

Catering industry in india



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INTRODUCTION Catering definition This industry comprises establishments primarily engaged in providing single event-based food services. These establishments generally have equipment and vehicles to transport meals and snacks to events and/or prepare food at an off-premise site. Banquet halls with catering staff are included in this industry. Examples of events catered by establishments in this industry are graduation parties, wedding receptions, business or retirement luncheons, and trade shows.

Restaurant or Foodservice definition Organizations in the Food Services and Drinking Places prepare meals, snacks, and beverages to customer order for immediate on-premises and off-premises consumption. Some provide food and drink only; while others provide various combinations of seating space, waiter/waitress services and incidental amenities, such as limited entertainment. The organizations are grouped based on the type and level of services provided. The industry groups are full-service restaurants; limited-service eating places; special food services, such as food service contractors, caterers, and mobile food services; and drinking places.

Catering is not only about appealing to the taste buds of the individual but also to all the other five senses of a human being. With the right atmosphere, it is possible to appeal to all of these senses making the occasion unforgettable. Of course, beautifully prepared food can alone do this, but now days, caterers want to reach out to the customers in all possible ways and bowl them over. •The venue •The menu •The decor These are certain areas, which the caterers aim to cover for an all round, win. . Whatever may be the occasion; a bachelor's party or the annual meeting of a orporate; deeply satisfying the guests are the sole aim.

Catering seems pretty straightforward and simple: You cook some food and serve it, right? That is the basic idea, but there's more to it. A whole lot more. •Food maybe the most important thing in the catering world, but its only one part of the service. Many catering companies today include full event planning. There has been a change in approach of the companies and while extending their services; other activities are also concentrated upon.

It's not that food is no longer a focal point, but rather that it is part of a broader mission. PEST ANALYSIS Political factors ? Price hike in L. P. G: This is going to have a direct effect on catering industry. This increase comes after Govt.

realized the shortfall in demand and supply of Butane and Isobutene, constituents of LPG. Hence, prices were increased by Rs. 20. although this quite a substantial increase but caterers are not in the mood to pass it on to consumers. ? Food and Drug administration: Govt. has recommended the formation of F&O of India, which has plans to make registration of all caterers mandatory to ascertain a fix standard below which quality of food served will be prohibited.

Ban on Plastic bags: a ban on plastic bags means difficulty in carrying/storing/transporting food or food items. As today services like `FREE HOME DELIVERY` have become a part of expected service. Hence any inability to provide these type of services may affect the Caterer's image. Also it will increase the cost of replacement or finding a better substitute than plastic. ? Service Tax: imposition of indirect taxes is definitely going to

affect the industry. As these taxes are not borne by Service Provider but by the consumer who will have to shell out 10.

5% of the bill amount. Also other taxes like Entertainment tax etc. will increase consumer's outlay. ? Rise in Fuel prices: increase in Fuel rates will affect caterers who provide mobile services, as it involves transportation of services. And this will directly be proportional to distance traveled. Hence, an increase of Rs.

2-3 per litre seems unfavorable for this industry. But this just seems to be the small picture as prices of Oil tends to rise in international markets, Govt. will not be able to provide a cushion for any further increase. ? Policies of FCI: better known as Food Corporation of India, it is a regulatory authority, which decides a price range for agricultural consumables.

But it fixes only on estimates of Demand and supply. Hence any unreasonable increase in produces is restricted and is working in favor of catering industry. Hence Gone are days when onions made people cry by selling at exorbitant prices. ? Govt. should take up initiative of setting up more number of APMC markets. (Agriculture Produce Marketing Centers).

The reason for this is that villagers/farmers can directly sell goods in these markets without intermediaries coming in to picture, which obviously decreases the prices of raw materials required in catering industry.

According to a study `Vegetables, fruits` etc offered in local market are extrapolated to an extent of 100% of their cost prices. ? Permits, Licenses: as in case of caterers who offer additional services like Liquor etc, certain types of permits are required which are for limited time-periods. Although this is a

socially good move but it still hampers the industry as it is said, " it is not what goes in is bad, but it is what comes out is bad". In addition, there are other restrictions like time limits (after 11 pm drinks will not be served etc. and with a ban on certain category of bars, it is anticipated some pressure will shift on Catering industry (Hotels etc.

