QUICK SERVICE RESTAURANTS IN INDIA
Objectives

- To identify existing opportunities in the Indian QSR space
- To summarize the macroeconomic environment of the industry
- To explain the working of a QSR
- To indicate the current trends
- To summarize key player profiles and understand their positioning vis-à-vis one another
- To understand the challenges faced by QSRs in an emerging market like India
<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Table of Contents</th>
<th>Slide #</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Executive Summary</td>
<td>4</td>
</tr>
<tr>
<td>a.</td>
<td>Introduction</td>
<td>6</td>
</tr>
<tr>
<td>b.</td>
<td>Market Segmentation</td>
<td>7</td>
</tr>
<tr>
<td>c.</td>
<td>Growth Drivers</td>
<td>8</td>
</tr>
<tr>
<td>d.</td>
<td>Challenges</td>
<td>9</td>
</tr>
<tr>
<td>e.</td>
<td>SWOT Analysis</td>
<td>10</td>
</tr>
<tr>
<td>f.</td>
<td>QSR Features and Target Audience</td>
<td>11</td>
</tr>
<tr>
<td>II</td>
<td>Industry Overview</td>
<td>5</td>
</tr>
<tr>
<td>a.</td>
<td>Introduction</td>
<td>6</td>
</tr>
<tr>
<td>b.</td>
<td>Market Segmentation</td>
<td>7</td>
</tr>
<tr>
<td>c.</td>
<td>Growth Drivers</td>
<td>8</td>
</tr>
<tr>
<td>d.</td>
<td>Challenges</td>
<td>9</td>
</tr>
<tr>
<td>e.</td>
<td>SWOT Analysis</td>
<td>10</td>
</tr>
<tr>
<td>f.</td>
<td>QSR Features and Target Audience</td>
<td>11</td>
</tr>
<tr>
<td>III</td>
<td>Working of a QSR</td>
<td>12</td>
</tr>
<tr>
<td>a.</td>
<td>Importance of Brand</td>
<td>13</td>
</tr>
<tr>
<td>b.</td>
<td>Formats and Locations</td>
<td>14</td>
</tr>
<tr>
<td>c.</td>
<td>Setting up a QSR</td>
<td>15</td>
</tr>
<tr>
<td>d.</td>
<td>Managing Human Resources</td>
<td>16</td>
</tr>
<tr>
<td>e.</td>
<td>Marketing Strategies</td>
<td>17</td>
</tr>
<tr>
<td>g.</td>
<td>Pricing Strategies</td>
<td>18</td>
</tr>
</tbody>
</table>

**Table of Contents**

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Table of Contents</th>
<th>Slide #</th>
</tr>
</thead>
<tbody>
<tr>
<td>h.</td>
<td>Growth Strategies</td>
<td>19</td>
</tr>
<tr>
<td>i.</td>
<td>Menu Planning</td>
<td>20</td>
</tr>
<tr>
<td>j.</td>
<td>Standardization</td>
<td>21</td>
</tr>
<tr>
<td>k.</td>
<td>Case Study – Dominos India</td>
<td>22</td>
</tr>
<tr>
<td>III</td>
<td>Key Players</td>
<td>25</td>
</tr>
<tr>
<td>a.</td>
<td>Key Player Profiles</td>
<td>26</td>
</tr>
<tr>
<td>b.</td>
<td>Key Players’ segmentation</td>
<td>29</td>
</tr>
<tr>
<td>c.</td>
<td>Brand Positioning</td>
<td>31</td>
</tr>
<tr>
<td>IV</td>
<td>Trends and Future Prospects</td>
<td>33</td>
</tr>
<tr>
<td>a.</td>
<td>Trends</td>
<td>34</td>
</tr>
<tr>
<td>b.</td>
<td>Rising Investor Interest</td>
<td>35</td>
</tr>
<tr>
<td>c.</td>
<td>QSRs coming to India</td>
<td>36</td>
</tr>
<tr>
<td>V</td>
<td>About D’Essence</td>
<td>38</td>
</tr>
</tbody>
</table>
Executive Summary

- India is witnessing rapid urbanization of small towns and growth of mid-sized cities. This along with rising population in key metros and higher disposable incomes is fuelling growth in every industry. 35% of India’s population will be in urban centres by 2020 totaling to 53 crores compared to the current urban population of 32 crores.

- Consumer markets are being driven by the country’s youth population. Be it college goers or the young working class, exposure to the international environment and culture, has created a demand for world-class products at affordable prices.

- This has led to the rise of Quick Service Restaurants (QSRs) in India, the fastest growing segment in the eating out market. By 2012, there will be at least 2000 more QSR outlets across India.

- With QSR giants like Starbucks and Dunkin’ Donuts yet to foray in the market, there is a lot to look forward to.
Industry Overview
7% of the total restaurant market comprises of QSRs

- The Indian fast food market is growing at an annual rate of 25-30 per cent, Foreign fast food chains are aggressively increasing their presence in the country.
- The market is dominated by global brands like McDonalds, KFC and Dominos specially in the organized fast food segment. Growing trend of consumption of new cuisines and increasing brand awareness has led to the increase of global players. The new age Indian consumers have also played a significant role.
- Organized modern formats like malls, multiplexes and food courts have also become a favoured destination. Larger companies are teaming up with small franchisors to set-up their brand.
- QSRs started with big metros, but are now building their presence in Tier 2 cities like Pune, Ahmedabad, Chandigarh and Bangalore.

