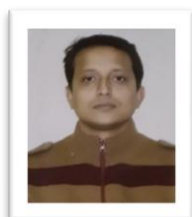


Measuring the Impact of Restaurant Business on Tourism Industry: A Study on NCR Delhi



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Abstract

Food is a big part of the Indian culture and tradition, Indians have always a strong bonding with food for decades. It is believed that the concept of modern restaurants have emerges from French revaluation which is date back to ancient times. The restaurant industry in India has been growing at a fast pace over the past few decade as a result it is obvious that the growth of restaurant business is going to expand in the near future. Restaurants are considered to be one of the a vital part of our everyday lifestyles as we are a society on the move, we patronize them several times a week to socialize, as well as eat and drink. The growth of the restaurant industry coincided with the growth of the great Indian middle class, which was the byproduct of liberalization. Rapid urbanization, growing awareness of western lifestyles, more women joining the workforce, and higher disposable income were some of the factors that contributed to the growth of the restaurant industry.

Keywords: Disposable income, Liberalisation, G.D.P., Online wallets, QSR

Introduction

The Indian hospitality and tourism industry has occupied a prominent position and is considered as one of the key industry which is acting as one of the driving force in service industry to strengthen Indian economy. The IBEF report suggested that, The direct contribution of tourism and hospitality and tourism to GDP the tourism & hospitality sector is 23.6% in 2017 with the industry share of rs.5.9 trillion, which is equal to US\$91.3 billion In India the contribution of tourism is 9.4% of the GDP & it is the largest foreign exchange earner for the country and ranked 7th to total contribution of GDP in 2017 in terms of tourism.

India has one of the world's fastest growing large economies and, by some estimates, is projected to become the world's third largest economy by 2025. While 62 per cent of all international restaurants are located in malls, 68 per cent of all domestic restaurants are situated in street sides.

Objectives of the Study

1. To study the overview of tourism and hospitality industry business of India in general and Delhi NCR in particular.
2. To study the reasons for growth of food service industry in Delhi NCR region.
3. To analyze various issues and challenges involved in restaurant business in Delhi NCR.
4. To provide measures to face these challenges and thereby improve the restaurant business in Delhi NCR region to increase tourism business.

Restaurant Business in Delhi: An overview

The main findings of CBRE report on India's restaurant survey viewed that more than 1,200 restaurants are situated in the key locations of Delhi NCR, Mumbai and Bangalore. The report also mentioned that only in Delhi, Mumbai and Bangalore, 82% of the restaurants are domestic stand alone/ chains while the remaining 18% are international restaurant chains. The report also revealed that 24% of the people prefer Indian cuisine followed by 22% prefers multi cuisine restaurants.

The main reasons for the growth of restaurant industry are increasing globalization, growing exposure to international trends, change in family structure and composition etc.As a result of these the real estate

sector is also growing with availability in organized retail developments. It is also revealed from NRAI report that nearly 60% of the restaurants are located on high streets and nearly 29 per cent are located in malls. This is mainly because of less rental costs on high streets, expansion of organic food activities, less availability of quality space in malls etc. According to the NRAI, the expected Indian fast food market is touching worth \$13 billion, which is less than one-fifth that of China, who is ranked second after U.S.A in terms of largest fast food consuming market. Since the current trend shows that there is a declining trend in fast food sales in china against the Indian market which is expected to grow at 19 percent annually, 4 % faster than the Chinese fast food industry which is now growing at 15% annually.

Review of Literature:

Restaurant in general

In their book the restaurant from concept to operations (2005) Walker John R and Lundberg, Donald E. provided an idea of aspiring restaurateurs how to conceive, open and run any type of restaurants. From fast food franchise to upscale dining room. This book helps in giving suitable concept and finds some market gap to fill, develop business and marketing plans and secure financial backing. This book also guided how to select the perfect location, obtain the necessary permits, create a tantalizing menu, design the interior and hire trained employee. This book provided an effective decision making process about quick service, cafeteria, coffee shop, family, ethnic, casual or luxury

Site selection in restaurant business

In his book "Restaurant and fast food site selection(1992) Melaniphy John C. presented the tools required, the application necessary, the implementation required for successful site selection, and special concentration for down town areas food coats, shopping centers etc. He has mentioned about the principles of site selection, location types, customer profiles, trade areas, market structures, demographic needs, consumer patterns, competitive evaluations and feasibilities. He also provided information in field work procedures, generative areas, market penetration, prioritizing markets, estimating sales, site selection criteria, site economics and deal marketing.

Restaurant Management

In the book "The best in restaurant corporate identity"(1992) written by Cliff Stafford mentioned about the central problems arise while opening up restaurants like designing of rooms, menu planning and designing giving corporate identity etc. Or should the chosen location or building influence all? The author in his book provided the practical solutions to handle these above issues in form of presenting menus and interiors side by side. The author also stressed in providing reference for graphic designers, interior designers and architects in this highly specialized field of restaurant management.