). ? There are also legal/constitutional factors, which have impact on this industry. like The Bombay Hotels and Establishment Act, which states that if any hospitality or catering industry which employing more than 14 persons (inclusive of 2 part timers) will be classified as an establishment and thus will have to offer benefits like Minimum wages etc. ? According to recent UN survey, India ranks 116th in doing business, whereas it Pakistan at 90th and China at 60th positions respectively.

Hence forget Shanghai, even Karachi seems to be a distant dream. ? As Catering, outlets require quite a large amount of space, but Govt. focus on Housing sector may affect the caterers in negative way. A recent UN study sad that we need to build 4000 houses per hour or 96, 000 houses per day, only then will we be able to provide sound accommodation to our populace.

Although this may sound a windfall for caterers but looking at space constraints, it seems impossible. Economical factors: €Consumer Spending has increase tremendously given the explosion of choices available to him. Another factor contributing to the increase in spending is that Cost of living has skyrocketed. Hence, it is not an option but compulsion to spend more even on necessities like food. A recent study indicated that consumers'

spending for food is approximately 20% of their total income in Delhi and 18% in Mumbai. Tourism also plays an important role.

As tourism and Catering go hand in hand. This is because as number of tourists increases it gives rise to variety of menus, which can be restaurants etc. thus giving them an opportunity to encashed upon. Hence, tourism as a sector should given top priority for development of catering industry.

Although India ranks amongst top 3 tourists destinations, there is still a great scope of improvement.

With Business cycles running at peak, Sensex violating 8000 mark and inflation rates down to 3.63%, it is spendthrift's heaven. What this means is economic stability has a spillover effect on people. It is just like a self-fulfilling prophecy.

People think economy seems healthy and they spend money but as it goes the other way, economy prospers as they spend money increasingly. The Earning capacity has also taken a quantum leap. For the year 2003-04 the per capita income was around Rs. 5000 (\$545) p. a.

in urban areas whereas in rural areas it around Rs. 11500 (\$255) p. a.

whereas per capita income of Pakistan stood at \$690 p.

a. hence with an increase in income levels people tend to spend more. Note: the earning capacity should not be confused with spending capacity, as they both are different terms. They differ as earning include saving which are not included in expenditure. Spurred by the liberalization process, there has

been a gradual move away from a supply-constrained economy to a demand-driven one.

Moreover, the typical Indian consumer's mindset has changed as well. Austerity is no longer considered a virtue, debt is not a taboo any more in a typical middle-class Indian family and with easy availability of cheap Consumer Finance, and there are positive signs of growth for catering industry. With economy opening up, and catering sector should be encouraged and FDI limit should be increased, as analysts say the limit should be raised to 100% or at least 60% with FEMA restrictions be abolished, so as to encourage investments in catering sector. Social factors: Westernization: The West has tremendous impact on Indians. The mindset of people today is 'to live for the day' attitude. They believe to live in present and not to risk their present for their future.

Hence, they believe in spending whatever is earned. Bandwagon effect: this refers to people aping others either due to their status, power etc. hence, it effectively means that people try to imitate each other so as to prove their superiority. This also affects the spending behavior of consumers. The Average age of India is around 28 years.

Hence, it is said that India is very young at heart whereas average age of China is 33 years. In addition, amount spent by youths (age group 20-35) is more than amount spent by any other age group. Hence, catering/restaurants in fast foods that cater to taste of youths have n% scope of expansion with such a wide consumer base. Catering is one those few sectors where there is no formal or necessary training required.

Like there are no prerequisites except to the fact, the need of capital and to earn fast buck is the need of the day for everybody. \$Giffen effect: according to Sir Robert Giffen, when prices of any superior goods fall, people instead of buying low priced substitute tend to offset the decrease by purchasing superior quality goods given the same outlay. And so even though cost of living has increased, earnings capacity has superceded it by many times. And with fierce competition and choices prices have come down.

Hence, this psychology makes people go for plush restaurants occasionally offsetting with low quality consumables. \$Paradox of Value: it means that items that are of prime importance, without which no one can do are sold at quite low and affordable prices. As water, food etc. are things without which nobody can do. They are of utmost importance and which makes them invaluable but in fact they are the one that are priced the lowest (the necessities).