Sources: www.nrai.org, www.rncos.com
Market Segmentation

Restaurant Industry

- Unorganized
  - Full-Service Restaurants
    - Fine Dining
    - Casual Dining
  - QSRs
    - Take-away
    - Home Delivery
    - Eat-in
  - Bars and Lounges
  - Kiosks/Carts

- Organized
  - Accounting Transparency
  - Organized Supply Chain
  - Quality Control
  - Sourcing Norms
  - Multiple Outlets
  - Dominated by Global Players

- Road-side location
- No technical standards
- No accounting standardization

- Highest growth segment. Maximum Footfall due to increasing traffic at airports, railway stations, malls, multiplexes and supermarkets
Growth Drivers

Expanding Middle Class

Urbanization

Youth Spending

Nuclear families

Better logistics

Mall and Multiplex boom

25% of population eats out at least twice a month and spends Rs.150-Rs.500 / meal

GROWTH DRIVERS

A younger and richer India is fuelling rapid growth in the eating-out segment

Total population of Gen Next (13-24 Age Group) 300 million

Total population of Gen Next living in urban areas 29.5% or 88.5 million

Key consumption areas

Clothing & accessories, Food, Entertainment and durables

Spending Power Rs.3000-40000 per month

Urban youth behaviour

- Socially active
- Hangs out at coffee shops and malls
- Prefers to be seen at the right places
- Expresses one’s identity through choice of brands consumed

Household Distribution By Annual Income

86% Affluent 11% Upper Middle Class 29% Lower Middle Class 2% Bottom of the pyramid

Sources: Marketing Whitebook 2011-12, Economic Times, MGI
Maintaining Consistency in product and quality of service are the biggest challenges faced by QSRs

### Challenges

<table>
<thead>
<tr>
<th>Demand Side</th>
<th>Supply Side</th>
<th>Talent</th>
<th>Supply Chain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health and hygiene concerns among buyers</td>
<td>Maintaining Quality of Service</td>
<td>Acquiring Key Talent</td>
<td>Building a cost-effective supply chain</td>
</tr>
<tr>
<td>QSR customers are very easy to sell to, but also very easy to lose</td>
<td>Localization of Menu</td>
<td>Managing high attrition rate amongst junior level employees</td>
<td>Establishing a supply chain in a new region</td>
</tr>
<tr>
<td>Beating local competition</td>
<td>Standardization of product across outlets</td>
<td></td>
<td>Monitoring quality of products procured from third parties</td>
</tr>
<tr>
<td>Low entry barriers</td>
<td>Monitoring multiple outlets</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reducing service time – efficient assembly line</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
SWOT Analysis

**STRENGTH**
- Risk-sharing in a franchise based model
- Abundance of cheap labour in India

**WEAKNESS**
- Sourcing Talent
- Monitoring franchisees
- Maintaining quality standards across outlets
- Understanding Indian tastes

**OPPORTUNITIES**
- Burgeoning middle class
- Increase in malls and multiplexes
- Increasing youth spending
- Urbanization

**THREATS**
- Food Inflation
- Product imitation
- Price Competition
- Dependency on third parties
- Local Competition

**Internal Factors**
- Positive

**External Factors**
- Negative
**Urban Youth Make Up The Prime Target Audience**

<table>
<thead>
<tr>
<th>Key Features of a QSR</th>
<th>Particulars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Cost in terms of initial investment as well as operating cost</td>
<td></td>
</tr>
<tr>
<td>Low Risk</td>
<td></td>
</tr>
<tr>
<td>High Impulse products</td>
<td></td>
</tr>
<tr>
<td>Best Retail Locations</td>
<td></td>
</tr>
<tr>
<td>Competitive Prices</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Target Audience Profile</th>
<th>Particulars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category</td>
<td>Young Urban Professionals on the move</td>
</tr>
<tr>
<td></td>
<td>Teenagers</td>
</tr>
<tr>
<td></td>
<td>Students</td>
</tr>
<tr>
<td></td>
<td>Multiplex audience</td>
</tr>
<tr>
<td></td>
<td>Shoppers</td>
</tr>
<tr>
<td>Age group</td>
<td>16-35</td>
</tr>
<tr>
<td>Location</td>
<td>Cities and towns</td>
</tr>
<tr>
<td>Social Class</td>
<td>Middle and Upper Middle Class</td>
</tr>
<tr>
<td>Lifecycle</td>
<td>Dependent and Pre-Family*</td>
</tr>
</tbody>
</table>

*based on Sagacity Lifestyle Model

**Target Audience Behaviour**

- Hygiene & Taste conscious
- Brand conscious
- Westernized culture
- Seeking international standards
- Value seekers
- Experimental
Working of a QSR
Brand Image, Ambience and Overall Experience are important intangible factors for QSR customers

- A QSR is meant to create instant interest in the mind of the consumer. It has to have
  - Mass appeal
  - A characteristic ambience
  - A unique experience
  - A strong brand identity

- One cannot find Ronald at any other burger joint except McDonalds.

