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Casual Dining and QSR Sector See Fast Track Growth in India

Report Categories:

Beverages

Coffee

Food Processing Ingredients

Food Service - Hotel Restaurant Institutional

Market Promotion/Competition

Promotion Opportunities

Retail Foods

Snack Foods

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Report Highlights:

India witnessed a surge in the number of its casual dining and quick service restaurant outlets over the past several years. International and domestic brands are expanding their operations and newer brands are flowing into the opportunities the market presents. Sources encourage U.S. companies and suppliers to explore whether shifting consumer trends and the growth in this sector create a market opportunity.

General Information:

Market Overview of Restaurant Growth

India has witnessed a sizeable shift in its casual dining restaurant (CDR) and quick service restaurant (QSR) sector. CDRs and QSRs have gone from largely serving Indian snacks to now serving western foods with an Indian flavor. The size of the Indian food service industry is approximately \$38.6 billion (INR 247,680 crore) as of 2013 and is projected to grow to approximately \$63.6 billion (INR 408,040 crore) by 2018.

The restaurant sector in India is divided into the organized and unorganized market. The unorganized international-style market includes roadside vendors, vans and trolleys serving Chinese and Italian-style foods. The organized sector includes QSRs, CDRs, pubs, bars, clubs and lounges (PBCL), and food court kiosks. In terms of market segments, QSR and CDR formats account for 74 percent of the total market, while cafés make up 12 percent, and fine dining and PBCL comprise the remaining 14 percent.

Consumer Demographics and Expenditure Trends

Thirty-two percent of India's 1.2 billion population is classified as urban. The share continues growing and has led to tremendous growth in the fast food sector. The sector is expected to grow from its current value of \$1.1 billion to \$4.2 billion by 2020. Nearly 65 percent of the population is under the age of 30 and are actively joining the workforce which has led to steady growth in per capita income levels. India's monthly per capita income was \$145 (INR 8,719.80) in 2014, up by 12 percent from 2013 (see Chart 1, below)

With a "young" population, a high rate of urbanization, rising disposable incomes, increased participation of women in the workforce, increased exposure to western cuisine and needs for elevated protein consumption, industry sources envision growth within the fast food and restaurant sector. Consumers appear willing to experiment with new foods that complement their changed lifestyles. Food and non-alcoholic beverages account for 29 percent of total per capita consumer expenditure (see Chart 2, below)

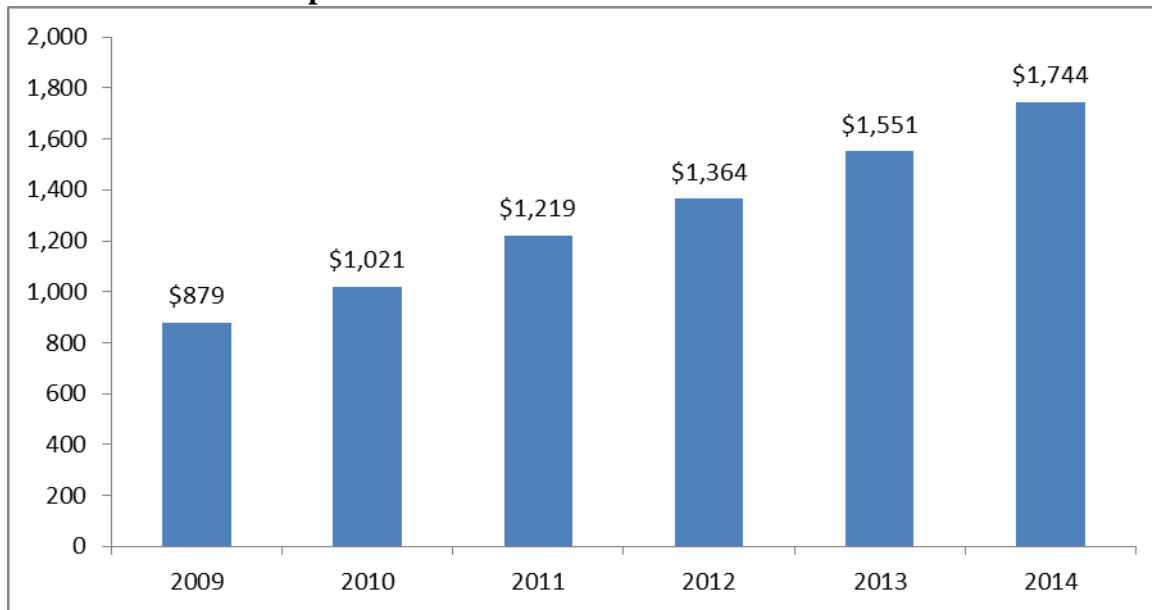
Changing Lifestyle Trends and Changing Menu Offerings and Flavors

