

Food Habits and Changing Eating out Trends

Food in East India is spicy with a fair mix of vegetarian and non-vegetarian dishes in the cuisine with staple items being rice, fish, meats like pork & beef – a little different from the rest of India, with most inhabitants being regular non-vegetarians. Proximity to coast line and plenty of rains make fresh fish and rice a favored combination. While food in this region has had a variety of influences including Chinese, Italian and Continental Snacks, however fresh food cooked at home or street food outside home still rule this region.

Taste preferences have been slow to change here partly because people are passionate about their own type of food and also because these cities have never been top of mind for organized Indian and International chains when drawing up entry & expansion plans.

However lately, there has been a move towards expanding taste horizons as a result of the overall lifestyle changes. In cities such as Kolkata and Bhubaneswar, eating out is already a popular trend. However, a similar trend to explore new cuisines and brands is emerging in other cities as well, such as Patna, Ranchi, Guwahati etc. This has been a result of evolution of aspirations of younger generation, increased openness to foreign culture, an increase in families' disposable incomes, rise in presence of branded retail chains and growth of entertainment as a concept with emergence of malls & multi-screen multiplexes. All of this in turn has increased their exposure levels and started to have an influence on the way people eat; encouraging them to venture out and try new cuisine types.

Advent of Large National and International brands

It must be said that whatever considerable change in the eating habits of the region has been to a large extent due to the influence & initiative of the organized F&B chains. Presented below is a quick overview of the presence of some of the key organized F&B brands in the region:

Food Restaurant Brands*	Assam	Bihar	Jharkhand	Orissa	Sikkim	West Bengal	Penetration in Eastern India
McDonald's	0	0	0	0	0	3	1%
KFC	1	0	0	0	0	8	8%
Pizza Hut	1	0	0	1	0	7	5%
Dominos	1	2	3	1	1	19	6%
Subway	1	0	0	1	1	16	8%
Mainland China	1	0	0	1	0	3	17%
Yo China	1	1	0	0	0	0	8%
The Great Kebab Factory	0	0	0	1	0	0	7%
Khaaja Chowk	0	0	0	1	0	0	13%
Sigree	0	0	0	0	0	1	25%
Machaan	0	0	0	0	0	1	17%
Haka	0	0	0	0	0	2	50%
Flame & Grill	0	0	0	0	0	3	43%
Café Coffee Day	10	1	11	13	2	63	9%
Barista	0	0	0	0	0	15	7%

*As on end August 2011

While the region accounts for less than 10% of the all India presence for all International brands, some of the Domestic brands have been quick to realize the growing incidence of eating out and capitalize on the affinity for local food and Chinese cuisine in particular.

Nonetheless, the scenario for International brands is also expected to alter soon. With favorable consumer demographics and fresh investments by the brands, the region will soon see increased presence of both Domestic & International brands.

Most of the Domestic and International chains that have either already entered or planning to enter this region starting with big cities, enter with an aim to eventually move to other smaller cities. Their key concern is to be able to build enough scale in a few big cities, so that they can streamline their logistics and supply chain processes for that region before they target other smaller areas.

The main advantages that these brands see in expanding here are that - dining out is increasingly gaining traction, accessibility is not an issue for them since the distances are not much and there no space constraints which solves the problem of rental, a key component in restaurant operating expense .

Having said that, various roadblocks are still affecting their plans notably the lack of quality real estate and trained manpower. With increased planned investments set aside for Kolkata and rest of eastern India, Devyani's brands have plans to gradually make their presence felt in this region – it plans to double the number of Pizza Hut and KFC outlets over next two years. Hitherto not spoken of much, Bihar is now on the radar of many brands lately such as – McDonald's, Pizza Hut, Subway, Nirula's, Café Coffee Day and Barista, as a result of its improved law & order situation. Dominos was one of the first organized F&B brand to open their outlet in Patna – it helped that it was already well-known among the consumers due to its aggressive marketing campaigns on national media esp. television. With the growing development, there is a positive rub-off effect on travel retail as well. To capture this opportunity, Café Coffee Day and Barista are planning to open outlets at the Patna airport to tap into the transit consumers looking for branded options.

To sum up - the emerging shape of the F&B retail space in the eastern region is still in the initial stages – it promises significant potential from supply side in terms of current low penetration and changing demographics from demand side. However, many critical components, such as – logistics, suppliers, real estate, skilled manpower and political & business climate, need to be in place before the region becomes an integral part of the future entry and expansion strategies of prominent F&B organizations, to name a few.

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