- The service, which is the only human touch, plays a big role in creating a unique experience. A lot of time and resources are spent on training the staff, as they represent the brand. KFC employees are expected to live up to their 3 F’s to create the perfect environment – Fun, Friendly and Familiar.

- In an effort to maintain the same experience across outlets, the service, interiors and menu items are standardized.
QSR Formats and Locations

**QSR FORMATS**

- Restaurants
- Food Court Counters
- Kiosks/Food Carts
- Take-away/Delivery
- Drive-ins

**LOCATIONS**

- Malls
- Tourist hubs
- Corporate hubs
- Shopping Centers
- Multiplexes
- Airports/ Railway Stations
Setting up a Franchise Outlet

**Initial Qualification**
- Application Review
- Background and Credit Check
- Assess training needs
- Signing of Franchise Disclosure Document
- Verify Assets

**Operation Plan**
- Prospective franchisee makes an operation plan which is reviewed thoroughly

**Site Exploration and Securing Control**
- Determine Site Selection Strategy
- Identify focus areas
- Franchisor completes Action Plan for Trade Area
- Franchisee negotiates for the site and sends letter of intent

**Site Registration**
- Franchisor sends site registration to brand for approval
- Franchisee remits funds

**Franchise On-boarding**
- Franchisee arranges for Financing
- Hires a Team
- Franchisor provides Support and Training
- Builds Restaurant
- Supports in Grand Opening

**Franchisor’s Role after the launch**
- On-site Training is provided for every procedure.
- The Franchisor has an approved vendor list from where the ingredients can be sourced.
- They have an annual promotional and advertising plan that they implement with the support of the franchisees.
- Quality checks are conducted via Consumer Feedback, Food Safety Audits and Standard Audits.
Managing Human Resources

- **Acquisition**

  When QSRs come to India, they find it difficult to get experienced talent for strategic positions. There are very few people with relevant experience, especially in a global firm. Poaching employees from competitors would mean huge incentives and salary raises. Thus a lot of companies hire people in the same function but from a different industry.

- **Support & training**

  The franchisors offer support and training to the franchisees for effectively running the small format franchise business. Training is conducted at 3 stages:
  - Induction
  - On-going
  - Refresher

- **Retention**

  Out of 10000 employees, KFC has to replace 7000 employees each year. This means cost for fresh recruitments, training and relieving employees is very high. Dominos has increased salaries of store front employees by 20% and implemented an incentive plan in order to reduce attrition rate.
Marketing Strategies

- QSRs have to play on their strengths to create and communicate a brand promise.
- The brand promise can be anything from fast service to low prices to healthy food.
- Successful QSR chains have been able to take their brand promise very effectively to the masses.

1. A large burger chain targeted the value seeker community and created **highest value for money** as its brand promise.

2. India’s largest Pizza chain targeted the customers who wanted **fast service** at their doorsteps. It created the brand promise of assured fast delivery and communicated it with its “30 mins or its free” campaigns.

3. A large coffee shop chain wanted to position itself as **not just a coffee shop** but a place to hangout with friends and family. They marketed themselves with the tag line “A lot can happen over coffee” which clearly communicated that they wanted their customers to have a complete experience much beyond just coffee.
Pricing Strategies

- It's important for QSRs to price their products carefully because of the stiff competition that they face.
- The strategy is to price their products in such a way that the maximum number of customers can be retained and at the same time higher margins are abstracted from the customers who do not mind paying more for extra value. This is achieved by:

**DIFFERENTIAL PRICING**

- Pricing the base product aggressively and keeping higher margins on the side orders.
- This strategy is for the price conscious consumer who sees great value in the base product and can choose to not take the side orders.
- At the same time it allows the QSR to charge the customer for whom price does not matter, much more through the high margin side orders.
- Most QSRs keep fighter brands in their menu to remain competitive.

**VALUE PRICING**

- Value combos allow the QSR to sell more no of high margin products with the low margin base products.
- Eg: QSRs try to sell more French fries and cold drinks through their value meals. Pizza chains sell more garlic bread and cold drinks through their value meals.

It's important for QSRs to price their products carefully because of the stiff competition that they face. The strategy is to price their products in such a way that the maximum number of customers can be retained and at the same time higher margins are abstracted from the customers who do not mind paying more for extra value. This is achieved by:

**DIFFERENTIAL PRICING**

- Pricing the base product aggressively and keeping higher margins on the side orders.
- This strategy is for the price conscious consumer who sees great value in the base product and can choose to not take the side orders.
- At the same time it allows the QSR to charge the customer for whom price does not matter, much more through the high margin side orders.

**VALUE PRICING**

- Value combos allow the QSR to sell more no of high margin products with the low margin base products.
- Eg: QSRs try to sell more French fries and cold drinks through their value meals. Pizza chains sell more garlic bread and cold drinks through their value meals.
A large burger chain in India has the highest foot fall amongst all countries, but the lowest average bill. Growth in India is achieved based on volumes, hence every QSR is looking to expand its presence.

A coffee trading company who supplies coffee beans, started a retail business of coffee shops all over India.

A casual restaurant chain diversified into food court stalls, thus entering the QSR market.

A coffee shop chain diversified its coffee shops business by establishing express outlets and coffee machines.

