

Whetting the appetite



Food courts have emerged to be more than just an integral part of retail malls

DLF Promenade, one of the up-scale retail malls located in south Delhi, is one of the city's favourite jaunts over the weekend. For a city reeling under sweltering heat, seeking such a respite is quite understandable too. One is likely, therefore, to encounter a km-long queue of impatient cars on the road waiting to get in the parking slot. You may discount some more time whirling in the malls' basements to find a parking space, before you can finally head towards the lift.

Irrespective of what time of the day it is, in all likelihood, the part of the mall teeming with people would be the food court! The chances of finding an empty table are slim. Rather, there'd be a lot of people, standing hawk-eyed, estimating with precision how much time you'll take to polish off the last morsel from your plate before they can descend on your table.

Driving the footfall

Shubhranshu Pani, joint managing director, retail services, Jones Lang LaSalle India, has his hand on the pulse. "Food is a major footfall driver and food courts give single

customers and entire families the option of partaking of a variegated choice of cuisine," says Pani. "As such, they are often a primary reason for people to visit malls. Also, since they are usually on the top floor, customers are required to pass all floors below to access them. This increases the opportunities for impulse shopping."

Pratiche Kapoor, AVP, food services & agri-culture, Technopak Advisors, concurs: "Food courts are getting prime



attention by mall developers, as they attract more visitors than any single retail store or restaurant located in the mall. Of late, the concept of food courts has moved out of malls to other places such as office complexes.

Various food court operators have emerged to tap the opportunity in 'food court space' such as Lite Bite Foods, Travel Food Services, Pan India Food Solutions, Citymax India, etc. They operate with a portfolio mix of 'own brands' and F&B chains."

Food courts usually work out to be more pocket-friendly than stand-alone restaurants, especially for families which consider these to be weekly excursions. Also, food is one of the factors that determines how long a customer dwells in the mall, says Ashwin Puri, CEO, Pioneer Property Zone, a Mumbai-based organisation that offers property solutions. "The longer you linger on, the more you may shop. Shopping can be a tiring affair, especially in large multi-

THE PREFERENCE

A study from the Cornell Centre for Hospitality Research connected customer demographics to consumers' preferences for the arrangement and types of food outlets at shopping malls and found that the most popular configuration combined a moderate-size food court with several casual and fast-casual restaurants. Least popular was an arrangement that had only table-service restaurants and no food court. ♦

level malls. Customers need a break and food courts provide a good opportunity to stop and snack before completing ones shopping. Not providing that option could mean the customer leaving the facility to catch a bite somewhere else. Likewise, customers could also move to other malls, if they feel that there aren't enough food options in the mall," Puri adds.

The malls are themselves watching the transformation from close quarters. "Both our food courts, Transit 1 at Forum and Transit 2 at Forum Value Mall (Bangalore), started as convenience spaces for the mall visitors and have now actually evolved into anchors for the mall. If any of our kitchens happen to be vacant, we receive at least 10 enquiries a month, or else three or four. As much as 70 per cent of all the people visiting Forum Value Mall eat at Transit 2, the Food court... which is clearly a high capture rate," says Omer Bin Jung, CEO, Prestige Leisure Resorts. The food court at the Forum Value Mall is about 28,000 sq ft, with 12 kitchens and a seating capacity of 550 people. On an average, 3,500-4,000 people visit the food court on week days and 7,000-8,000 people on weekends. The food courts therefore have a high revenue potential. "We charge as per minimum guarantee or a percentage of sales (30-35 per cent of net sales), whichever is higher," says Jung.

Revvng up the revenues

The food court at Orion mall in Bangalore is inspired by European street-side eateries. The 55,000 sq ft food court, christened Sauce Pan, boasts of 26 counters and can seat over 1,000 people at a time. It has indoor eating options as well as lake-facing open-air options. The mall, which opened in April this year, is already drawing in an average footfall of about 20,000-25,000 people to the food court on weekdays. The numbers swell-up to 35,000-40,000 people over the weekends.

