

foodService

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Making the Market Grow

The India Food Service Forum (IFSF) 2012 held in Mumbai in December was full of interesting insights offered by industry stalwarts. They talked of the various challenges, but were also unanimous that the Indian foodservice industry offers a fantastic opportunity unmatched anywhere else in the world. But encashing this opportunity on a long term basis needs a collective effort from all the players. Ultimately, the only way forward is to encourage more and more Indians to eat out even more.

One way to boost consumer spending on eating out, as our cover story notes in this issue, is to lead people to the restaurants to have breakfast. This is one day-part that is largely untapped by the industry mainly because most Indians are culturally habituated to have the day's first meal at home. But if foodservice players can unlock the key to selling breakfasts in India, it will prove to be a goldmine for them. In the West, a substantial chunk of sales in restaurants occur before 11 am, while in India, they are just about stirring to life at that hour.

The other avenue for growth available to the industry is geographical expansion. The major portion of the foodservice industry of India is still largely concentrated in the Northern and Western parts of the country. The players need to renew their focus on the South as well as make inroads into the largely untapped Eastern India.

One of the main features of the Indian foodservice industry is the amazing success of international players. Take the QSR space – the entire segment is dominated by global brands like McDonalds and Domino's Pizza. However, after a decade of facing their onslaught, Indian entrepreneurs have now begun to come up with unique QSR formats of their own.

A case in point is Fisheteria of Mumbai, a fast seafood concept that we profile in this issue. Though the chain is only a few months old with just five outlets, it shows a lot of promise through its USP of fresh "snap frozen" seafood. Here is hoping that in 2013, we get to see more such interesting and innovative concepts in the Indian foodservice market.

Here is wishing a very happy new year to you all and may the next 12 months bring the Indian foodservice industry even more cheer!



Amitabh Taneja

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Cover Story

The major difference between the Indian food service market and its international counterparts is in the business carried out during the day. In the West, 40 percent of the business carried out by food service players is before 11 am in the morning – roughly when we, in India, start opening up our outlets. Unfortunately, we still haven't realised that this is a wasted opportunity – the opportunity of cashing in on the breakfast segment; while these are aplenty, so are the challenges. Varun Jain digs in deep.

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Dré Masso has been involved with the London cocktail scene for nearly 20 years, working and running bars at various reputed places. Over the course of his career, he has won numerous cocktail competitions and been awarded the UK bartender of the year thrice. Nivedita Jayaram Pawar caught up with the mixologist to talk about the world of bartending.

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With more than 4,000 systemwide outlets in North America and an operating income of CAN\$569.5 m Tim Hortons is Canada's largest QSR chain. In 2011, Tim Hortons entered international markets with the opening of its first restaurant in Dubai. The café and bake shop brand plans to roll out 120 restaurants within the GCC markets over the next five years.



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Avant Garde Hospitality, which runs the Caperberry and Fava restaurants in Bangalore, is co-owned and run by Chef Abhijit Saha who has been rated as one of the top 10 chefs of the country by a famous magazine. Roshna Chandran recounts the story of chef Saha and explores how he has managed to turn his two restaurants into a runaway success.

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A new foodservice concept has hit Mumbai – that of fast seafood. FISHETERIA, a part of the Westcoast Group, has five outlets currently in the city but is planning aggressive expansion in other parts of India through the franchising model. Shanti Padukone explores the chain which distinguishes itself from others with the freshness of its seafood which is snap frozen the moment it is caught at sea



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Angelo Po, the Italian company which manufactures foodservice equipment for professional kitchens across the globe, entered India last year. With this move, the firm hopes to focus on the Indian market much more aggressively. In a chat with Varun Jain, Rakesh Tara, Country Manager–India with Angelo Po, talks about the market for professional kitchen equipments in India and the problems MNCs face here in tapping the Indian clients

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Event

The India Food Service Forum (IFSF) 2012 was organised by Images Group at the Bombay Exhibition Centre in Mumbai from December 12 to 13. The two-day event provided an opportunity for food service professionals from across India to brainstorm on how to increase consumption in the country and overcome the various challenges they face in boosting growth. A report on the event.