Thus encouraging their consumption and to make it available within everybody's reach. \$There has been a change in peoples attitude toward almost all types of catering For example, the way to a man's heart is through his stomach. This little bit of advice is being taken very seriously by airlines, Menus are being designed, selected and prepared with both eyes firmly fixed on the customer's tastes. The traveler of today, it has been realized, no longer accepts what is dished out.

He knows what he wants and nothing less than the best will do.

Technological factors: The catering industry has various facets where there is direct dependence on the technological advancements: TTemperature

controlled environments- the transportation is one of the main aspects of catering services. Often the kitchen and the service delivery site are far and wide away from each other. Hence to reach the required food and drinks to the site without deteriorating the quality of the food it is important to maintain a controlled environment.

Transporting the food in specially modified carriers or vans, which have a conditioned environment, nowadays does this. TBurners- traditionally the caterers have been using the gas burners and LPG cylinders to fuel them. but now slowly but steadily especially in the five star catering the companies have started using the latest electric burners popularly called ' Hot Plates'. These do not emit any smoke heat or fire. They heat only when come in contact with metal.

Hence, they automatically shut down when not in use. TComputer software- the hospital catering is generally an avid user of this technology. There are various software's in use. When one feeds in the data or name of a particular food dish in to it, it straight away lists the required ingredients in precise quantity as per the patients calorie intake allowance.

Such software's have made the life of hospital caterers quite easy and accurate. TBesides the above-mentioned specific factors, there are many other small n undetected points, which go often unnoticed. These can be- the dish washers- pressure boilers- electronic weighing machines- laser blade knives, etc. These factors together have made the catering industry an up to date 21st century service industry.

In addition, the increasing competition has made se of these almost an essential art of business. With this the ease in payment, one can now pay from their cell phones etc have removed all the hassles. PRODUCT MIX

LevelType of serviceCatering 1. Basic core productFood and beverages. 2. Expected service Hygiene, taste, banquet services, etc.

3. Augmented service Working as per the customer needs by providing specialties. 4. Potential serviceThe best of the specialties.

For e. g. the desserts at Sea princess Product lines: 1. Width: it refers to the number of different services offered by the caterers. For e.

g. airlines, railways, hospitals, corporate meetings, etc. 2. Depth: it refers to the variety of services offered. It may differ from sector to sector.

For e. g. airlines need the food, which is dry and portable and can be preserved for little linger. Hospitals require nutritious food, which does not affect the health of its patients. Schools provide their students with the balanced diet, etc.

thus, the needs change according to different fields. 3. Consistency: it is the relationship maintained between the different services. The ultimate motive of catering is to supply food that is to be consumed by its customers.

For e. g. food provided in hospitals, parties, schools are all finally consumed. Classification of catering industry: The catering industry can be divided into three categories 1. Commercial Catering 2. Transport Catering 3.

Welfare Catering Commercial Catering: As the name suggests, it is catering for commercial purpose. Another thing that becomes implied is, commercial activities are performed with the aim of making profits. But in present settings, where the customer is the king, it is not possible to make profit at his cost. Customer satisfaction ranks equally with profit making.

Two different kinds of Commercial Catering are: •Residential Catering •Non residential Catering Residential Catering This involves providing food beverage along with accommodation facilities 1. Hotels: they provide for food, beverages and accommodation facilities. And depending upon the type of service offer they can be classified on the basis of stars or on the basis of clientele can be classified as business, transit, etc. 2. Motels- these are situated on the highways and cater mainly to the travelers. The stay of the customers here is generally very short and is mainly during a halt in an overnight road journey.

They provide facilities like parking, refueling, garage, along with basic provision for food and beverages and accommodation. . Resorts & Spas: they are hotels located at places away from the city mainly at sea side or on hill stations. These resorts are very distinct in off seasons as the places are used more during the holidays. The stay of guests is much longer than those in motels.

Eg. Club Mahindra 4. Floatels: Located on floating boats, which provide food, beverages and accommodation facilities. According to the size of the floatels the facilities vary. Eg. House boats 5.