However, location is the key. "The food court most certainly brings people into the mall. The Orion mall set in Brigade Gateway, Bangalore – with



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the 1.1 million sq ft office tower of the World Trade Centre, Sheraton Hotel, 1,250 premium residences, Columbia Asia Hospital, Brigade School and Galaxy Club in the same campus – sees a large number of people visit the mall only to go to the food court and then add to the sales of the other brands," says Vishal Mirchandani, CEO, retail, Brigade group. Little wonder, Mirchandani's leasing

team continues to get 50-65 enquiries a month from QSRs across the country! The rentals, again, are based on minimum guarantee or share of sales, whichever is higher.

Kishore Bhatija, CEO, Inorbit Malls, echoes the same sentiment, as he shares his experience of managing four malls across India (Malad and Vashi (Mumbai), as well as Hyderabad and Pune), representing about



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1,25,000 sq ft of area dedicated to food courts, with about 20 food outlets in each of them. Currently busy with finalising the launch of Inorbit Mall in Bangalore and Baroda, his optimism is note-worthy: “A good food court can certainly help build more loyalty amongst the patrons. Moreover, the food courts at Inorbit Malls contribute about 6.5 per cent of the total sales of the mall. All the QSR spaces at the four Inorbit Malls are full, but still we have a long list of brands waiting to replace in case of a churn. For the food courts at Inorbit, we only license out spaces to brands/shops; we never sell the space.”

Pushpa Bector who has recently been appointed as the mall head and senior vice-president, leasing, DLF's Mall of India, shares her insight. The 1.7 million sq ft mall project in Noida, scheduled to open in 2013, will have a “food court with the capacity to seat at least a 1,000 people. We plan to run the food court ourselves, as it helps in maintaining quality and offering a good value proposition. We'll choose from amongst branded players with good exclusive value,” says Bector. She knows. During her association with DLF, she has headed the food division (establishing over six food courts) and handled F&B leasing for the retail portfolio.

The challenges

“Ideally, mall operators should aim at achieving a ratio of at least 15 per cent for food courts in context with the entire development. However, India still lacks the depth of

THE NEW WAY

“While mall developers were earlier selling the space to brands, now they lease it out, run the food courts and promote them as well. The financial relationship between the mall developer and brands has evolved from pure play ‘space rental’ to ‘revenue sharing’ or to ‘minimum guarantee plus revenue sharing’ or a ‘mix of rentals and revenue sharing’. As a result of the rise of revenue sharing model, many malls in bigger cities have started issuing ‘pre-paid cards’ – this ensures transparency in the reported revenues of the brands at the food courts” – Pratiche Kapoor, AVP, food services & agriculture, Technopak Advisors. ♦

operators or categories seen in other countries. Nor has the eating-out trend developed fully so far. Typical food courts in India measure 15,000-25,000 sq ft, with a majority of them averaging 15,000 sq ft. A proper food court needs to have at least 13-15 food kiosks and counters in order to be viable. Because of FSI constraints and the cost of real estate, food courts in India have been limited to this size, which is the bare minimum required for a decent sized mall with good footfalls,” says Pani of Jones Lang LaSalle.

Puri of Pioneer Property Zone agrees. “We notice that, in a well-planned mall with a good sized food court, over 30 per cent of the mall traffic would visit the court. This could even go beyond 50 per cent.

The percentage allocation towards food courts has grown over the past few years and I would see this expand further with new operators and categories entering the market. One thing that needs to be taken into consideration is the mixing of the food court counters in such a way that the same products are not repeated in too many kiosks.”

However, not all brands into casual dining like to opt for the food court space. Vikram Nair, promoter, Khaaja Chowk, a restaurant chain, has four of its 10 outlets located in malls. However, none of them is part of a food court. “As a brand, a stand-alone format is imperative for us,” says Nair. “We need a larger area to create the décor that's integral to the Khaaja Chowk experience. An F&B outlet in a mall has its own pros and cons. All the same, it is undeniable that they provide a wholesome experience and are thus able to generate good footfalls for associated businesses and stakeholders. Our 1,900 sq ft outlet at the Plaza mall in Gurgaon gets an average weekly footfall of 1,300 people...and nets about ₹20 lakh a month,” he adds.

Whatever be the format – kiosk, food court, stand-alone – the mall has surely emerged as one of the preferred destinations for F&B brands.

♦ KIRAN YADAV