A soft drink giant branched out to form a new company with Pizza and Fried Chicken chains in its umbrella. It sold off its stake, but is in a lifetime contract with the firm.
Menu Selection is critical, especially when localizing in markets like India and China where traditions, religion and local taste are cannot be ignored. Enlisted below are some of the important factors:

**Size of outlets**
- QSRs do not keep the full menu at all outlets.
- Instead they include only a few high volume products at outlets with space limitations like food courts and express kiosks.

**Target in terms of demographics**
- Depending upon the age group they are targeting, QSRs have to adjust their menus.
- QSRs targeting older age groups have to include healthier and more traditional food items in their menus where as QSRs targeting the youth can have more experimental and/or fast food items.

**Local taste preference**
- Product adaptation according to customer preferences is really important for QSRs to succeed.
- International chains in India have to adjust their menus to include more vegetarian and spicy items. A Fried Chicken brand has the most extensive range of items in India amongst all its worldwide outlets.
- Most QSR giants avoid using beef and pork due to cultural taboos.
There are 4 important factors that enable standardization for a restaurant with multiple outlets:

• Every new employee has to go through a specific pre-designed training program for that level of employment.

• The same machines are used by all outlets for making the dishes. Standard recipes have to be followed by the chefs who receive thorough training for the same.

• QSRs have centralized approved vendors from where they procure and process raw materials. They also procure finished products like spices and condiments from the same vendor and distribute it.
Jubilant Foodworks Ltd. operates the 364 Dominos outlets in India, pursuant to a Master Franchise Agreement with Domino's International, which provides them with the exclusive right to develop and operate Domino's pizza delivery stores and the associated trademarks in the operation of stores in India, Nepal, Bangladesh and Sri Lanka. The pizza stores in Sri Lanka are operated by their sub-franchisee, DP Lanka.

It is the largest Pizza chain in India, way ahead of its immediate competitor Pizza Hut with 50% of market share in the Indian Pizza market and 70% market share in the home delivery market.

Source: dominos.com, dominos.co.in, reuters.com
Market share in the Indian Pizza market – 50%
Market share in the home delivery segment – 70%
80% of their sales come from the Pizza segment, and the remaining is attributed to beverages and side items.
80% of sales come from home delivery and 20% from OTC sales.

Sales Break-up: Cuisine-wise

Sales Break-up: Segment-wise

Particulars

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Per Day Per Outlet</td>
<td>Rs. 56600</td>
</tr>
<tr>
<td>EBIDTA margin (9M FY2011)</td>
<td>18%</td>
</tr>
<tr>
<td>Same Store Sales Growth (9M FY2011)</td>
<td>38.7%</td>
</tr>
<tr>
<td>Market Share</td>
<td>65%</td>
</tr>
</tbody>
</table>

Source: indiainfoline.com, dominos.co.in
Critical Success Factors

1. Delivery-oriented model reduces cost
2. Dominos has a vertically integrated supply chain. (as seen below)
3. Franchising model
Key Players’ Profiles
## Key Player Profiles

