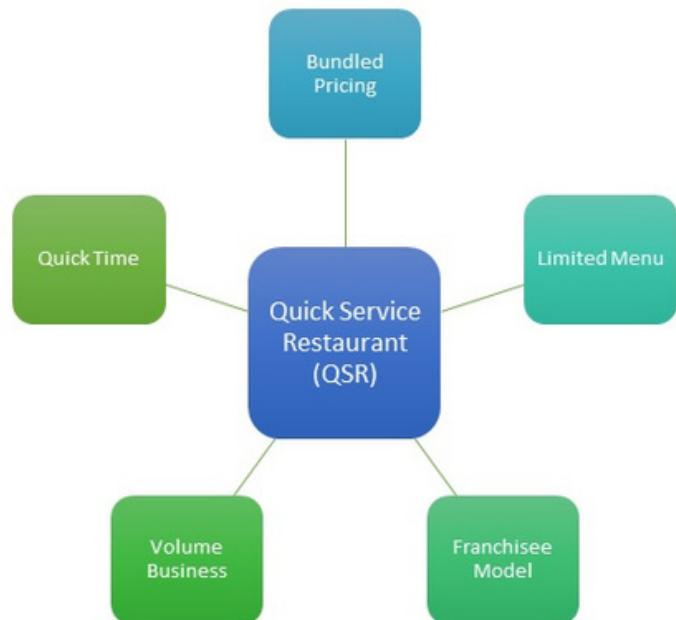
(iii) Finalizing Suppliers

Given that consistency is of such great importance in a quick-service restaurant we might be inclined to go for a huge chained supplier but think again. While finalizing the supplier for a QSR it is better to judge him on his caliber to meet the goals as opposed to the size of the outlet. When the QSR is at a single city level, a local supplier is not just better in terms of resources, product knowledge, and how important we are to him but is also economical.

The deciding factor for the supplier in the QSR business should be how well we can dictate the terms and how healthy the understanding is for the operations to run smoothly. A chained supplier may have the resources to give consistent supplies but he also has the resources to not keep us as a priority if we are a small customer and that gives them little scope for a bargain and product selection.

4. Menu Engineering-

The quick-service restaurant or the fast-food business works on the principle of Impulse Buying. Impulse buying as the name suggests is buying not out of need or desire but out of an impulse. This impulse can be the product of craving, need, choice, or any other random emotion that governs the buyer for a temporary period. Now QSRs work on impulse buying because they provide simple food at a quick pace for the customer to just eat and go.



They offer no experience; just a guarantee of a familiar taste. Apart from this, they offer ready solutions to hunger or cravings by conveniently being where their audience is. It is also necessary to understand that we have a very small window to sell something, or else the customer impulse will die and they will walk out. That is where the role of a menu comes in.

Ordinarily, the timeframe in which the menu has to roll customers into buying a high-profit item is 109 seconds. In a QSR this window is cut down further. Thus, menu planners need to ensure that the menu is such that everyone can understand it, the items are well-desired and the prices are highly suitable.

As per the insights gathered from the case study, the ingredients commonly used in Mexican cuisine strongly resonate with the Indian palate. Iconic Mexican dishes like Tacos, Nachos, and rice combos have demonstrated exceptional popularity in the Indian market. However, it's worth noting that certain other Mexican items are cost-intensive due to high raw material expenses, leading to financial losses. To enhance profitability, it's advisable to diversify the menu by introducing limited food items that share raw materials with traditional Mexican offerings.

Additionally, Mexican Rodeo's team should consider expanding their offerings to include both homemade Mexican and Indian beverages, as well as fusion combinations of the two. This strategy can help attract a wider customer base and cater to diverse tastes.

Furthermore, implementing one-on-one deals for desserts, like brownie options, and unlimited food promotions at competitive prices should be explored. Such promotions and offers can stimulate customer engagement, and loyalty, and, ultimately, drive future growth for the business.

5. Online Presence

User-Friendly Website: A well-designed website serves as the online face of the business. It should provide essential information such as the menu, location, contact details, and opening hours. Ensure that the website is mobile-responsive, as many users access websites through their smartphones.