Guest Houses: the standard of accommodation here is not as good as a hotel or a resort. The services offered are not very professional and the menu is also not very elaborate. Expenses are much less than other establishments and people who cannot afford to avail the luxuries of hotels or resorts prefer these guesthouses. 6.

Lodges: provide only Accommodation facilities. They are generally located near railway stations or near bus stops. 7. Circuit Houses: similar to guest houses but the standard is better. They are generally owned by the State government and are used by the government officials. 8.

Youth Hotels: these are necessarily cheaper than hotels. And provide for accommodation though may or may not serve food. Eg. YMCA, YWCA. Non-Residential Catering As the name suggests these provide for food and beverages but not accommodation. 1.

Restaurants: Depending on the type of food served they are classified as specialty restaurants . Eg. Chinese, Thai Fast food Mexican or multi cuisine restaurants. Restaurants can be associated with hotels or may be independently present. 2.

Bar: these places serve only alcoholic drinks along with light snacks. They may or may not be attached to restaurants or hotels. In India the rules and regulations governing the bar are very strict which limit the scope and working of this place. .

Fast Food Outlets: generally independent outlets and deal in food and beverages which can be prepared and consumed quickly. They don't serve

alcoholic drinks. Emphasis is mainly on quick preparation and service. 4.

Discotheques: these are business premises, which provide facility for large gathering of people to dance along with music played by the DJ. They may have a small bar in the corner.

However the emphasis here is more on the dance and the music rather than the food items served. 5. Vendors: they are generally present on railway station and provide food and non-alcoholic beverages. They cater mainly to the weaker sections of society. Transport Catering: 1. Railway Catering: In this case pantry cars are attached to the trains where the food is cooked or in most cases catering is done by outside contractors.

The Indian Railway mainly did earlier catering only. However private players have been coming in the picture leaving less market for the Indian railway catering. E. g. Recently. Mc Donald's along with Radha Krishna Hospitality Services Ltd.

has bagged the first private railway contract. 2. Marine Catering: This is the catering mainly done for the crew and the passengers. In the modern day the cruise liners have become very known and have a very high standard of catering. They are equipped with facilities like restaurants, bars, discotheques, golf course, swimming pool, laundry, ball rooms, casinos, etc. On these liners the service reaches its maximum.

Apart from different kinds of meals served social activities like parties, dance, etc are also organized to earn good will and provide customer satisfaction. 3. Airline Catering: Today airline catering has reached a high level of sophistication. Unlike earlier where only limited items were listed on

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the menu, today the menu is much more elaborate. Specialized training is provided to the airhostess and the crew for rendering professional services.

Eg.

Recently, Ambassador Sky Chief bagged contract in Air India. They are to serve 28, 000 meals per week. This is the only caterer that serves meal on the Air India. Welfare Catering: This catering involves catering without profit. Although loss is not the objective either. It is generally out of compulsion or obligation or a legal requirement or charity.

1. Industrial Catering: Carried out in big industrial or manufacturing units. Different levels and types of employees are served in different canteens. The employees contribute very small amount of food cost and are served buffet meals. The company itself may either carry out this catering or the contract may be given to any private body.

2. Institutional Catering: This type of catering is carried out in schools and college canteens or in institutional hostels. Here the price charger to the students is very nominal. This is generally run by the institution itself or sometimes by the students. Very rarely it is given to outside contractors. 3.

Service Catering: This is done in jails and in military services where no money is charged at all from the consumers. The food is either cooked in-house or is outsourced. 4 I'S •Intangibility oProduct life cycles can be short – Unlike manufactured items which tend to a have relatively long product life cycle, service delivery systems often change for example, microwaves cannot be used while catering the customers in the flights, which makes warming up the food a hectic job. On the other hand items of food being

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perishable commodities tend to have a short life cycle. So, if the food is not preserved properly, it might lead to loss of essential nutrients and thereby making it unable to consume. It is difficult to build brand loyalty - This is because in service businesses, copying is very easy.