Eating out which once used to be occasion driven, is now becoming the norm for necessity and comfort on weekdays and weekends for a growing number of dual income households as well as the younger population. According to the National Restaurant Association of India (NRAI), 50 percent of the population is eating out at least once every three months. Moreover, according to NRAI information, the population in bustling metros is dining out eight times a month as compared to the United States (14 times), Brazil (11 times), Thailand (10 times) and China (9 times).

Consumer preferences and tastes have also seen a transition from traditional Indian foods to international cuisines like Italian, Chinese and Mexican (many of which still incorporate Indian taste profiles). Also, international brands have adapted their menus to offer Indian flavors to capture Indian consumers and align with cultural practices. For example, McDonalds introduced a potato patty burger, the McAloo Tikki, and a curd cheese burger, the McPaneer Tikka. KFC introduced Vegetarian Strips and Krispy Kreme, which entered India in late 2013, launched "filter coffee" to go with its glazed donut offerings. Also, many bakery brands cater to the vegetarian population by offering egg-free cakes and

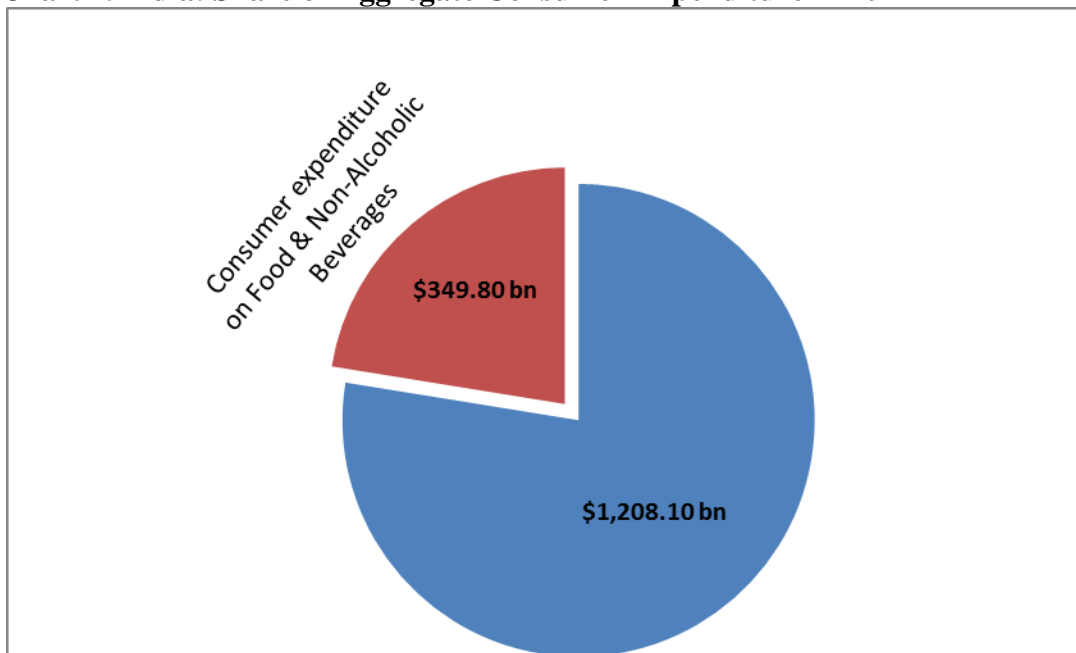
pastries.

Chart 1. India: Per Capita Annual Income 2009 - 2014



Source: *Income and Expenditure, Euromonitor International*

Chart 2. India: Share of Aggregate Consumer Expenditure in 2014



Source: *Income and Expenditure, Euromonitor International*

Growth in CDRs, QSRs and their Retail Price Points

There are an estimated 57 foreign restaurant brands across India which is up from 43 foreign brands in 2013. The brands operate around 3,460 outlets across India which is also up significantly from 1,900 outlets in 2013. The number of home-grown chains is also rising as Indian firms adopt franchising or chain models to meet growing consumer demand for the dining-out experience. International QSRs continue entering India to tap the opportunities the sector presents. New fast food brands seen in the market since the past report include: Krispy Kreme, Burger King, Fatburger, Johnny Rockets, and Wendy's. Sources report numerous other chains are scheduled to open outlets this year; including Carl's Jr. Brands already present are expanding their reach to tier-two and tier-three cities. According to industry reports, an average middle class household in tier-two and tier-three cities spends about \$85 (INR 5,200) per month.

