

## FAST FOOD RETAIL INDUSTRY IN INDIA: AN OVERVIEW

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### ABSTRACT

Fast food is now part of our daily life. Fast food retailing industry is ever growing and ever expanding (industry) sector in the Indian market. Fast food outlets are commonly known as retail outlets or chains that provide limited menu and quick service of the food as the name suggests itself. The food joints are generally take away, drive through eat in with limited seating capacity and self-service. The boom in the fast food industry, with commencement and expansion of fast food joints fueled employment opportunities for semi-skilled people along with providing an easy hand to working women and their families for quick meal solutions. There are various factors responsible for the growth of this sector namely increases in per capita income, economic growth, higher number of female employees, paucity of time, etc. Also the industry is posed with various challenges like health related issues, low calories food, balance between societal expectation and companies economic objectives, retrenchment of employees, etc. This research study focuses on current trends of fast food retail industry in Indian market.

**KEYWORDS:** *Fast Food, Retail, Industry, Low Calories Food, Food Joints.*

### Introduction

The concept of fast food isn't new. It was in industrial age when workers have to work for long hours in the factory premises and they were not provided with enough lunch breaks and the first food joint was established in front of the food factories. The concept of fast food means quick meal solution. The features of fast food, is that it takes less time period and also regarded as finger food and food is served in disposables. Fast food is generally cooked and served restaurant or a shop. There are mainly three types of food joints: Self-service restaurants with a fast-food palette like McDonalds, Wendy's, Burger King, Pizza Hut, etc. Take-out (or take-away) businesses that sell ready-to-eat foods and beverages "on the street corner" Hot-dog stands and snack stands with counters or a pair of stand-up tables. Drive-thru food business is one the most well-known business generally in created nations that delineates a procedure of conveying nourishments more rapidly than other some other eatery framework and it requires less investment to set up the sustenance's just as prepared for eating or potentially conveying to the clients (Khan, 2012). Cheap food outlets are likewise called as Quick Service Retail outlets that give constrained menu, restricted administration and regularly self-serve counters.

Fast food outlets are also called as Quick Service Retail outlets that provide limited menu, limited service and often self-serve counters. Marked drive-thru food retail outlets and utilization in drive-thru food outlets are definitely expanded in most recent couple of years. The immense increment can be added to ascent of family unit, introduction to western culture, double salary family and fast urbanization. Junk food outlets changed the way of life of buyers as well as brought about lopsided eating regimens and adjusted custom of cooking at home Outlets like Kentucky Fried Chicken (KFC), Dominos, Pizza Hut, Subway, Mc Donald's and Burger King are confronting difficulties because of client's taste and worry towards health benefits. The upsides of junk food are availability, promptly accessible sustenance and

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picture and so on. Disadvantages of junk food things are high calories, fat, salt and other dishonest added substances. In spite of every one of these cons absolute sustenance junk food generation in India may liable to twofold in expected decade and there is an open door for extensive interest in cheap food. Cheap food administration diminishes the separation secured by the client to go after eatables. This pulls in all classes of individuals in the general public. Fast food is a multi billion industry continuing to grow at a rapid pace in coming years. Fast food is frequently exceedingly handled and arranged in a modern design i.e., with standard fixing, systematic cooking and creation strategies.

### Objective

To study the scope of fast food retail industry in India.

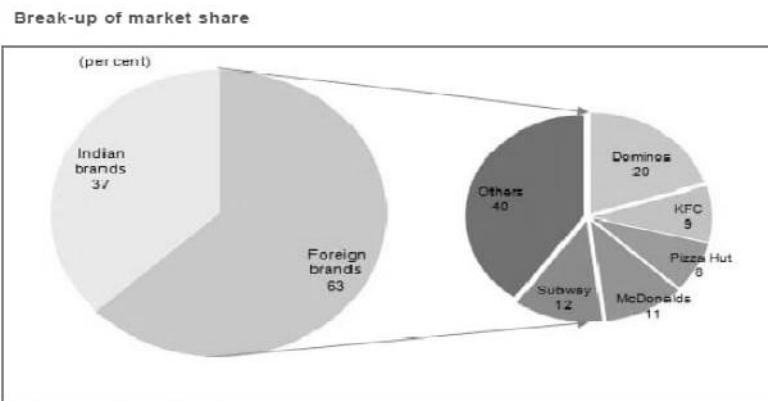
### Methodology

The study is based on previous research literature reviews on fast food retailing industry. Secondary data is drawn from various websites, journals and reports published by the agencies working in this field.