Hospitality Business

In their book, Kotas, R. Teare R. Logie J. Jayawardena C. and Bowen J. in their book on "International Hospitality Business (1996) tried to deal

with different managerial issues like trend analysis, information technology and strategy, education and development, management operations, team performance, business strategy communication and structure, managing human resources, Managing service quality, marketing service quality, marketing and development etc. and tried to provide solutions to deal with various managerial issues while dealing with hospitality business.

1. In his book '*Food Service Operations*,' (1983), Jones Peter provided a comprehensive survey of the management aspects of food service operations in all areas of the hotel and catering industry, from fast food to banqueting. The first part of his book was concerned with the different sectors of the industry, illustrating the alternative systems of food and drinks provision to a wide-ranging clientele, an outline of personnel and staffing requirements within each sector, and evaluated the role of each sector within the catering industry. A key feature of the book was its wealth of case studies, which provided a realistic perspective to many of the concepts discussed.
2. In their book '*The Management of Hotel Operations*,' (1989), Jones P. and Lockwood A. tried to study about different innovative approaches related to hotel management based on the concept of Key result area. Their book mainly deal with some fundamental issues facing by the manager-including profitability analysis, productivity analysis and also examined alternative strategies for achieving successful performance in management of hotel operations.
3. In his book '*Hotel, Lodging, Restaurant and Resort Management: A Service Quality Perspective*,' (1980) Singh P.K. explained various facets of Hotel Management, in general, with special focus on service quality in this industry of contemporary world. This book also dealt with issues related to lodging management; hotel management; organizational structure and networking required for hotel and restaurant management, hospitality management with perspectives on supervision, staff and team, sales productivity, commercial solution, applied management with significance of administrative service managers and information service managers.
4. Andrews. S. in his book '*Food and Beverage Service Training Manual*,' (1980), explained the need for training manual for imparting training to the personnel of the hotel and restaurants after understanding their problem. The author stressed that the training manual should be developed for two sections, the waiter and the Restaurant supervisor. Each section must be divided into three parts: Knowledge, skill and Attitude.
5. Prosper Montagne in his book '*Larousse Gastronomique*' in (1988), provide a extensive study on history of gastronomy in a single work of reference of culinary panorama of the 20th

century. The author apart from provide information on food habits discussed on different wine producing countries and regions of the world. The author also presented an anthology of haute cuisine and recipes for home cooking, including different classical dishes of different countries.

Hospitality and Tourism Scenario in Delhi- NCR Hospitality Scenario

Delhi being the capital of India, Business travelers account for about 70% of the demand while the balance comes from the leisure travel demand. Demand mainly comes from the BFSI and PSU segments in Delhi while in Gurugram, IT/ITeS, BPO and telecom sector drive demand. Hotels in Noida region majorly cater to demand from IT, BPO and consumer durables companies. Aerocity district caters to demand from corporate, MICE activities and transient clients. Social events – marriages also contribute to the room demand in NCR. The demand previously catered to by the unorganized sector in the area has been absorbed by the branded mid-market and budget hotels located within the district. Because of these factors, most of the international hotel chains and restaurant chains are operating in Delhi NCR .

Tourism Scenario

The domestic tourist arrivals grew by a marginal 2.4% y-o-y from 1,614 million in 2016 to 1,653 million in 2017. The growth in the domestic tourist arrivals is due to the, rising disposable income, popularizing weekend culture, the eagerness to spend amongst the youth, government campaigns, introduction of low-cost airline services, increased trade and booming service sector.

Mumbai, Bengaluru and Delhi hosts both, business and leisure tourists but the share is skewed towards business travelers. However, Tamil Nadu receives mostly leisure and medical tourists. Uttar Pradesh which boasts of the Taj Mahal is a preferred destination for the leisure tourists. Delhi being the entry point to India for visit these important destination so the tourist flow to Delhi always consider to be play a vital role for development of tourism in India.

Foreign Demand,

On the other hand, has remained largely stable, contributing 19.4% between the Business, Leisure and Tour Groups segments as per Federation of Hotels & Restaurant Associations of India (FHRAI) and Hotelivate. Moving forward, with the rise in spending by domestic travelers, domestic demand is also likely to grow at a healthy pace for development of international tourism in our country..

Reasons for growing Demand of Restaurant Business in Delhi NCR

Some of the factors which are responsible for the growth of restaurant business in India in general and Delhi NCR in particular includes the following:

Changing population demographics

There's a vast pool of working population in Delhi NCR, which includes women. There's an upwardly mobile middle class, which is liberal and progressive. In addition to that, there's a rapid

increase in nuclear families and all of these factors contribute to the growth of the restaurant industry.

Greater Disposable Income

The per capita income of Indian has been increasing steadily and this has led to an increase in the disposable income of Indians and so does in Delhi. Added to that is the concept of double-income households which is the result of more women joining the workforce. All this has led to an increase in the purchasing power of people, which is driving the growth of the food service industry.

Increased Exposure for International Cuisine

Currently more and more Indians are traveling abroad, which has increased their awareness about global cuisines. Popular food and cooking shows on television such as Master Chef and other related programs have also led to greater exposure to gourmet food.

India as a Perfect Tourist Destination

With India projecting itself as a major tourist destination to the world abroad, restaurants in the country have all the incentive to expand their repertoire and up the level of their services to cater to a growing international market.