QSR's have their presence in different formats such as dine-in, food courts in malls and drive-ins at highway rest areas which has provided customers easy access to these restaurants. QSR menu item prices range from \$1.50 (INR100) \$8.00 (INR 500). Some international QSRs are able to offer items for prices as low as 50 cents which attracts some of the population demographics to indulge a small bite and relax at the establishment with friends or to take a break. Many domestic players such as Nirula's, Kaati Zone, and Tibb's also attract consumers by offering menus at affordable prices.

Coffee/Tea Chains and Ice Cream Parlors on the Rise

The café culture is growing steadily in India. M There is a growing young, well-travelled, section of Indian consumers that are seen following the international culture of a morning coffee and driving to work with a travel cup of coffee,. Domestic and international brands offer coffee or tea with sandwiches, cookies, and muffins for on-the-go consumers. Tea lounges have followed this trend and now offer a variety of teas with food items. It is now common for business meetings to take place at coffee shops and tea lounges, as well. Major international brands like Starbucks and The Coffee Bean & Tea Leaf compete with domestic brands like Café Coffee Day and Barista. McDonald's also entered into cafés by launching the McCafé brand in India and is expanding the number of its outlets.

Ice cream parlors are also on the rise. International brands like Baskin Robbins, Häagen-Dazs, and Unilever's Heartbrand line (e.g., Magnum) are expanding within metro cities like New Delhi, Mumbai, Chennai, Bangalore and Kolkata. In 2013, Mini Melts entered the India market through the city of Bangalore. Another emerging trend is the rise of frozen yoghurt parlors in India. Pinkberry, Red Mango, KiwiKiss and Yogurberry are some of the players who are expanding their operations while sources report that Cherry Berry frozen yogurt is seeking an Indian franchisee.

Online and Restaurant Finder Portals

Online portals are gaining momentum and tapping into the opportunities the QSR and CDR sector present. These portals have a tie-up with restaurants and provide consumers with a choice of foods under one roof. Consumers are provided first hand review and feedback by other customers on the

listed restaurants and the menu items.

Through some of these portals, consumers can order online and pay by credit or debit card and by cash-on-delivery. Also, many QSR and CDR chains allow ordering food online from restaurants which sources report is increasingly popular with consumers. Consumers can place orders and have food delivered to their door step at a preferred time and, occasionally, at discounted rates.

Table 1. India: Selected online restaurant portals

| |
|----------------|
| Zomato.com |
| Foodpanda.in |
| Burrrp.com |
| Justeat.in |
| Grouptable.com |
| Getmefood.in |
| tastykhana.in |
| Pickmyfood.in |

Sector Challenges

According to industry contacts, launching CDRs or QSRs involves sizeable investment in logistics and the cold chain. Many establishments also face high space rental and energy costs. Additionally, many brands report recruiting and retaining the “right” talent is an industry-wide challenge.

According to studies by India’s National Diabetes, Obesity and Cholesterol Foundation, obesity rates are showing a marked upward trend in adults and children. The Foundation attributes this largely to consumption of fast food and low levels of physical activity. There is increasing emphasis on diet and nutrition with weight loss campaigns in print media and on television. There is also increased focus on consumers’ awareness of eating healthy and some QSRs and CDRs have shifted menus to healthier options like grilled items. Additionally, some QSRs have started introducing additional choice on menus, like multi-grain and organic breads.

Disclaimer: This report attempts to catalogue the current foreign and Indian restaurant chains operating in India. Two lists follow, the first is a listing of international chains operating in India and the second is a listing of Indian restaurant chains. It is likely that certain restaurants have been overlooked, but the intent is to give readers a general overview of scale and breadth of the expansion in the quick service and casual dining sectors in the recent years.

INTERNATIONAL QSR BRANDS IN INDIA

Auntie Anne’s (USA)

<http://www.auntieannes.com/>

Stellar concepts has signed with Focus Brands (owner of Auntie Anne’s pretzel) under a master franchise agreement currently has opened two outlets in New Delhi.

Burger King (USA)

<http://burgerkingindia.in/>

In 2014, Burger King in a joint venture with the Everstone Group, an India-focused, Singapore-based private equity and real estate group, opened 20 outlets across Mumbai and New Delhi.