India's F&B Market

The foodservice sector in India is currently valued at ₹74,300 crore, with the organised segment contributing only 14 percent of the overall market size. The sector is dominated by a multitude of unorganised, stand-alone and local restaurants, cafés, dhabas and kiosks. However, the good news is that the organised segment has been steadily increasing its contribution over the past few years and is expected to continue to do so over the next 5–10 years. In 2007, the organised segment contributed only 6 percent to the overall market; by 2017, this is expected to go up to 21 percent – almost twice the current organised market size.

By Inderpreet Kaur

While the organised foodservice market is growing in India, there are changes happening within the different F&B segments. Currently, QSR and casual dine together account for close to 70 percent of the organised market, which is expected to go up to about 75 percent in the next five years. Most of the growth in the organised segment is a result of the fast growth of the QSR sector which is seeing expansion through existing and new players. Over the next five years, the organised sector is expected to grow at 15–16 percent to reach ₹22,000 crore by 2017.

GROWTH DRIVERS: Demand Side – The Consumer

Increase in Consumer Base: SEC A and B together account for approximately one-third of the total current population in the top 70 cities and are expected to comprise 37 percent of the population by 2017. The growth of these segments has positive implications as it presents an opportunity for brands to be present in the metros and mini-metros as well as the smaller cities of India. The growing SEC A consumer base will act as a key demand growth driver across all five foodservice segments while the growth of SEC B consumer base, at a faster pace than SEC A, indicates the robust growth potential for QSR and café segments.

Young Population: India is a young nation with a large working and earning segment, especially since the Indian youth has started earning at an earlier age, that is, immediately after graduation. This young population is comfortable



with eating out as a way of life and gets to taste its freedom by experimenting with and trying out the easily affordable food options in the market. Children are also being brought into the circle of eating out and are getting initiated into it at a young age.

Increasing Disposable Income and Changing Family Structures: Consumers' disposable incomes are increasing as a result of more women taking up the role of co-earning members, more youngsters starting to work early in their lives and the increase in smaller-sized nuclear families. These factors, apart from positively impacting the income of consumers, also create more reasons for eating out, primarily as they offer the convenience of not having to cook one's own meals. High disposable incomes have also created a greater propensity for consumers to spend more and consequently demand more in return.

Changing Needs of Consumers: Consumer needs are changing along with various parameters that go beyond the demographic profile. They are seeking convenience in various aspects such as format,

which has increased the demand for QSRs and cafés. Packaging is also considered, which has resulted in the rise of the ready-to-eat/cook category of food. Also crucial to the new consumer is time, the perceived shortage of which stresses the need for home-delivery channels.

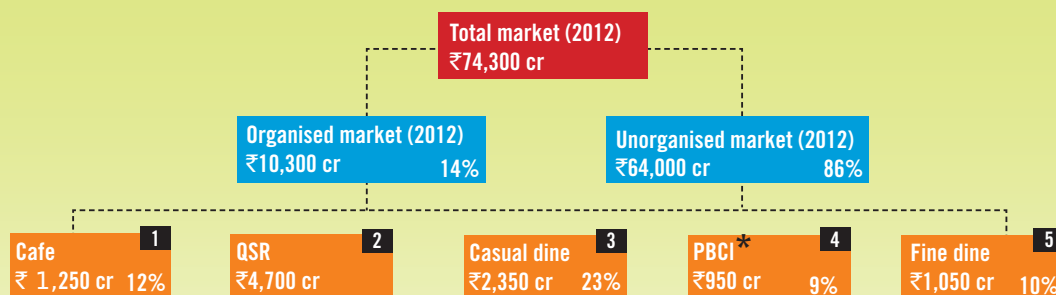
New formats are also emerging to cater to specific needs of different kinds of consumers. QSRs, cafés and pubs appeal directly to the youngsters who look for different ways to enjoy time while premium formats such as casual dine, fine dine and lounge reach out to older people who look for relaxation and personal time with friends/ families.

New Customer Segments Emerging: Consumer segments are also being defined by characteristics other than just age and income profile; consumers' needs, aspirations, lifestyle and attitudes provide further cues to brands to modify their communication and positioning. For instance, the youth today is not just about a young consumer in the age group of 18–25 years with limited pocket money or income; he/she is being defined through life experiences, attitude towards lifestyle products, aspirations in terms of brand ownership, etc. Thus, within this one age segment, there are multiple consumer segments possible.