Social Media Marketing: Social media platforms like Facebook, Instagram, and Twitter are powerful tools for engaging with our audience, sharing mouthwatering images of dishes, and promoting special offers or events.

Online Ordering and Delivery Services: Offering online ordering and delivery through the website or third-party delivery apps is a must, especially in the era of food delivery services. It makes it convenient for customers to order the food from the comfort of their homes.

Importance of franchise model for QSR :

The franchise model is of significant importance for Quick Service Restaurants (QSRs) for several reasons:

- Rapid Expansion
- Local Knowledge
- Reduced Financial Risk
- Local Employment Opportunities
- Diversification
- Entrepreneurial Spirit

Different Types of Franchise Models

There are 4 types of franchise models:

- Company Owned Company Operated (COCO)
- Company Owned Franchise Operated (COFO)
- Franchise Owned Company Operated (FOCO)
- Franchise Owned Franchise Operated (FOFO)

The business model of franchising has been increasingly popular since it enables business owners to run their own companies while utilizing an already established brand and operational framework.

For the initial days, we will prefer the COFO model, as we are not well known and it is not possible to run the FOFO model, as a franchise will not invest without a well-known brand. After some time we will continue with the FOFO model, in this model ownership is possessed by the franchise, and due to this they will work with more motivation as well and it will take less investment from the company, so comparatively there will be rapid expansion of the company brand.

3.3 Introducing Rodeo Food Truck-

introducing a food truck to our business model is a strategic move that offers a host of enticing advantages, particularly in beach areas, where the traditional quick-service restaurant (QSR) setup might not be feasible. Here's why it's an exciting opportunity:

1. Mobility and Flexibility: Food trucks are highly mobile, allowing you to cater to different beach locations as demand fluctuates. You can follow the crowds and adapt to changing customer preferences.

2. Lower Overhead Costs: Operating a food truck comes with the bonus of reduced overhead costs when compared to QSR. This translates to substantial savings on rent and utilities, freeing up resources for other areas of your business.

3. Quick and Simple Menu: Food trucks thrive on simplicity, making it easy to provide quick-to-prepare menu items. Beach lovers often seek convenient and speedy food options, and a food truck is perfectly positioned to fulfill these cravings.

4. Seasonal Popularity: Beach areas are known for their seasonal peaks in visitors. Operate during the bustling peak seasons and gracefully relocate during off-seasons, optimizing your business for year-round success.

5. Brand Visibility: It adds an extra layer of excitement to your brand by moving to different beach hotspots, attracting new customers, and progressively building brand recognition.

An Example of a successful food truck business: DOSA INC. which serves authentic South Indian cuisine to nearly 50,000 customers across Delhi, Gurugram, and Noida, clocks a revenue of Rs 1.5 crores yearly.

Conclusion-

In conclusion, our analysis of the Indian food market and the Mexican Rodeo case underscores the dynamic nature of the food service industry in India. The success and challenges faced by Mexican Rodeo exemplify the need for a strategic approach. A SWOT analysis revealed critical areas for improvement, particularly in addressing operational challenges, reducing overhead costs, and enhancing staff retention.

Key factors for success in the Quick Service Restaurant (QSR) industry include effective staffing, streamlined operations, a customer-centric menu, a robust online presence, and the adoption of the franchise model. These elements are vital for achieving growth, market penetration, and operational excellence within a competitive market. The QSR industry presents an opportunity for Mexican Rodeo to refine its business model and cater to a diverse set of customer segments while maintaining profitability and sustainability. In addition, food trucks provide strength to model in areas where we can not use the QSR model such as beach places.