<table>
<thead>
<tr>
<th>Name</th>
<th>Cuisine</th>
<th>Parent Company/ Master Franchisee</th>
<th>Origin</th>
<th>Location</th>
<th>Formats</th>
<th>Outlets</th>
<th>Expansion Plans in India</th>
</tr>
</thead>
<tbody>
<tr>
<td>McDonalds</td>
<td>Burgers</td>
<td>Hard Castle Restaurants Pvt. Ltd</td>
<td>USA</td>
<td>PAN-India</td>
<td>Dine-In, Food Courts, Drive-in</td>
<td>210</td>
<td>To add 20-25 outlets by 2013</td>
</tr>
<tr>
<td>KFC</td>
<td>Fried Chicken</td>
<td>Devyani International Ltd.</td>
<td>USA</td>
<td>PAN-India</td>
<td>Dine-In, Food Courts</td>
<td>110</td>
<td>500 outlets by 2015</td>
</tr>
<tr>
<td>Chicking</td>
<td>Fried Chicken</td>
<td>Mirah Group</td>
<td>UAE</td>
<td>South Zone</td>
<td>Dine-In</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>Bangs Fried Chicken</td>
<td>Fried Chicken</td>
<td>Bangs India</td>
<td>India</td>
<td>South Zone</td>
<td>Dine-In, Food Courts</td>
<td>7</td>
<td>100 outlets by FY2011</td>
</tr>
<tr>
<td>Pizza Hut</td>
<td>Pizzas</td>
<td>Devyani International Ltd.</td>
<td>USA</td>
<td>PAN-India</td>
<td>Dine-In</td>
<td>171</td>
<td>300+ outlets by 2015</td>
</tr>
<tr>
<td>Dominos</td>
<td>Pizzas</td>
<td>Jubilant Foodworks</td>
<td>USA</td>
<td>PAN-India</td>
<td>Dine-In, Delivery, Food Courts</td>
<td>364</td>
<td>To add 70 outlets in 2011</td>
</tr>
<tr>
<td>Papa Johns</td>
<td>Pizzas</td>
<td>Om Pizzas&amp; Eats</td>
<td>USA</td>
<td>West Zone</td>
<td>Dine-In</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>Pizza Corner</td>
<td>Pizzas</td>
<td>Global Franchise Architects</td>
<td>India</td>
<td>South Zone</td>
<td>Dine-In, Delivery</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>US Pizza</td>
<td>Pizzas</td>
<td>United Restaurants Ltd.</td>
<td>India</td>
<td>PAN-India</td>
<td>Dine-In, Delivery</td>
<td>77</td>
<td></td>
</tr>
<tr>
<td>Smokin’ Joes</td>
<td>Pizzas</td>
<td>Smokin’ Joes Pizza Pvt. Ltd.</td>
<td>India</td>
<td>PAN-India</td>
<td>Dine-In, Delivery</td>
<td>52</td>
<td></td>
</tr>
<tr>
<td>Garcia’s</td>
<td>Pizzas</td>
<td>Garcias Famous Pizza</td>
<td>India</td>
<td>West Zone</td>
<td>Dine-in, Delivery</td>
<td>20</td>
<td>To add 20 outlets</td>
</tr>
<tr>
<td>Slice of Italy</td>
<td>Pizzas</td>
<td>Green House &amp; Hestoft Foods Pvt. Ltd.</td>
<td>India</td>
<td>North Zone</td>
<td>Dine-In, Delivery</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>Name</td>
<td>Cuisine</td>
<td>Parent Company/ Master Franchisee</td>
<td>Origin</td>
<td>Location</td>
<td>Formats</td>
<td>Outlets in India</td>
<td>Expansion Plans in India</td>
</tr>
<tr>
<td>--------------------</td>
<td>----------</td>
<td>----------------------------------</td>
<td>--------</td>
<td>---------------</td>
<td>--------------------------------------------------------</td>
<td>------------------</td>
<td>--------------------------</td>
</tr>
<tr>
<td>Barista</td>
<td>Coffee Shop</td>
<td>Barista Coffee Company Ltd.</td>
<td>India</td>
<td>PAN-India</td>
<td>Espresso bars, High end cafes</td>
<td>230</td>
<td>-</td>
</tr>
<tr>
<td>Costa Coffee</td>
<td>Coffee Shop</td>
<td>Devyani International Ltd.</td>
<td>England</td>
<td>PAN-India</td>
<td>Cafes</td>
<td>75</td>
<td>300 outlets by 2014</td>
</tr>
<tr>
<td>CCD</td>
<td>Coffee Shop</td>
<td>Amalgamated Bean Coffee Trading Co.</td>
<td>India</td>
<td>PAN-India</td>
<td>Cafes, Mall &amp; Airport kiosks, Office outlets</td>
<td>1090</td>
<td>To add 200+ outlets by 2014</td>
</tr>
<tr>
<td>Gloria Jean’s</td>
<td>Coffee Shop</td>
<td>Citymax Hospitality</td>
<td>Australia</td>
<td>Metros</td>
<td>Cafes</td>
<td>15</td>
<td>40 outlets by 2012</td>
</tr>
<tr>
<td>Kent’s Fast Food</td>
<td>Burgers</td>
<td>Kents Fast Food</td>
<td>India</td>
<td>North Zone</td>
<td>Dine-In</td>
<td>15</td>
<td>-</td>
</tr>
<tr>
<td>Subway</td>
<td>Submarine Sandwiches</td>
<td>Subway Systems India Pvt. Ltd.</td>
<td>USA</td>
<td>PAN-India</td>
<td>Dine-In, Food Courts</td>
<td>200</td>
<td>250 outlets by end of 2011</td>
</tr>
<tr>
<td>Tacobell</td>
<td>Tex-Mex</td>
<td>Yum Restaurants</td>
<td>USA</td>
<td>Bangalore</td>
<td>Dine-In</td>
<td>3</td>
<td>100 outlets by 2015</td>
</tr>
<tr>
<td>Falafel Veg.</td>
<td>Mediterranean</td>
<td>Mirah Group</td>
<td>India</td>
<td>Mumbai</td>
<td>Dine-In, Kiosks</td>
<td>8</td>
<td>100 outlets by 2011</td>
</tr>
<tr>
<td>Hummus House</td>
<td>Mediterranean</td>
<td>Mirah Group</td>
<td>India</td>
<td>Mumbai</td>
<td>Dine-In, Kiosks</td>
<td>8</td>
<td>100 outlets by 2011</td>
</tr>
<tr>
<td>Wimpy</td>
<td>Burgers</td>
<td>Famous Brands Ltd.</td>
<td>UK</td>
<td>Delhi</td>
<td>Dine-In</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>Yo! China</td>
<td>Asian</td>
<td>Moods Hospitality Pvt. Ltd.</td>
<td>Delhi, India</td>
<td>PAN-India</td>
<td>Dine-In, Kiosks</td>
<td>80+</td>
<td>-</td>
</tr>
<tr>
<td>Name</td>
<td>Cuisine</td>
<td>Parent Company/ Master Franchisee</td>
<td>Origin</td>
<td>Location</td>
<td>Formats</td>
<td>Outlets</td>
<td>Expansion Plans in India</td>
</tr>
<tr>
<td>---------------</td>
<td>--------------------------</td>
<td>----------------------------------</td>
<td>--------------</td>
<td>--------------</td>
<td>----------------------------------</td>
<td>---------</td>
<td>--------------------------</td>
</tr>
<tr>
<td>Dosa Plaza</td>
<td>South Indian</td>
<td>Prem Sagar Dosa Plaza Pvt. Ltd.</td>
<td>Mumbai, India</td>
<td>PAN-India</td>
<td>Dine-In, Food Court</td>
<td>35</td>
<td>-</td>
</tr>
<tr>
<td>Jumboking</td>
<td>Vadapav</td>
<td>Jumboking Foods Pvt ltd.</td>
<td>Mumbai, India</td>
<td>West Zone</td>
<td>Express, Restaurant &amp; Takeaway</td>
<td>43</td>
<td>250 outlets by 2011-12</td>
</tr>
<tr>
<td>Kaati Zone</td>
<td>Mughlai</td>
<td>East West Ethnic Foods Pvt. Ltd.</td>
<td>Bangalore, India</td>
<td>South Zone</td>
<td>Dine-In</td>
<td>15</td>
<td>-</td>
</tr>
<tr>
<td>Mast Kalandar</td>
<td>Indian</td>
<td>Spring Leaf Retail Pvt. Ltd.</td>
<td>Bangalore, India</td>
<td>South Zone</td>
<td>Dine-In</td>
<td>21</td>
<td>-</td>
</tr>
<tr>
<td>Nirula’s</td>
<td>Multi-Cuisine</td>
<td>Nirula’s Corner House Pvt. Ltd.</td>
<td>Delhi, India</td>
<td>North Zone</td>
<td>Dine-In, Kiosks</td>
<td>80+</td>
<td>To add 50 outlets by 2012</td>
</tr>
<tr>
<td>Kailash Parbat</td>
<td>Multi-Cuisine</td>
<td>Kailash Parbat Restaurants Pvt. Ltd.</td>
<td>Mumbai, India</td>
<td>PAN-India</td>
<td>Food Court Stalls</td>
<td>15+</td>
<td>-</td>
</tr>
<tr>
<td>Comesum</td>
<td>Multi-Cuisine</td>
<td>RK Group</td>
<td>Delhi, India</td>
<td>PAN-India</td>
<td>Dine-In, Delivery</td>
<td>11</td>
<td>-</td>
</tr>
<tr>
<td>Haldiram’s</td>
<td>Multi-Cuisine</td>
<td>Haldiram Snacks Pvt. Ltd.</td>
<td>Delhi, India</td>
<td>North Zone</td>
<td>Dine-In</td>
<td>18</td>
<td>-</td>
</tr>
<tr>
<td>Bikano Chat Cafe</td>
<td>Multi-Cuisine</td>
<td>Bikanerwalva Foods Pvt. Ltd.</td>
<td>Delhi, India</td>
<td>North Zone</td>
<td>Restaurant, Institutional Tuck Shops, Food Cart</td>
<td>68</td>
<td>-</td>
</tr>
<tr>
<td>Sagar Ratna</td>
<td>Multi-Cuisine</td>
<td>Sagar Ratna Hotels Pvt. Ltd.</td>
<td>Delhi, India</td>
<td>North Zone</td>
<td>Dine-In, Food Court</td>
<td>53</td>
<td>-</td>
</tr>
<tr>
<td>Tibbs Frankie</td>
<td>Frankie</td>
<td>J.Tibbs &amp; Co.</td>
<td>Mumbai, India</td>
<td>West Zone</td>
<td>Kiosks</td>
<td>20+</td>
<td>-</td>
</tr>
</tbody>
</table>
## Key Players’ Segmentation