GROWTH DRIVERS: Supply Side – The Industry

Increase in Number of F&B Players: The sector is

“Youth today is not just about a young consumer in the age group of 18–25 years with limited pocket money or income; he/she is being defined through life experiences, attitude towards lifestyle products, and aspirations in terms of brand ownership, etc.”



Source: Technopak Analysis

* PBCI means Pub/Club/Bar/Lounge



The major difference between the Indian food service market and its international counterparts is in the business carried out during the day. In the West, approximately 40 per cent of the daily business in the cafes happens before 11 am – roughly when we, in India, start opening up our outlets. Unfortunately, we still haven't realised that this is a wasted opportunity – the opportunity of cashing in on the breakfast segment; while these are aplenty, so are the challenges.



Decoding Breakfast Culture

By Varun Jain _____

Just like anywhere else in the world, breakfast in India is considered to be one of the most important meals of the day. Here, tradition dictates that breakfast is a family meal where the woman of the house ensures that her family is served a wholesome breakfast before they start the day. But, why so? Siddharth Mathur, Food Director, Impresario Entertainment & Hospitality, attributes it to convenience. According to him: "Everyone has a cook or some help, which makes it easier to eat at home. In India, a lot of people eat specific/regional Indian dishes like paratha, aloo-puri, dhokla, idli-dosa, etc. These are often perfected

to taste in every house and served in a basic home-style manner. So, there is little need to venture out.” Also, breakfast has typically been more concentrated in either 5-star hotels or on the street. The mid segment has been missing. In Europe or the United States, for example, grabbing a quick breakfast on one’s way to work is very popular and convenient. Eliminating the hassles of cooking or cleaning, such a culture offers a wide choice of options at every corner.

Manpreet Gulri, Development Agent and Country Head, Subway Systems India, thinks that easy access to fresh, home-cooked meals and the cost are the main factors that have ensured that the culture of eating out has not grown in the breakfast segment. Vikram Bakshi, JV Partner & Managing Director, McDonald’s India (North & East), opines: “In our country, not many out of home (OOH) options are available to the customer. Our initial research revealed that as much as 98 percent of the population had breakfast at home and the OOH breakfast market was very limited with only 9 per cent having breakfast out of home.”

On the other hand, Smita Jatia, Managing Director, Hardcastle Restaurants (which operates and manages McDonald’s in the West & South), finds that the trend of eating breakfast at home is changing. She says: “People’s lifestyles have been fast changing over the years. Consumer insights tell us that there is a marked increase in higher disposable incomes, young adults in the no-kids category, nuclear families, working hours and commute time. All of this leaves people with very less or almost no time for the traditional, elaborate home-cooked breakfast.” Today, people eat out nearly seven to eight times a month compared to three to four times just a few years ago. Indian consumers are gaining exposure to international environments and cultures, and this has created a demand for world-class products at affordable



prices. The profile of the Indian consumer has evolved to being hygiene conscious, taste conscious, brand conscious, experimental and seeking not only international standards but also value. According to Jatia, all of these factors have contributed immensely to why a larger number of Indians today prefer breakfast on the go rather than a home-cooked meal.

Opportunities galore

There is great untapped potential within the breakfast segment in the Indian food service sector. It is only recently that organised QSR players marked their foray into this segment. Until a couple of years ago, the breakfast segment was highly unorganised and consisted of primarily udupi joints. Jatia believes that there is a shift in the dynamics of this segment only due to the fact that this has now been recognised as a high growth and high potential segment. Bakshi, too, feels that with evolving and changing lifestyles and serious demands being put on their time, consumers are moving towards eating OOH, and breakfast is the new category that is gaining a lot of traction. With increased accessibility it will become a more evolved category. Moreover, although OOH breakfast remains metro-specific at the moment,

“Our initial research revealed that as much as 98 percent of the population had breakfast at home and the OOH breakfast market was very limited with only 9 per cent having breakfast out of home”

– Vikram Bakshi,
JV Partner & MD,
McDonald’s India
(North & East)



Sri Lankan Food Safari

India is now shining a light on Sri Lankan food, and people are ready to accept it. At a recent Sri Lankan food festival at the Sahara Star Hotel, Mumbai, Sri Lankan Chef Ranjith Bomaluwage was pleasantly surprised with the response to the fiery curries and sambuls. Nivedita Jayaram Pawar spoke to industry experts on the growing popularity of the Sri Lankan cuisine in India.