If one caterer decides to come up with a new dish or make a different kind of presentation or some new arrangements, the other caterer copies it within no time. That is why it is necessary to be innovative again and again and come out with new service features. Thus, they have to keep themselves distinguishing from competitors. At the same time, FOOD is such a commodity that can lead to a lot of service failures if adequate care is not taken to preserve thereby leading to a bad rap on the part of the customer towards a customer. Example: suppose if, there are 10 functions arranged and of those even if 2 of them are not catered properly, it affects the prospects of other future customers leading to hesitation in giving orders. They might feel there is a lack of authenticity in the catering company, though the actual reasons may vary in nature.

oCompany reputation is crucial - Company reputation is crucial in service businesses because consumers are unable to measure with any accuracy the quality of service they are getting. In the catering industry, what affects the most is the word of mouth. Even if a single fault is spread to other people, the customers perceive that they might probably go through the same. Thus, the number of customers diminishes. •Inventory oThere is no buffer from fluctuations in demand - Due to the characteristics of services; there are no inventories to buffer fluctuations in demand. Caterers do not prefer to stock up the inventory.

Even if they do, it's for a very short duration because they mainly have to deal with fruits, vegetables, and other food items which are highly perishable. But the caterer should have a good amount of back up so as to meet the demands of their customers. Services do not have inventories that can be used to buffer the imbalances between the supply of products and the demand for products. oBecause there is no decoupling of the various stages of production, planning and control can be complex - they have to be good at forecasting and planning with the help of their past experiences. For example, if more guests turn up in the party than expected, they cannot ask the guests to leave or to stay hungry.

All this requires a good back up. The caterer for the purpose of customer satisfaction should meet even the urgent demands. That is a perfect example of how planning and control are so complex when you don't have an inventory to buffer the demand. You cannot tell the customer that there are no seats and that you will put them in an inventory box until tomorrow when the flight arrives. •Inconsistency •Difficult to establish standards especially with respect to psychological aspects of service - It is much easier to define a commercial product than a service offered because all people have different tastes and preferences. Few may stress more on presentation, whereas others might go for much better tastes.

Even establishing the specifications is more difficult than it is with a physical product. •Hard to ensure standards are being met - For the same reason, it is much more difficult to measure whether or not set standards are being met. On each airline flight that you take, you can be treated very differently. Within the same flight you might be treated well at one moment and terribly

at another moment. As management, how do you know, other than customer's letters, that your customers got the level of service you want to deliver? Quality control in recruiting and training is crucial - Quality control, in this context, comes in large part from recruiting and training. If you have a certain part of your service or aspect of your service concept that you are trying to deliver, you have to recruit the right kind of people.

If personality is important, you have to get people who have good personalities. If the service is being catered to some wedding, more often the workers are localized. If it's some big party, the people are hired from the hotel management institute so they can present well according to the kind of guests. Whereas, if it's some important corporate meeting the staff who has to serve is owned and not temporary as the need to present and behave well.

Have a good knowledge and experience about the quality of service to be provided. •Inseparability oSince customers must come to the place where the service is provided, each service facility has a limited geographic area it can serve - This is a reality of the service business, unlike a manufacturing business where you can produce a product and ship it around the world. In a service business, it is very difficult to deliver over a distance. For example, if a person is asking Sea princess Mahal for catering a function that is to be held at Bandra, they would recommend Sea princess lands end rather go all the way from Churchgate to Bandra carrying all the necessary equipments.

CORE/SUPPLEMENTARY PRODUCTS IN SERVICES Many service products consist of a bundle as it were, that includes a variety of elements and even

some physical goods. It is important to distinguish between the core product that the customer buys and the set of supplementary services that often accompany that product. In the Catering Industry the core product is the food offered for a particular event and the supplementary service may include decoration, arrangement of chairs tables etc, the theme, hospitality, etc. Now the decision faced by the firms in planning and configuring the service delivery process a combination of both core and supplementary products are summarized as follows: 1.

INFORMATION: Usually first step in service delivery providing information regarding the service, information regarding processes, cost, benefits etc. So in the Catering industry, SEA Princess's outdoor catering service has been taken as an example. It starts with a phone call, here the customer is informed about the different schemes provided by SEA PRINCESS may be for a lunch, dinner or just a get together etc, information regarding the menu, extra facility if wanted etc. In short he is given an overview of the service, which is going to be provided. 2. **CONSULTATION:** This is one step further after the customer is informed, the customer requirement is found out and solution development takes place.