### Segmentation based on Size of the Chain

<table>
<thead>
<tr>
<th>Local Chain</th>
<th>National Chain</th>
<th>International Chain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jumboking</td>
<td>Comesum</td>
<td>McDonalds</td>
</tr>
<tr>
<td>Nirulas</td>
<td>Dosa Plaza</td>
<td>KFC</td>
</tr>
<tr>
<td>Mast Kalandar</td>
<td>Kailash Parbat</td>
<td>Subway</td>
</tr>
<tr>
<td>Kaati Zone</td>
<td>Yo! China</td>
<td>Wimpy</td>
</tr>
<tr>
<td>Garcia’s</td>
<td>Smokin’ Joes</td>
<td>Dominos</td>
</tr>
<tr>
<td>Falafel’s</td>
<td>US Pizza</td>
<td>Pizza Hut</td>
</tr>
<tr>
<td>Bang’s Fried Chicken</td>
<td>Barista</td>
<td>Pizza Corner</td>
</tr>
<tr>
<td>Haldiram’s</td>
<td>Café Coffee Day</td>
<td>Papa Johns</td>
</tr>
<tr>
<td>Sagar Ratna</td>
<td>Tibbs Frankie</td>
<td>Tibc Coffee Day</td>
</tr>
<tr>
<td>Bikano Chat Café</td>
<td></td>
<td>Costa Coffee</td>
</tr>
<tr>
<td>Kents Fast Food</td>
<td></td>
<td>Gloria Jeans</td>
</tr>
</tbody>
</table>