### Results & Discussion

#### The fast food market in India

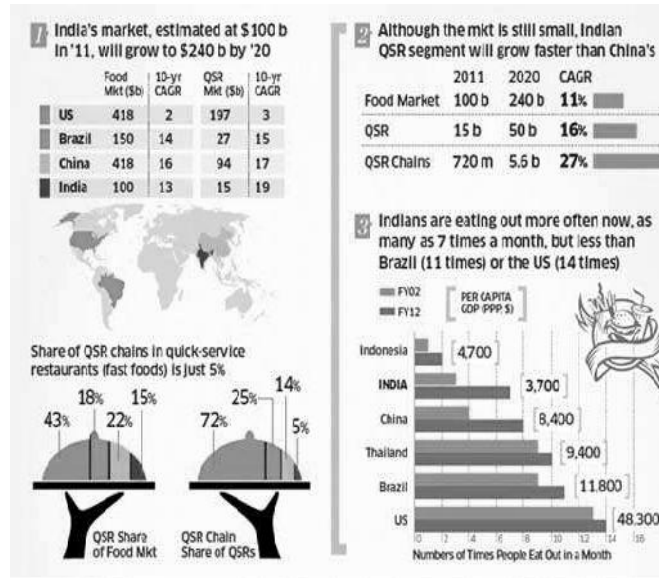
The junk food, or QSR, group took off in India around 20 years back after progression strategy that came in power in 1991. Inexpensive food industry has developed in India as global junk food players, for example, McDonalds, KFC, Domino's Pizza and Pizza Hut have set up their business either together with Indian accomplices or freely. These players at first had an intense time understanding the Indian shopper, as their home market models did not function admirably in India (Ruth, 2008). In the course of the most recent decade, however, a considerable lot of these players have their demonstration together through a better understanding of the Indian market as Indianized menus, breakfast menus, sit-and-eat configurations and situating their outlets as goals for family excursions.



The breakup of market share consists of majority fast food retail outlets are owned by foreign brands with 63% of market share. The Indian fast food outlets consist of 37% which is now growing, looking at the success of these brands. Generally, eating out was looked downward on in Indian culture. The development in family units, especially in urban India, presentation to worldwide media and Western food and an expanding number of ladies joining the workforce have affected eating out patterns. Logically, eating out is getting to be indistinguishable with amusement. And very often, it is preferred as a time-saving option to cooking. Not surprisingly, takeaways are becoming increasingly popular India. The foreign brands of these fast food international chains are dominated in Indian market by Domino's, KFC, Pizza Hut, McDonalds and Subway. Indian fast food market is expected to grow at a CAGR of 18% by 2020 due to changing consumer behaviour and demography. Fast food market in India is expected to be worth US\$ 27.57 billion by 2020. About 10% of the fast food market in India is organized. It is estimated that the organized fast food market in India is expected to grow at a CAGR of 27% by 2020.

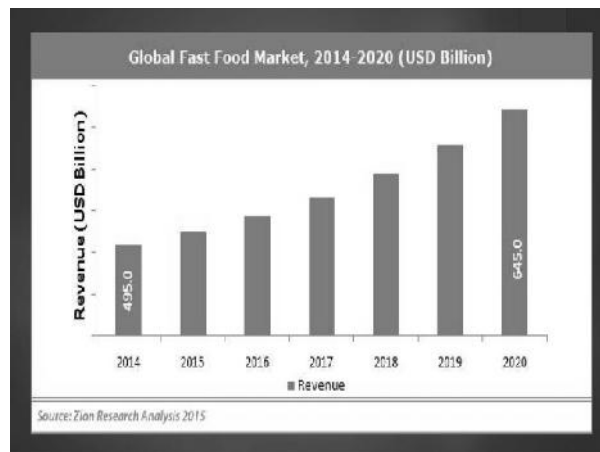
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- Vegetarian fast food constitutes of around 45% of the whole fast food market in India and is expected to grow at a CAGR of 18% by 2020.
- Fast food Casual dining restaurants (CDRs) market in organized fast food sector in India is projected to grow at a CAGR of 27% by 2019-20.
- Non casual dining restaurants (NCDR) or fast casual dining restaurants have gained tremendous market share in the last 10-15 years. Non-Casual dining restaurants (CDRs) market in organized fast food sector in India is also projected to grow at a CAGR of 27% in next 5 years.
- Quick Service Restaurants (QSRs) market in organized fast food sector in India is projected to grow at a CAGR of 20% by 2019-20.
- Millions of people eat ethnic fast food every-day from pani-puri to vadapav to dosa. To leverage the growth of ethnic fast food market many players are entering this market in an organised way.
- Ethnic fast food market in India is projected to grow at a CAGR of 31.95% by 2019-20.