Carl's Jr. (USA)

Cybiz Bright Star Restaurants under a development agreement with CKE Restaurants Holdings will open its first outlet mid-2015.

Chili's (USA)

<http://www.chilis.com/>

TexMex Cuisine India Private Ltd has the master franchise rights for Chili's outlets across India. At present they have eight outlets in the western and southern states and four in northern and eastern states.

Cinnabon (USA)

<http://www.cinnabon.com>

Franchised by SNZ Concepts, they currently have five outlets In India.

Hard Rock Café (USA), California Pizza Kitchen (USA), Pinkberry (USA)

<http://www.hardrock.com/>

<http://www.cpk.com/>

<http://www.pinkberry.com/>

<http://www.jsmcorp.in/>

JSM Corporation through its subsidiaries is the exclusive master franchisee for Hard Rock Café, California Pizza Kitchen and Pinkberry across India.

Dominos (USA), Dunkin Donuts (USA)

<http://www.dominosin.com/>

<http://www.dunkindonuts.com/>

<http://www.jubilantfoodworks.com/>

Jubilant Foodworks owns the exclusive franchise rights for Domino's Pizza in India, Nepal, Bangladesh and Sri Lanka and franchise rights for Dunkin' Donuts in India. The company runs 844 Domino's Pizza outlets and 50 Dunkin' Donuts restaurants across India (as of February 5, 2015).

Fatburger (US)

<http://www.fatburger.com>

Vazz Foods, with master franchise rights for Fatburger, launched its first outlet in Delhi in early 2015.

Forever Yogurt (US)**Quiznos (USA)**

<http://www.quiznosindia.com/>

<http://foreveryogurt.in>

<http://www.subone.in/>

Polo Foods is the master franchisee of Forever Yogurt for India and Quiznos for East India. Currently

there are two Forever Yogurt outlets in Kolkata. Sub-One Hospitality Services has the master franchisees rights for Quiznos in north and west India.

Johnny Rockets (USA)

<http://www.johnnyrockets.in/>

Prime Gourmet is the master franchisee of Johnny Rockets in India. **Currently there are two outlets in New Delhi.**

Kentucky Fried Chicken (USA), Pizza Hut (USA), Costa Coffee (UK), Swensen's (USA)

<http://kfc.co.in/>

<http://www.pizzahut.co.in/>

<http://www.costacoffee.co.in/>

<http://www.swensens.com/>

<http://dil-rjcorp.com/>

Devyani International is the largest franchisee for Pizza Hut and KFC in India. It also has franchisee rights for Costa Coffee and Swensen's ice cream.

Kentucky Fried Chicken (USA), Tacobell (USA), Pizza Hut (USA)

<http://kfc.co.in/>

<http://www.tacobell.co.in/>

<http://www.pizzahut.co.in/>

<http://www.yum.com/>

Yum Restaurants directly operates KFC, Pizza Hut and Taco Bell in India. There are about 350 KFCs, 147 Pizza Hut restaurants and six Taco Bell outlets in India.

McDonalds (USA)

<http://www.mcdonaldsindia.com/>

With over 370 outlets all across India, Hardcastle Restaurants runs McDonalds' operations in western and southern India, while McDonalds' restaurants in north and eastern India are managed by Connaught Plaza Restaurants Private Limited.

Krispy Kreme (USA)

<http://www.krispykremeindia.in>

Franchised by Citymax Hotels India, the hospitality division of the Dubai based Landmark Group, has a franchise agreement with Krispy Kreme Doughnut Corporation stores in South and the West India.

Presently, they have 12 stores across Bangalore, Chennai and Mumbai.

Wetzel's Pretzels (USA)

<http://www.wetzelsindia.com/>

Wetzel's Pretzels has seven outlets across Delhi, Pune, Bangalore and Hyderabad.

Smoothie Factory (USA)

<http://smoothiefactoryindia.com/>

Smoothie Factory currently has one outlet in Delhi and one in Gurgaon.

Papa John's (USA)

<http://papajohnspizza.in/>

Om Pizzas and Eats India has exclusive franchise for Papa John's Pizza in India with 65 pizza outlets in the country.

Pizza Inn (USA)

www.pizzainn.com

Pizza Inn has one store in New Delhi.

Red Mango (USA)

<http://www.redmango.in/>

Red Mango India has five stores in New Delhi.

