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# The Location A-Z Of Restaurant Development

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Indian Restaurant Congress 2012, New Delhi  
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# Consumer Spend on Food Services will increase by 50% in the next three years

*Absolute figures in US\$ bn*

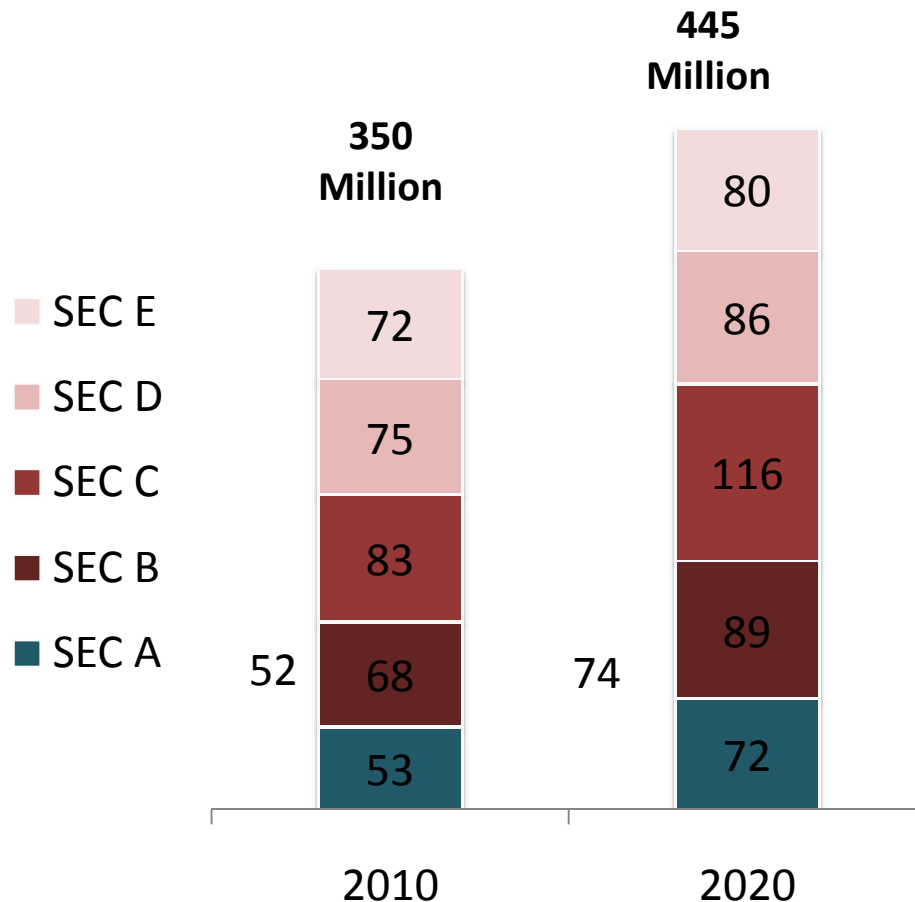
*Figures in bracket represent % share of total consumption for the year*

Categories	2012	2015	2022
Food & Grocery	341	397	532
Pharmacy & Wellness	49	65	126
Education (K-12, higher education & vocational)	40	53	104
Personal transport (vehicles + fuel + repairs)	31	43	78
Jewellery & Watches	26	37	75
Apparel	35	38	56
Home- Electronics/ Appliances etc	23	30	51
Travel & leisure	18	24	46
<b>Hotels &amp; Restaurants</b>	<b>8</b>	<b>12</b>	<b>34</b>
Home- Furniture & Furnishing	9	14	28
Footwear	5	7	10
Entertainment	1	2	4
Total	585	722	1136

## Key trends that will profoundly impact the food services landscape in India in the next decade

- **Emergence of a SEC A consumption class that will afford and consume like an average consumer in the west; whose size will be as big as any big European country**
- **Distribution of consuming middle class beyond large cities and growing spending power of Rural India**
- **Time poverty of consumers will increase many folds**
- **Changing taste and sensibilities leading to dramatic changes in lifestyle choices**

# There Will Be ~70 Mn Aspiring Consumers who will afford and consume like a developed world's consumer



- The Socio Economic Class A population in 2020 will be more than the population of some large economies like UK, France and Italy
- Number of households with annual incomes of \$ 7000 and more is going to treble from about 30 million today to 100 million by 2020 giving a middle-class size of about 450 million individuals

...however, widening geographical spread of the economic growth will make it difficult to reach the consumer

- A dramatic shift in geographical distribution of consumer spending power
  - Middle class would have expanded beyond the large cities
  - A consumer company doing direct business in top 70 cities would have reached 70% of its total consumer and affluent class, however by 2025 this would need to be present in nearly 350 locations
- Rural Economy
  - The Indian Rural Economy will be of the scale of ~\$ 1 Trillion , however it will remain widely distributed across the country
  - These consumers will start consuming like today's Tier 2/3 urban centers

# Growth Conundrum for Restaurant Development

## WHILE, FOOD SERVICES IS POISED FOR GROWTH

- **Occupancy costs are double the world average**
- **Food-Courts are under-performing**
- **High churn of stand-alone restaurants**
- **New formats of food services especially transit locations are taking time to take off**

Thank You

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