Source: ACSI

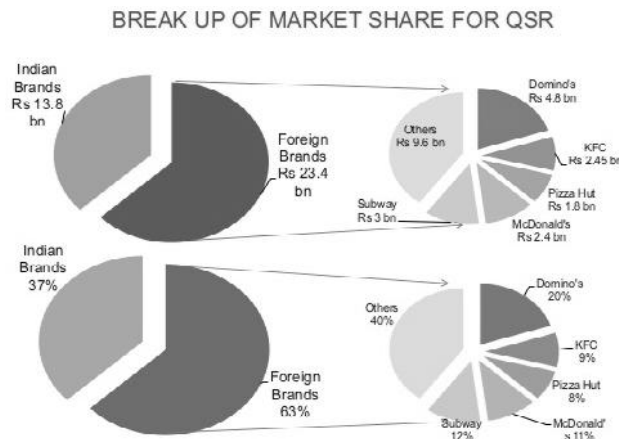
**Facts and Figures**



Fast food is one of the world's largest growing food categories. India's fast food industry is growing by 40% a year. The multinational segment of Indian fast food industry is expected to rise up to 645(USD Billion) by 2020. In last 6 years, the revenue is seen to increase 150 Billion USD, which is a very high figure for any sector to grow. Because of the easy availability of raw material and work force for fast food industry, Global chains are flooding into the country.

#### Major Player's f

- McDonalds f
- Pizza Hut f
- Dominos
- KFC
- Subway



The primary explanation for the achievement of the global chains is their skill in item advancement, sourcing rehearses, quality norms, administration levels and institutionalized working techniques in their eateries, a quality that they have created over long stretches of understanding far and wide. The home developed chains have in the previous couple of long periods of rivalry with the MNCs, took in a couple of things yet there is still a great deal of extension for development. They have applied learning experience from other countries in all the processes including consistency, marketing, distribution and training to the local market conditions. While McDonalds has been able to attract people below 30, Dominos is targeting the 'convenience-seeker.' Be that as it may, the Indian chains are at leverage since they comprehend the Indian purchaser conduct and dietary patterns and their item contributions have been custom-made appropriately.

Global chains like McDonalds and Pizza Hut are still on an expectation to absorb information endeavoring to alter their menu to the Indian taste and sustenance inclinations. Pizza Hut, for instance, propelled its masala scope of pizzas and furthermore opened the world's initial 100 percent vegetarian outlet in India. Domino, on the other hand, has launched its peppy paneer pizza keeping in mind the Indian taste buds.

#### Reasons for Growth

- **Working Women:** The increase in the working population of women has given rise to eating out and quick meal solutions are need of the hour. Since work takes majority of time, women are left with no or very less time for cooking.
- **Paucity of Time:** With busy and fast paced lives there's hardly any time left for household chores. Rapid increase in both the spouses working to maintain social lifestyles, people have no time for cooking also increase in number of other entertainment items. Most of the time either people work or want to have leisure time with their family and friends.
- **Consumer Sophistication and Confidence:** Individuals would prefer not to get ready sustenance and invest their time and vitality in house hold works. They are building their certainty more on 'prepared to eat and simple to serve' sort of nourishments and think about this as materialistic trifle and modernity.