Sbarro (USA)

<http://www.sbarroindia.com/>

Upper Crust Foods has the master franchise rights to develop and operate Sbarro restaurants in Maharashtra. They currently have four stores in Mumbai. Jyoti International Foods is the master franchisee of Sbarro for North and East India and has plans to open 50 more stores in these cities.

Smoothie Factory (USA)

Smoothie Factory currently has two outlets in Delhi.

Starbucks (USA)

<http://www.starbucks.in/>

Launched in October 2012, Tata Starbucks is a 50-50 joint venture between Starbucks Coffee and Tata Global Beverages. They have 71 coffee houses spread across India.

Subway (USA)

<http://www.subway.co.in/>

Subway Systems India opened its first restaurant in 2001 in New Delhi and has 403 restaurants in 68 cities across India.

TGI Friday's (USA)

<http://www.tgifindia.com/>

Bistro Hospitality owns and operates TGI Friday's franchisees in India. Currently they have 13 outlets across India.

Mini Melts (USA)

<http://www.minimelts.com>

Franchised by Honeybee Amusements, Mini Melts has one outlet in Bangalore.

Wendy's (USA)

Wendy's franchisee, Sierra Nevada Restaurants, is a joint venture between International Market Management of England and Rollatainers of India, opened their first restaurant in Gurgaon in first week of May 2015.

The Coffee Bean & Tea Leaf (USA)

<http://www.coffeebean.com/>

Franchised by Blue Foods, the Coffee Bean & Tea Leaf has 16 outlets across India.

Baskin Robbins (USA)

<http://www.baskinrobbinsindia.com/>

<http://www.gravissgroup.com/>

Baskin Robbins is operated by the Graviss Group through a joint venture and has over 550 stores in 150 cities.

Lord of the Fries (Australian)

SGK International, promoted by Rajiv Vohra, has won the pan-India market franchise rights for opening 50 restaurants over 10 years

Gloria Jean's (Australia)

<http://www.gloriajeanscoffees.com/in>

Citymax India is part of the Dubai-based Landmark Group. It launched Australia-based Gloria Jean's Coffees in India in 2008 and now has 27 outlets across India.

Di Bella Coffee (Australia)

<http://www.dibellacoffee.in/>

The company has five outlets in Mumbai and one in Hyderabad.

Eagle Boys Pizza (Australia)

<http://www.eagleboys.co.in/>

Franchised by Krsna Foods, Eagle Boys Pizza has seven outlets across Mumbai, Pune, Hyderabad and Chennai.

Cookie Man (Australia)

<http://www.cookieinanindia.com/>

Cookie Man launched in India in January 2000 by Australian Foods and operates 70 outlets in 28 cities.

Au Bon Pain (UK)

RP-Sanjiv Goenka Group is the master franchisee of the chain and has 28 outlets spread across

Bangalore and Kolkata.

Pizza Express (UK)

<http://www.pizzaexpress.in/>

There are currently eight restaurants spread in Mumbai, Delhi and Gurgaon.

Pizza Metro Pizza (UK)

<http://pizzametropizza.com/>

Franchised by Good Karma Hospitality in India, Pizza Metro Pizza was launched in Mumbai in November 2012.

Nandos (South Africa)

<http://www.nandosindia.com/>

Launched in 2010, Nandos operates seven restaurants across Punjab, Delhi, Chennai and Bangalore.

Kiwi Kiss (Canada)

Jus Booster Juice (Canada)

Brand Calculus Franchising is the master franchisee of Kiwi Kiss frozen yogurt and Jus Booster juices in India. Kiwi Kiss has one outlet in Bangalore and six Jus Booster outlets across India.

Yogen Fruz (Canada)

www.yogenfruz.com

Yogen Fruz has one outlet in Delhi and two in Kolkata.

Yogurberry (South Korean)

<http://www.yogurberry.in/>

Synergy Group is the master franchisee of Yogurberry in India. Currently it has seven outlets in India

Le Pain Quotidien (Belgium)

<http://www.lepainquotidien.in/>

Franchised by Ahimsa Brands in India, Le Pain Quotidien has three outlets in Mumbai.

Leonidas Chocolates (Belgium)

<http://www.leonidasindia.com/contact.html>

Owned by Premium Pralines Mumbai, Leonidas has two boutiques in Mumbai.

Breadtalk (Singapore)

<http://www.breadtalkindia.com/>

Crustum Products is the master franchisee of Breadtalk. The company is running two outlets in Hyderabad.