Infrastructure and IT Development

For restaurants, infrastructure and IT development helps them control costs, minimize waste, maintain quality, etc. and helps them improve their bottom-line. Availability of IT-driven business intelligence and data analysis in Delhi NCR helps them streamline their business and improve results.

Growing demand for QSR service

Recently, the organized sector consisting of fine & casual dining restaurants, bars & lounges, quick service restaurants or QSRs, food courts, cafes, and kiosks, holds the remaining 30 percent share of the market. However, the organized food service industry is projected to grow faster rate of CAGR of 16 percent and its market value is expected to reach Rs. 145,770 crore (\$28 billion) compared to the current Rs. 67,995 crore by 2018.

Delhi being the capital city of our country is now a fastest growing market that is becoming increasingly experimental with its food, the growing ease and convenience of ordering in, the introduction of new and interesting menus like breakfast and high tea, the widening reach of social media, and international chains scrambling to set up shop in the country – all point to a healthy growth for India's food service sector over the next few years.

1. The changing lifestyle, rise of the nuclear family, more women stepping out of their traditional roles to go out and work, rapid urbanization are some of the factors responsible for the growth of the restaurant industry in India. Added to that is the increased exposure to international lifestyles and cuisines. More and more Indians are demonstrating a growing appetite for a variety of cuisines ranging from Chinese and Italian to Mexican and Middle Eastern.
2. Greater awareness of global cuisines combined with a larger disposable income is leading many Indian consumers to seek experiential eating or fine dining. Fine dining is not just about going out

and eating. Fine dining is about elevating the dining experience of consumers through ambience, décor, presentation of the food, quality of service, use of gourmet ingredients, etc.

3. High-end or fine dining is slowly coming of age in India. While restaurants are placing a lot of emphasis on delivering high quality food and excellent dining experience, Indian consumers known to be quite cost conscious are willing to spend more and more on experiential eating.
4. New cooking techniques like sous vide are being experimented with in the Indian restaurant kitchen and many of them are inviting foreign chefs to give the Indian consumer a taste of authentic global cuisine.

Major issues and challenges of restaurant business in Delhi NCR

Rise of Online Food Ordering Startups in India/ Delhi

Due to the benefits to ordering online such as consumers can take their time reviewing and choosing their dishes without someone breathing down their neck, they can double-check their orders before making payment

Variety of payment options

The tourist have a variety of payment options available to them ranging from the standard cash on delivery and credit/debit card payment to online wallets like Paytm , Mobikwik. Google Pay etc.

Availability of Applications in smart phones

available as apps on smart phones, have made it easier than ever for the Indian diner to order food from his/her favorite restaurant without worrying about whether the restaurant delivers to their location and if the person at the other end has heard their order and/or address right.

Availability of the Ordering or take away dinner

The ordering-in or take-away diner, Although, previously there were many caveats to ordering-in such as minimum order value, small delivery radius, and misunderstood and misplaced orders; the growth of food delivery aggregators like Food Panda, Swiggy and Zomato etc. has changed the scenario of taking order altogether.

Addressing the challenges: to address various challenges faced by the restaurant industry the following factors should be taken into consideration which includes:

1. Providing utmost importance to customer service in terms of pricing, taste, authenticity etc.
2. Structuring of the store size for optimum utilization of space
3. Partner with training institutes to bridge gap between demand and supply of tourism/ hospitality manpower.
4. Labour requirements and focus on retaining front--- end staff
5. Use competitive pricing for standard services and premium pricing for niche products
6. Set up special lease agreements on a revenue sharing basis

Conclusion

The food service industry in India in general and Delhi NCR in particular is playing a crucial role for

not only providing greater employment opportunities but also helps directly or indirectly helps in developing tourism in this region. No doubt the restaurant industry in India is facing huge challenges including introduction of GST, high taxes on food and beverage consumption cost, inflation etc. but still it considered to be a major engine of growth for our country's economy in form of contributing significantly to our GDP, by paying crores of rupees in taxes, and providing employment to millions of people. The above discussion reveals that the future looks promising for the Indian restaurant industry and so does the development of tourism in India. However, due to the change in taste, preference of food habits, delivery system, payment methods it's very challenging for the restaurant owners to retain its customers and provide satisfaction to the tourist and thereby promoting tourism in our country. What has worked for the quick service restaurants and international fast food chains in India is the shift in the eating out patterns. Because of the increase in disposable income, change in family composition, odd working schedule etc. dining out is no longer considered to be a celebration for special occasions. In recent past, People go out to eat more and try international fast food joints as against the older generations that were less experimental in their tastes and not very keen in trusting of the food quality and hygiene level maintained in restaurants. An interesting trend has already begun because of increased interest in India not only as an investment destination, but also many international fine-dining chains are opening their wings to set up their establishments in India. The Indian consumer has already started to look forward to in terms of experiential cuisine in the recent years. The future looks of food service industry in Delhi NCR region in particular and India in general looks to be promising for the restaurant industry irrespective of some challenges such as high food inflation, over licensing, high taxation like introduction of GST, and increased competition both from within the country as well as from international restaurant chains.

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