- **Double Income Group:** Rise of double income group leads to increase in more disposable income. The bigger amount of disposable income available means that it will be spent on leisure activities like food and entertainment.
- **Increase in per Capita Income:** There is continuous increase in the per capita income of the Indian citizens. More income in hand results into more spending in comforts and entertainment and thus results into more and more spending on fast and ready to serve kind of foods. f
- **Economic Growth:** With economic liberalization of 1991, more foreign and private industries entered the Indian market that result into income generation of the Indian residents – more income results into more savings- more savings means more investment - more investment results into overall growth of the economy. f
- **Large Population:** India being a second largest country in terms of population possesses large potential market for all the products/services. This results into entry of large number of fast food players in the country as it appeals as a lucrative market. f
- **Relaxation in Rules and Regulations:** With the economic liberalization of 1991, most of the tariff and non tariff barriers from the Indian boundaries are either removed or minimized. This caused essentially the MNC's to enter in the nation. ff

#### Challenges Posed to the Industry

- **Social and cultural implications of Indians switching to western breakfast food:** Indian market is sensitive in terms of cultural values. The Indian consumers are sentimental about their religious beliefs like they worship cow and fast food made with beef is a sin. So the industries that started to capture Indian market were posed with the challenge of customizing menu according to the beliefs of the society.
- **Emphasis on the usage of bio-degradable products:** Paper plates and napkins, polyurethane compartments, plastic mugs and silverware, drinking containers or PET (polyethylene terephthalate) bottles are utilized, and these are on the whole expendable. A considerable lot of these things are hurled in the refuse as opposed to being reused, or surprisingly more terrible, simply tossed on the ground. This weights nature pointlessly and misuses crude materials. So as to decrease soil and water contamination, government now accentuation more on the utilization of bio-degradable items.
- **Retrenchment of employees:** Most of new industries will be capital intensive and drives local competitors away, which will result in more workers, out of business. f
- **Repatriation of revenue earned:** Repatriation of profits is another reason of worry for Indian economy. As when MNC's enters the any nations, individuals and government trust that it will expand the work rate and result in financial development. However, with the multinational operation, host country experiences these benefits for a short time period. In long run neither the employments expands (on account of capital escalated nature of MNC's) nor it builds the GDP or GNP since whatever MNC's win they repatriate that benefit back to their nation of origin
- **Environmental friendly products cost high:** government is legislating laws and it is emphasizing more on the usage of bio-degradable and environment friendly products. But the problem that fast food player face is the cost associated with the environment friendly product. They cost much higher than the normal products that companies uses for packaging or wrapping their products. ff
- **Health related issues:** Obesity: Studies have exposed that a typical fast food has very high density and food with high density causes people to eat more then they usually need. Also the food is high in terms of calorie intake and fat and causes unnecessary weight gain.

#### Trends in Indian Market

- **Marketing to Children's:** Children are the most easy target audience for the marketers of fast food outlets in India. The key to attract children is to introduce varieties of things that will draw the child's attention. The parents today have nuclear family with high disposable income and less number of children. This simply means by targeting children they automatically target their parents.f
- **Low level customer commitment:** As a result of the vast number of sustenance retail outlets and furthermore due to the propensity of client to change from one item to other (as food is one factor where client needs to have a go at everything new that goes to the market), this industry faces low level customer affinity.

- **Value added services:** There is continuous improvement in the services offered as far as fast food market in India is considered. By giving free toy or giving one plus one offers, or happy hours/meals all the competitors are trying to capture more and more consumers.
- **Attracting different segments of the market:** Junk food outlets are presenting assortments of items so as to fulfill the requests of every single fragment of the market. They are presenting all classifications of item so individuals of all age, sex, class, salary can come and turn into a client of their product line.

### Conclusion

The success of fast foods arose from the drastic changes in our lifestyle changing conditions. With the advent of many women working or both parents now work for maintain the harsh lifestyle and to match the standards of the society. Also, with both partners working and growth of nuclear families there are increased numbers of single-parent households. With the expansion of urban areas, and urbanization of rural or semi urban areas schools, colleges and offices are located in the outskirts of the city for more spacious atmosphere, but that leads to longer travel time and less time for making meals. In this time crunch and on the go lifestyles there's hardly any time for people to eat properly. And due to work pressures usually, lunch times are short leaving no choice but to eat quick. Also, there's often not sufficient time or opportunity to shop carefully for foodstuffs, or to cook and eat with one's family. Specifically on weekdays, fast food outdoor is the easiest way out to our fast paced lives. Some noticeable facts about fast food industry are: Fast food had seen rapid growth in past decade, majorly because of changing lifestyles, emergence of nuclear family system, increase in working women workforce and western influence in urban areas.

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