Mad Over Donuts (Singapore)

<http://www.madoverdonuts.com/>

Mad Over Donuts has 45 stores in the cities of Mumbai, Pune, Delhi and Bangalore.

Chicking (UAE)

<http://www.chickingindia.in/>

Owned and operated by the UAE-based Al Bayan Group of Companies, Chicking has 26 outlets across southern India.

Marrybrown (Malaysia)

<http://www.marrybrownindia.com/>

Marrybrown and has 45 outlets across southern India.

Patchi (Lebanese)

<http://www.patchi.com>

Patchi India has two outlets in Mumbai and one in Delhi.

Ci Gusta! (Italy)

<http://www.cigusta.com/>

Italy-based Happy Times Solutions, owner of Ci Gusta! in a joint agreement with Franchise India operates two outlets in Hyderabad and one in Tamil Nadu.

Barista Lavazza (Italy)

<http://www.barista.co.in/users/index.aspx>

Barista Lavazza is a chain of espresso coffee bars that operates over 200 outlets across 30 cities in India.

Segafredo Zanneti (Italy)

Franchised by Mayor Group in 2010, Segafredo Zanneti has one outlet in New Delhi.

MAJOR DOMESTIC BRANDS OFFERING WESTERN AND INDIAN FOOD:

Fasso's

<https://www.faasos.com>

Pune based fast food center serving wraps was founded in 2003 and today has 75 outlets across four cities.

Goli Vada Pav No. 1

<http://www.golivadapav.com/>

Head quartered in Mumbai, Goli Vada Pav operates over 275 stores in 51 cities.

Haldiram's

<http://www.haldiram.com/>

Haldiram's was established in Bikaner in 1937, it has 21 outlets in India.

Jumboking

<http://www.jumboking.co.in/>

Established in 2001, Jumboking sells India's famous snack food -- vada pav. It has over 75 outlets across 12 cities.

Pizza Corner**Cream and Fudge****Coffee World**

<http://www.gfacorp.com>

Owned by Global Franchise Architects India Pvt Ltd. (GFA), Pizza Corner has 9 restaurants; Coffee World has seven restaurants and Cream and Fudge has 16 stores.

Sagar Ratna

<http://www.sagarratna.in/>

Established in New Delhi in 1986, Sagar Ratna has 59 outlets of which 37 are franchised and others are company-owned.

Tibbs Frankie

Established during the 1970s in Mumbai, there are a number of Tibbs Frankie outlets in Mumbai and Pune.

US Pizza

<http://www.uspizza.in/>

Owned by United Restaurants, the company has 90 US Pizza outlets in 34 cities and 12 states.

Smokin' Joes

<http://www.smokinjoespizza.com/>

Smokin' Joes has 65 outlets across India.

Garcia's Famous Pizza

Established in 2004 in Mumbai, Garcia's has 20 outlets across India.

Slice of Italy

<http://www.sliceofitaly.com/>

Founded in 2001, Green House & Hestoft Foods has 17 Slice of Italy restaurants in the Delhi area.

Café Coffee Day

<http://www.cafecoffeeday.com/>

Owned and operated by Amalgamated Bean Coffee Trading Co., Café Coffee Day (CCD) opened its first outlet in 1996 and has over 1,500 cafes across India. Targeting a more affluent group, CCD launched coffee lounges and now have 50 outlets spread across major cities. In order to meet demands for premium coffees from around the world, CCD launched "The Square" catering to coffee connoisseurs. They have only five outlets, one each in Bangalore, Chennai and Mumbai and two in New Delhi.

Yo! China

<http://www.yo-china.com/>

Yo! China is a trademark owned and operated by Moods Hospitality. It has 60 restaurants and delivery outlets across 22 cities in India.

Cream Center

<http://creamcentre.com/>

Owned by Prince Cuisines, Cream Center has 24 outlets spread across India.

Hokey Pokey

<http://www.hokeypokey.in/>

Owned by Drums Food International (DFIPL), has 14 company owned outlets in Mumbai, Pune, Ahmedabad, Surat and Bangalore.

The Yellow Chilli

<http://www.theyellowchilli.com/>

Owned by celebrity chef Sanjeev Kapoor, the Yellow Chilli has 30 outlets across India.

Cocoberry

www.cocoberry.co.in

Cocoberry frozen yogurt operates 20 outlets across India.

For information on how to establish your business and/or export to the Indian market, please refer to our Exporter Guide.

POST CONTACT AND FURTHER INFORMATION

For further information about the quick service and casual dining market in India, please contact the following USDA offices in India.

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