Continuing with the example of SEA PRINCESS the customer may choose a scheme suitable to him and make the necessary changes regarding menus, themes, decoration, cost etc. 3. **ORDER TAKING:** This is a specific detailed document includes what the customer has asked for in the form of order, reservation, application. At SEA PRINCESS it is done very systematically. Every customer's requirement is documented in a MOF (menu order form)

that systematically includes items like number of people, venue, menu, beverages, timings, prices (pre-determined), themes, crockery, etc. 4.

HOSPITALITY: Indicates - to ensure that their employees treat customers as guests. When SEA PRINCESS goes for outdoor catering, depending upon the number of people attending there are people roaming around asking about the taste of the food, escorting the guests, etc. 5. CARE TAKING - SAFE

CUSTODY: Indicates taking good care of customers' belongings. In catering - it would be, to take care of the health of the guests, so proper hygiene to be maintained while preparing, heating, serving, the food and also the venue which belongs to the customer should be taken proper care of. .

EXCEPTIONS: Indicates doing things for the consumers that are not normally undertaken in the normal course of service may be special requests, problem solving, complaints handling etc. Giving an example the order for outdoor catering in SEA PRINCESS is to be done before 48 hours of the events but for regular customers or at emergency situation, the order a day before is also undertaken with the same kind of quality at times at the same cost. 7.

BILLING: Providing a detailed billing to educate customers regarding description of the payments that have to be made.

SEA PRINCESS provides a detailed bill showing cost of each item provided i. e. a self-explanatory bill. 8. PAYMENT: Payment refers to the mode or the method of payment. This has to be pre-decided, keeping in mind - ease to the customer.

At SEA PRINCESS they operate in 50: 50 ways where 50% of the money in advance and 50% post-service. This ratio may be changed based on the

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customer is receiving the service. PRICE Kinds of consumers: Knowing the type of customer is as essential as knowing the difference between salt and pepper. •Budget consumers: These are the type of consumers who are very cautious of the money they spend on food and prefer economical food. They eat outside more out of necessity than choice.

Due to the everyday nature, they prefer light homelike food rather than heavy restaurant food. E. g. : students and employees residing in hostels would fall under this category. The people having long working hours beginning early morning also can be considered as budget customers.

•Variety seeking consumers: They are those kinds of consumers who frequently visit food joints. As they eat by choice, variety of food is the essence. They may visit a food joint once every week E. g. : a family going out every week would not wish to have the same food on every outing. Wouldn't it be as monotonous as eating at home? Their basic intention is recreation.

College students are another good example. •Occasional consumers: They are consumers who hardly eat out or visit restaurants and prefer home made food, due to health or other economical reasons. E. g. : Middle and Old age would fall under this category of consumers as they usually prefer home made food to outside food and occasionally would go visit a restaurant.

Also a Lower middle class family could be an occasional consumer for the simple reason that he cannot afford to visit frequent restaurants or eat out.

•Bulk regular consumers: These are the consumers who generally purchase the raw materials or prepare food in large quantities on a regular basis.

There is also the likelihood that these consumers may have entered into a contract with the catering or other enterprise to provide the requirement on a regular basis. E. g. : A vada pav wala may purchase the commodities that he requires in bulk, everyday.

This is also typically observed in case of canteens. Even the food in college canteens are prepared in large quantities; making them bulk customers.

- Bulk occasional consumers: These are the consumers who purchase food in bulk, i. e.

in large quantities but in certain special situations or on certain special occasions, like in case of wedding or party orders. Cost-Based Pricing This approach involves setting prices relative to financial costs. The firm should set a price sufficient to recover the full costs- variable, semi variable, and fixed- of producing and marketing a service and then add a sufficient margin to yield the desired level of profit at the predicted sales volume. Service businesses with high fixed costs include those with an expensive physical facility, or a fleet of vehicles, or a network.

On the other hand, the variable costs for such businesses of serving one extra customer may be minimal. Under these conditions, managers may feel that they have tremendous pricing flexibility and be tempted to price very low to make an extra sale. Some caterers promote loss leaders, which are services provided at less than full cost to attract customers who will then be tempted to buy profitable service offerings from the same organization.

Managers need to keep track of the actual costs associated with loss leaders so that the amount of promotional subsidy is fully understood.