### Segmentation based on Cuisine

<table>
<thead>
<tr>
<th>Pizzas</th>
<th>Burgers &amp; Sandwiches</th>
<th>Coffee Shops</th>
<th>Indian</th>
<th>Specialty Cuisine</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dominos</td>
<td>McDonalds</td>
<td>CCD</td>
<td>Comesum</td>
<td>Jumboking</td>
</tr>
<tr>
<td>Pizza Hut</td>
<td>KFC</td>
<td>Barista</td>
<td>Sagar Ratna</td>
<td>Yo! China</td>
</tr>
<tr>
<td>Pizza Corner</td>
<td>Wimpy</td>
<td>Costa Coffee</td>
<td>Kailash Parbat</td>
<td>Tabobell</td>
</tr>
<tr>
<td>Papa Johns</td>
<td>Subway</td>
<td>Gloria Jeans</td>
<td>Mast Kalandar</td>
<td>Falafel</td>
</tr>
<tr>
<td>Smokin Joes</td>
<td>Kents Fast Food</td>
<td></td>
<td>Kaati Zone</td>
<td>Tibbs Frankie</td>
</tr>
<tr>
<td>Garcia’s</td>
<td></td>
<td></td>
<td>Haldirams</td>
<td></td>
</tr>
<tr>
<td>Slice of Italy</td>
<td></td>
<td></td>
<td>Nirulas</td>
<td></td>
</tr>
<tr>
<td>US Pizza</td>
<td></td>
<td></td>
<td>Bikano Chat Café</td>
<td></td>
</tr>
</tbody>
</table>
Geographical Segmentation

NORTH ZONE
- Nirula’s
- Haldiram’s
- Bikano Chat Café
- Slice of Italy
- Kent’s Fast Food
- Sagar Ratna
- Wimpy

WEST ZONE
- Papa Johns*
- Garcia’s
- Falafel
- Jumbo King

SOUTH ZONE
- Pizza Corner*
- Chicking*
- Tacobell*
- Kaati Zone
- Bangs Fried Chicken
- Mast Kalandar

PAN-India: International Cuisine
- McDonalds*
- KFC*
- Subway*
- Pizza Hut*
- Dominos*
- US Pizza
- Smokin’ Joes

PAN-India: Coffee Shops
- Gloria Jean*
- Costa Coffee*
- Barista
- Café Coffee Day

PAN-India: Indian and Specialty Cuisine
- Dosa Plaza
- Comesum
- Kailash Parbat
- Yo! China
- Tibbs Frankie

65% of Dominos’ revenues are contributed by the top 7 cities out of 70 cities it is present in. 50% of their outlets are in Maharashtra, New Delhi and Karnataka

*International Brands
Key Players’ Positioning

**Ethnic Cuisine**
- Comesum*
- Dosa Plaza*
- Kailash Parbat*

**PAN-India**
- Yo! China*

**PAN-India**
- Pizza Hut
- Dominos

**International Cuisine**
- Café Coffee Day*
- Barista*
- Gloria Jeans
- Costa Coffee

**Ethnic Cuisine**
- Sagar Ratna*
- Haldiram’s*
- Mast Kalandar*
- Jumbo king*
- Kaati Zone*
- Bikano Chat Café*
- Nirula’s*

**Zonal**
- TacoBell

**Zonal**
- Pizza Corner
- Papa Johns
- US Pizza*
- Smokin Joes*
- Slice of Italy*
- Garcias*

**International Cuisine**
- Chicking
- Bang’s Fried Chicken*
- Kent’s Fast Food*
- Tibb’s Frankie*

*Indian originated chains
Dominos and Café Coffee Day are the largest QSRs in India in terms of reach and number of outlets.

### No. Of Outlets v/s Geographical Spread of Pizza Chains

<table>
<thead>
<tr>
<th>Pizza Chain</th>
<th>Outlets</th>
<th>Spread</th>
<th>Origin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dominos</td>
<td>364</td>
<td>PAN-India</td>
<td>International</td>
</tr>
<tr>
<td>Pizza Hut</td>
<td>171</td>
<td>PAN-India</td>
<td>International</td>
</tr>
<tr>
<td>US Pizza</td>
<td>77</td>
<td>PAN-India</td>
<td>Indian</td>
</tr>
<tr>
<td>Smokin Joes</td>
<td>52</td>
<td>PAN-India</td>
<td>Indian</td>
</tr>
<tr>
<td>Pizza Corner</td>
<td>50</td>
<td>South Zone</td>
<td>International</td>
</tr>
<tr>
<td>Papa Johns</td>
<td>25</td>
<td>West Zone</td>
<td>International</td>
</tr>
<tr>
<td>Garcias</td>
<td>20</td>
<td>West Zone</td>
<td>Indian</td>
</tr>
<tr>
<td>Slice of Italy</td>
<td>16</td>
<td>North Zone</td>
<td>Indian</td>
</tr>
</tbody>
</table>

### No. Of Outlets v/s No. of Cities of top brands in India

<table>
<thead>
<tr>
<th>Chain</th>
<th>Outlets</th>
<th>Cities</th>
<th>Spread</th>
<th>Origin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Café Coffee Day</td>
<td>1090</td>
<td>120</td>
<td>PAN-India</td>
<td>Indian</td>
</tr>
<tr>
<td>Dominos</td>
<td>364</td>
<td>87</td>
<td>PAN-India</td>
<td>International</td>
</tr>
<tr>
<td>McDonalds</td>
<td>210</td>
<td>45</td>
<td>PAN-India</td>
<td>International</td>
</tr>
<tr>
<td>Pizza Hut</td>
<td>171</td>
<td>34</td>
<td>PAN-India</td>
<td>International</td>
</tr>
<tr>
<td>Barista</td>
<td>230</td>
<td>30</td>
<td>PAN-India</td>
<td>Indian</td>
</tr>
<tr>
<td>Subway</td>
<td>200</td>
<td>26</td>
<td>PAN-India</td>
<td>International</td>
</tr>
<tr>
<td>KFC</td>
<td>110</td>
<td>21</td>
<td>PAN-India</td>
<td>International</td>
</tr>
</tbody>
</table>
Big brands – Small cities – Small formats