Sri Lankan food brings to mind a plate of rice with several curries served on a banana leaf. In many ways similar to Indian food, Sri Lankan cuisine can be best described as a cross between southern Indian and Thai food. No wonder, Indians are lapping it up at food festivals around the country. Moreover, Sri Lanka always has been very closely associated with India in terms of history and culture. With these connections comes the food connection. “Recently I have noticed that the Sri Lankan cuisine is picking up steam in India. The prime reason is the fact that the customer now wants to try out new food, cuisines and flavors all the time. Sri Lankan food is very similar to south Indian food and so the acceptance is much quicker. The recent political stability has also opened its doors to tourism, pushing the cuisine up the popularity charts,” says Ajay Chopra, Executive Chef, The Westin Mumbai Garden City.

Food Facts

A tropical island, Sri Lanka is blessed with treasures of spices and tea that have for centuries attracted settlers from Arabia to China, India to Malaysia, Portugal to Holland – all of whom have left behind their impressions on the traditional Sri Lankan cuisine. Most Sri Lankans eat vegetables. With a large community of farmers, rice and curry is the staple every day.

Traditional dishes include the famous hoppers (bowl-shaped rice pancakes), Indi Appa, Ambulthiyal (spicy fish preparation with thick gamboges ‘Goraka’ paste) and Lamprais (complete rice and curry meal wrapped and steamed in a banana leaf – a dish of Dutch origin).





The food is flavoured with a variety of herbs and spices including garlic, ginger, lemon grass, etc., and curry powder which is prepared by blending at least five different ingredients. Considering the fact that one of Sri Lanka's major agricultural products is pepper, it isn't surprising that most of the cuisine is very fiery. No meal is complete without sambols (shredded coconut and chillies, sometimes with onions), chutneys, pickles and pappadams as accompaniments. The chutneys in fact come handy to cool off the chillies. Roti in Sri Lanka may be the paratha or the chapati type of flat bread. One variant is the Pol (coconut) roti. Coconut milk is a very distinct feature of Sri Lankan cuisine.

The curries are called black curries due to the dark color of the finished sauces, which is a result of roasting the dry ingredients before use. Black curries generally accompany meat dishes. The spices in some of the Sinhalese dishes can clean out your sinuses!

Traditional desserts include Watalappan (made with coconut milk and palm jaggery), curd and honey, and a range of sweets such as Kavun, kokis, aluwa and paniwalalu. Though rice is a staple, Kurrikkan (nachni/ragi) finds its way in many of the dishes. Inspired by several ethnicities, Sri Lankan cuisine is majorly influenced by the cultures of the Portuguese, Dutch and British invaders as well as the Indian, Arab, Malay and Moor traders.

What's unique is the fact that the same dishes are prepared differently in different regions. Dishes from the North have distinct south Indian flavors, whereas dishes from the South region of Sri Lanka can be very spicy or hot.

The Growing Popularity

Chef Ranjith Bomaluwage, who works as the Chef De Partie at the world-renowned Heritance Kandalama in Sri Lanka, was in Mumbai recently to entice the Mumbaikars with Sinhalese flavours at the Earthplate, Sahara Star Hotel. "Today, a lot of Indians are travelling to Sri Lanka for business as well as on holiday. And they have taken a liking



“Indians can identify with the looks and the spices of Sri Lankan food, yet it is something new. A Sri Lankan restaurant in India will definitely do well, especially in Mumbai and Delhi”

– Salil Fadnis,
Executive Chef, Hotel
Sahara Star.

Typical Sri Lankan Meal

- Indiappa is the most popular breakfast item. Made from rice noodles curled into flat spirals, it is served with a thin fish or chicken curry.
- Rice is the staple, eaten with curries of vegetable, lentils and potato. Accompaniments include sambol, Achcharu (made with green chili, onions and mustered cream), papadam or mallum (chopped leaves and coconut). The most popular of these is the coconut sambol, made of ground coconut mixed with chillies, Maldivian fish, lime juice and salt.
- Hoppers (appa) are another food native to Sri Lanka, served mainly for breakfast or dinner and often accompanied by lunu miris, a fiery hot mix of red onions, chilli, salt and sometimes Maldivian fish.
- Kavum, a rice cake, is a popular Sri Lankan sweet. Watalappan, a steamed pudding made with coconut milk, eggs, and jaggery, has become a staple Sri Lankan dessert.

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