However, there can be no profit at the end of the year unless all relevant costs have been recovered. Many service businesses have gone bankrupt by ignoring this fact. Hence, firms that compete on the basis of low prices need to have a very good understanding of their cost structure and of the sales volume needed to break even at particular prices. For example: Sea princess has its profit margin of about 60%. Whereas, a small caterer has about 35% to 40%. The profit margin is decided keeping in mind the reputation as well as the goodwill of the firm.

Perceived value pricing: customers are the value maxi misers, within the bounds of search costs and limited knowledge, mobility and income.

Customer perceived value is the difference between the prospective customers' evaluation of all the benefits and all the costs of an offering and the perceived alternatives. Total customers value is the perceived monetary value of the bundle of economic, functional and psychological benefits of costs customer expects from a given market offering. Total customer cost is the bundle of costs customer expect to incurs in evaluating, obtaining, using and disposing of the given market offering. He adds up all the values from the four sources i.

e. product, services, personnel, and image. Thus, while pricing its services the firm has to keep in mind the image of its services in the market. Even other aspects such as attributes, benefits, values, culture, personality and the user have to be considered while targeting the customers to whom the services are to be offered as well as while setting the prices. Some basic strategies are: Premium strategy: this is what Sea princess offers i.

e. high quality and even charges high for the services offered. •Overcharging strategy: in social parties and weddings the caterer offers medium quality of food but charges high price looking at the environment and the kind of people approaching. •Medium-value strategy: in railways the services offered are of medium quality and even the price charged is moderate keeping in mind the status of the travelers which is not so high. •Good-value strategy: in this case, the quality of service is moderate whereas, the price charged is quiet low. This kind of strategy is mostly seen in college and school canteens so that it becomes affordable for the students.

•Economy strategy: here the quality as well as price both is low. It is mainly seen in shops, which are on streets such as jhunka bhakar, etc. Product

TypeCustomer TypePricing Strategy Hotels Occasional Premium

MotelsBudgetEconomy Resorts and SpasOccasional Premium Lodges/Guest

HousesBudgetEconomy HostelsBudgetGood-value Restaurants, Bars,

Discotheques Occasional/ Variety seeking Premium Fast food

jointsOccasional/ Variety seeking Overcharging

VendorsBudgetEconomyRailwaysBudgetGood-value AirlinesOccasional

Industrial BudgetEconomy InstitutionalBudgetGood-value

ServiceBudgetEconomy ORGANISATIONAL STRUCTURE AT SEA PRINCESS

Organizational chart Catering office Banquet sales officeOperations office

HeadPurchasePublic relationsF & B MangerManagerManager Assistants Head

waitersChefs StewardsAssistants, Helpers Unskilled employees PROMOTION

Through promotion, marketers inform existing or prospective customers

about service features and benefits, price and other costs, the channels

through which the service is delivered, and when and where it is available. In

catering business, generally, the caterers or entrepreneurs do not follow aggressive marketing strategy.

A general rule of the thumb in catering is that, the more customized your catering services, the lesser is the aggressiveness of the marketing strategy.

for instance, it is the least aggressive in off-premise catering. The target market from various sources can receive this information. Diagram on

promotion Messages Transmitted Through Production Channels: In this

category, communications are developed within the organization and

transmitted through the production channels used to deliver the service

itself. Front-line staff: In catering services, employees in front-line position, i.

e. wait staff serve the customers directly. They promote services of the organization through excellence in service delivery, technical knowledge.

Service outlets: Both planned and unintended messages reach the customers through the medium of service outlet and environment created.

In catering business, factors like hygiene, etc promote the organization.

Messages Transmitted Through Marketing Channels: In catering business, very few well established catering firms like fast foods chain, etc, undertake

these tools of promotion. Advertising: In catering business, advertising is done through Print media and Websites. a.

Print: Publicizing the achievements of your service organization, like the chef winning some award. Restaurants can offer to provide recipe columns to

newspaper publications. If the offer is accepted, you have a medium, which is effectively saying that yours must be a good product otherwise it wouldn't

be allowed to be a part of the publication. b.