Annexure

Market research-

market sentiment technavio-

<https://www.technavio.com/report/mexican-food-market-industry-analysis>

IBISWorld's Mexican Restaurants Industry in the US - Market Research Report

<https://www.ibisworld.com/united-states/market-research-reports/mexican-restaurants-industry/#AboutThisIndustry>

Indian food market growth potential

India's food service market to reach \$79.65 billion by 2028: Report

<https://civicscience.com/gen-z-is-all-about-mexican-cuisine-baby-boomers-prefer-italian/>

QSR analysis-

QSR Rapid Growth:

<https://www.indiaretailing.com/2023/09/18/indias-qsr-industry-a-recipe-for-rapid-growth/>

Examples of top QSR brands in India:

<https://indiancompanies.in/top-5-quick-service-restaurants-companies-qsr-brands-in-india/>

The QSR data for different franchise-

<https://researchreportapi.jiffy.in/research/2021/06/20210603044255-sector-report---quick-service-restaurants.pdf>

SWOT analysis of Taco Bell:

<https://iide.co/case-studies/swot-analysis-of-taco-bell/>

Chai Sutta Bar no outlets get closed:

<https://hospitality.economictimes.indiatimes.com/news/operations/food-and-beverages/chai-sutta-bar-aims-to-open-2000-outlets-in-the-next-five-years/87846093>

Operational Efficiency:-

<https://finmodelslab.com/blogs/profitability/mexican-restaurant-profitability#:~:text=Mexican%20restaurants%20can%20optimize%20their,food%20waste%20or%20streamlining>

Sales Growth During Pandemic:

<https://thebossmagazine.com/make-it-quick-for-restaurant-service-models#:~:text=Restaurants%20well,Deal%20on%20Inflation%20Reduction%20Act>

Versatility and Technological Operations

<https://www.expertmarketresearch.com/reports/quick-service-restaurants-market>

Mexican food current status-

<https://restaurant.indianretailer.com/article/Why-are-Suppliers-moving-towards-Mexican-Food.6542>

Some of the Top Quick Service Restaurants Brands in India:

<https://qz.com/kfc-pizza-hut-push-ahead-in-india-despite-low-profits-1850453363>

Infographics

<https://www.prnewswire.com/news-releases/usd-113-85-bn-growth-in-mexican-food-market-from-2021-to-2026--58-of-growth-to-originate-from-north-america-17000-technavio-reports-301433997.html>

<https://www.asenzya.com/trending-flavors/authentic-mexican-ingredients/>

<https://www.mordorintelligence.com/industry-reports/india-foodservice-market>

<https://www.mbaskool.com/business-concepts/marketing-and-strategy-terms/17868-quick-service-restaurant-qsr.html>

Indian Food Industry Analysis:

<https://www.mordorintelligence.com/industry-reports/india-foodservice-market>

Mexican brand that worked in India-

<https://www.franchiseindia.com/brands/JustMexican.12274#:~:text=To%20get%20access%20to%20over,wagon%20placed%20outside%20CEPT>

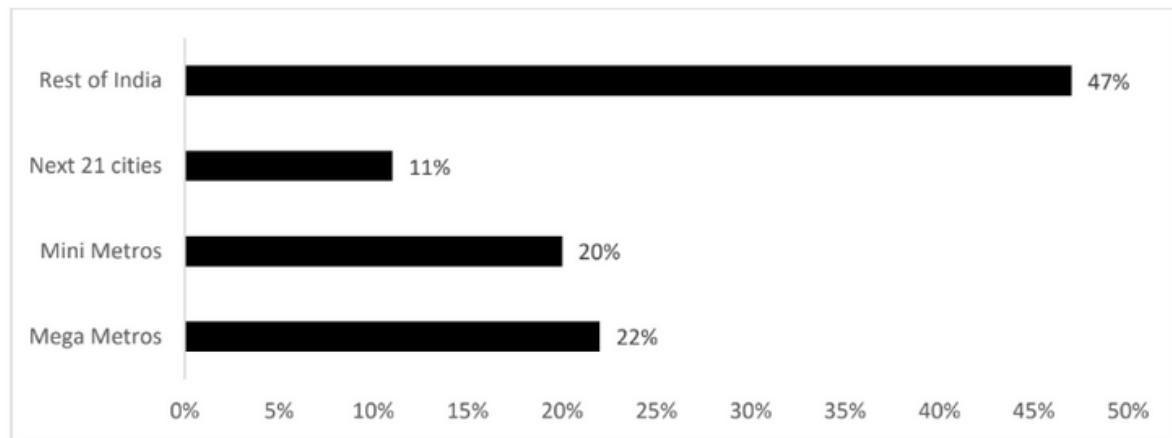
Dosa inc. food truck business:

<https://www.thebetterindia.com/242997/delhi-ncr-couple-food-truck-business-how-to-earn-crores-india-gop94/>

Exhibit 3: Income and Margins from Different Business Model

All Figures In USD	Food Truck	QSR	Café Restaurant
Monthly Earning	7500	10500	12000
Variable Cost / sales	20%	20%	15%

Exhibit 4: Market size based on cities, FY 2016



Source: NRAI Technopak India Food Services Report 2016, Technopak Analysis

Exhibit 5: Market Share and Growth

	Market Share (2013)	Market Share (2017)	Market Share (2022 P)	CAGR (2013 – 2017)	CAGR (2017 – 2022)
Unorganized Market	70%	66%	57%	6%	7%
Organized Market	30%	34%	43%	11%	16%

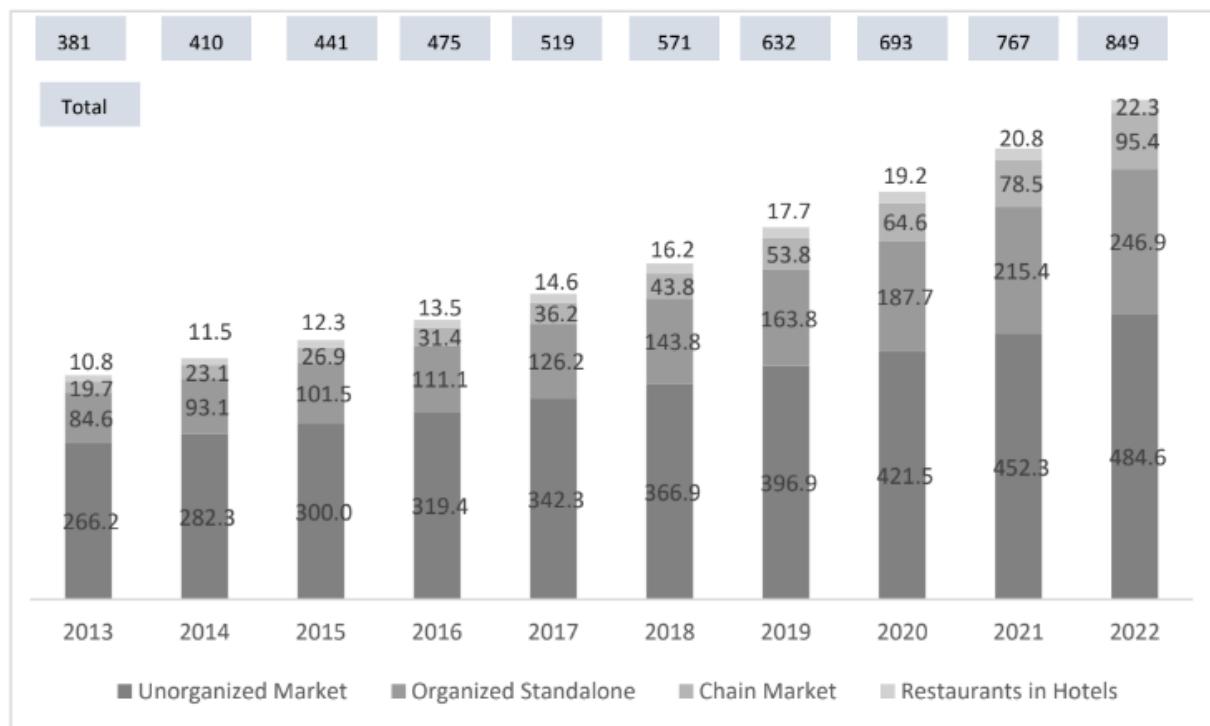
Exhibit 6: Market share of Chain format organized segment and their CAGR