**Locations**
- Large chains expanding to smaller cities
- Domestic chains setting up in big cities

**Formats**
- Express Outlets
- Smart Carts/Kiosks

**Cuisines**
- Basic street Foods entering organized market – Vadapav, Ice Gola
- Regional cuisines – Kebab Lucknow Wale, Malwaneez
- Integration of concepts – so Mcdonalds serves coffee and CCD serves sandwiches
- Menu diversification by introducing Indian flavours – Chicken TandooriSub at Subway

**Technology**
- Online ordering systems
- IVR system for placing order and making payment via Credit Card

Kiosks have managed to attract huge footfalls at sales points. Even big chains are now customizing their outlets to smaller models like ‘express’ and ‘stand-ins’
Investors are queuing up to get a big slice of the pie

- With the number of QSRs growing at 30% per year, the industry is attracting investors’ interest, especially after the IPO of Jubilant Foodworks, the master franchise of Dominos Pizza in India.

- ICICI Venture acquired 10% stake i.e. $55 Million in Devyani International who is the franchisee of KFC, Pizza Hut and Costa Coffee in India.

- Also Mast Kalandar, a Bangalore-based QSR chain, secured a second round of investment from Helion Venture Partners, Footprint Ventures and Salarpuria Group.

- Chinese cuisine QSR Yo! China received funding of $5.5 Million from Matrix partners.

- Accel Partners invested in Bangalore-based fast food chain Kaati Zone.

Source: vccircle.com
QSR giants Dunkin Donuts and Starbucks set to foray into the Indian market

- **Dunkin’ Donuts** - Jubilant FoodWorks is to develop, sub-franchise, and operate more than 500 Dunkin’ Donuts restaurants throughout India over the next 15 years. The first Dunkin’ Donuts locations are expected to open by early 2012. The Agreement marks the largest international store development commitment in Dunkin’ Donuts’ history.

- **Starbucks** – Tata Coffee is to bring Starbucks, the world’s largest coffee chain to India through a Joint Venture

- **Quiznos** – The US-based subway restaurant chain has signed a master franchise agreement with Arjun Valluri for setting up outlets in Southern India.

Sources

Research firms
- Technopak
- IBEF
- Marketing Whitebook 2010-11, 2011-12
- Mckinsey Global Institute
- www.rncos.com
- www.nrai.org

Company Websites
- www.yum.com
- www.mcdonaldsindia.com
- www.dominos.co.in

Other websites
- Hospitalitybizindia.com
- Indiaretailing.com
- Franchiseindia.com

Newspapers
- Deccan Herald
- Economic Times
- Business Standard
- DNA
About D’Essence
Our Services

D’Essence Hospitality is Boutique Management Consulting firm based in Mumbai which provides specialty consulting services for the entire spectrum of the hospitality industry with a special focus on hotel operators, builders and investors.

- **Feasibility Studies**
  - Market Viability
  - Technical Viability
  - Business Model Viability
  - Management Model Viability
  - Economic and Financial Model Viability
  - Exit Strategy Viability

- **Site Analysis** - We have vast experience in project planning & site selection. In many cases it has been seen that planners & architects normally look into a project from design and land-use perspectives. But we do detailed site and market analysis to determine the viability of the project from financial and investment standpoint.

- **India Entry Strategy** - We help our clients to develop suitable market entry strategies through analyzing entry barriers (ease), geographical factors, incumbents’ resistance and routes to market.

- **Management Contracts** - Branded operators have very stringent clauses in the contracts. To deal with them needs deep understanding of the domain and effects of each clause on the profit margins. D’Essence Hospitality Services makes full use of its expertise in understanding the management contracts and negotiating it for best acceptable terms.
Our Services

- **Key Recruitments**

  D’Essence Hospitality is dedicated to becoming India’s leading executive search firm exclusively serving the Hospitality Industry. Our search team enables you to recruit for executive level management, divisional managers, general managers, culinary, finance, sales and marketing, food and beverage, engineering professionals who will all, directly affect and drive the profitability of your organization.

- **Acquisitions**

  From our years of experience, we advise our clients on which assets to buy and when to buy and based on our recommendations they devise strategies for buying assets. We also provide assistance to our clients to develop assets disposal strategies in order to maximize project performance.

- **Business Model and Business Plan**

  We assist our clients in the business planning process and then prepare a plan based on the available resources and their business objectives. Our Business Planning services include feasibility studies, business formation plans, strategic plans, new product plans, marketing and promotional plans, etc.

- **Fund Raising**

- **Mentoring**

- **Growth Strategy**
D’Essence Consulting
303, Aar Pee Center,
11\textsuperscript{th} Road, Gufic Compound,
MIDC, Andheri (E)
Mumbai- 400093
Tel +91 22 28347425
www.dessencehospitality.com