Format	Market Share (%)			CAGR	
Fiscal Year	2013	2017	2022P	2013-17	2017-22
Casual Dining Restaurants (CDR = ACDR+PCDR)	31%	34%	34%	19%	21%
Quick Service Restaurants (QSR)	43%	45%	49%	18%	24%
PBCL	4%	5%	6%	24%	23%
Cafes	12%	8%	5%	6%	11%
Fine Dining Restaurants (FDR)	4%	2%	1%	2%	3%
Frozen Dessert/ Ice Cream	6%	6%	5%	13%	19%

Exhibit 7: Structure of Indian Food Services Market

Key segments in the Food and Services Market		Average Spend per person in INR*
Unorganized Segment – It includes roadside eateries and dhabas which have been the most common eating out option		10 -100 (0.15-1.54)
Organized Segment – Consists of: a. Standalone restaurants across all formats with less than 3 outlets b. Chain format which has 3 or more outlets across all formats		
<u>Chain Segment</u>		
Café	<ul style="list-style-type: none"> Coffee and chai bars as well as parlours and bakeries High focus on beverages supported by food items E.g. Starbucks, Café coffee day etc. 	50 – 250 (0.77-3.85)
Quick Service Restaurants (QSR)	<ul style="list-style-type: none"> Focused on speed of service, affordability and convenience Strong focus on takeaway and delivery with minimum table service E.g. Haldiram's, McDonalds 	75 – 250 (1.15-3.85)
Frozen desserts/ Ice-cream (FD/IC)	<ul style="list-style-type: none"> Comprises small kiosk formats of ice cream brands and has now extended the dine-in concept to frozen yogurt brands E.g. Baskin Robbins, Red Mango etc. 	50 – 150 (0.77-2.31)
Affordable Casual Dining Restaurants (ACDRs)	<ul style="list-style-type: none"> A restaurant serving moderately priced food in an ambience oriented towards providing an affordable dining experience, with table service The offerings bridge the gap between QSRs and premium casual dining restaurants E.g. Pind Balluchi, Sagar Ratna etc. 	250 – 500 (3.85-7.69)
Premium Casual Dining Restaurants (PCDRs)	<ul style="list-style-type: none"> Restaurants bridging the gap between ACDRs and fine dining restaurants Full service restaurants with eclectic high quality interiors and high standards of service E.g. Farzi Café, Oh! Calcutta etc. 	500 – 1000 (7.69-15.38)
Fine Dining Restaurants (FDRs)	<ul style="list-style-type: none"> A full service restaurant with premium interiors, specific cuisine speciality and high standard of service They offer a unique ambience and an upscale service with the help of highly trained staff E.g. Copper Chimney, Olive Bar etc. 	>1000
Pubs, Bar Café & Lounges (PBCL)	<ul style="list-style-type: none"> This format mainly serves alcohol and related beverages and includes night clubs and sports bars E.g. Beer Café, Xtreme Sports Bar etc. 	750 – 1500 (11.54-23.08)

Exhibit 8: Indian fast food services market size (USD MN)



Source: NRAI Technopark India Food Services Report, Technopark Analysis

Exhibit 9: Manpower requirement of the food venture

Salary in USD	Food Truck 1	Food truck 2	Mall Outlet	Catering
Number of staff required	5	5	5	2
Average USD monthly salary per staff	80	80	112	60
Average USD monthly salary of Chef	800			

Source: Company Data

Exhibit 10: Intended menu of the food venture along with prices

Items	Food Truck	Mall Outlet	Catering
Cost in USD	USD Price per item	USD Price per item	USD Price per item
Nachos	1.92	2.21	1.44
Tacos	2.24	2.58	1.68
Burritos	2.40	2.76	1.80
Rice combos	2.40	2.76	1.80
Sizzlers	3.20	3.68	2.40
Quesadillas	2.40	2.76	1.80
Pizza	3.20	3.68	2.40
Average price per unit	2.54	2.92	1.90
Beverages	1.28	1.47	0.96
Average price per meal*	3.82	4.39	2.86

*meal includes beverage + average price per unit

Source: Primary data from interviews