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Direct Mail: Local Restaurants use direct mail to provide “ flyers” and “ take-away menus” for home delivery services in the neighborhood area market. This provides local market coverage at low cost. c. Website: Nowadays, the catering firms have their own websites to promote their services.

Sales Promotion: The objective of sales promotion is to accelerate the purchasing decision or motivate customers to use the service sooner. a.

Sampling: This is generally used in function catering, whether held in banquet halls or off-premise. b. Coupons: local restaurants use this. For example, restaurant gave special discount coupons to the winners of COLOSSEUM.

c. Sponsorship: d. Special offer: offerings that encourage customers to persuade others to join them in using the service. For example, “ Bring two friends and the third person eats free”.

e. Gifts: McDonalds give gifts on the purchase of “ Happy Meal” pack.

Messages Originating Outside The Organization: Some of the powerful messages about a company and its product come from outside the organization and is uncontrollable by the organization. Word-of-mouth: Robert Lewis, professor at Geulph University, has observed that someone who purchases a service may go away empty-handed but not empty-headed.

They have memories, which can be shared with others. It is the job of service provider to make these memories as pleasant as possible. In off-premise catering, word-of-mouth is the most important means of marketing. As it is viewed to be more credible than those initiated by the firm are. Media Editorial: Media coverage initiated by broadcasters and publishers.

Many magazines and newspapers employ restaurant critics to evaluate restaurants for their reader. Food guide books give details of different eating places in different places and rate them on the quality of food, service menu, surroundings and price. PLACE Decisions on where to deliver service have a great impact on the nature of customer's service experience because they determine the type of encounter, if any, with service personnel, price and other cost incurred to obtain the service. Thus, product can have an effect upon the location of any kind of restaurant and vice-versa. Elements to be considered before deciding the location of distribution outlet: a) Socio-economic status and spending power of the local residents.

b) Customer's age group c) Eating out habits. (frequent / occasional) d) Ethnic origins of the local population. e) Customer's self-perception (adventurous/ conservative attitude toward food) f) Proximity to competitor's outlets. g) Accessibility h) Real estate costs.

Thus, we can say that choosing the right location has a lot to do with the success of a restaurant. Decision regarding location in off-premise catering is not a matter of concern for the caterer. In catering business, the fast food or quick service outlets should be built in a central location where there are crowds of people 24 hours of day. This is a major reason why this joint are found near the railway stations, sub-ways, etc. The best location for a high-class restaurant is in a selected area of town, in a mansion or stately home where it is a part of the attraction.

For example, Mumbai branches of hotels like Taj, Oberoi, JW Marriot are all located along the seashore, giving it a beautiful view of the sea, Mumbai

being the city of seven islands. Coffee-shops, snack-bars etc are usually do well at transport interchanges, movie theatres, department stores and hypermarkets. PEOPLE In high - contact services like catering, personnel is central to service delivery. Their presence makes the service more tangible and in sometimes more personalized.

Thus, from the firm's perspective, service staff are crucially important, as the service levels and the way service is delivered, can be an important source of differentiation as well as competitive advantage. From the customer's perspective, the encounter with the service staff is an important aspect of service, and based on this encounter, the customer judge the performance of the service. Hire the right people: In catering services, it is an important stage due to its high contact nature. But, selecting the right kind of staff who are good at customer service can be difficult. Talking about catering business, the first job that comes to our mind is cooking / chef.

But that is not the case. The kitchen staff covers a) Head Chef (chef de cuisine) b) Assistant Head Chef (sous chef) c) Pastry Cook (chef patissier) d) Fish Cook (chef poissonier) e) Roast Cook (chef rotisseur) f) Vegetable Cook (chef entremettier) g) Soup Chef (chef potager) The dining room staff covers:) Restaurant Manager b) Head Waiter c) Reception Head Waiter d) Station Waiter e) Commis Waiter f) Wine-waiting Staff. The number of staff is determined by the operation and can be scaled down to suit all types and sizes of kitchen. The personnel officer or manager of a catering business must know the qualities to look for when recruiting new staff.

Staff must be selected on their capabilities or potential for the particular post. Those who have to deal directly with customers must possess the necessary social skills as well as the practical skills of the job. Employees working at the front of the house, which includes waiting and reception, should be selected for their personality, appearance on duty, stance and body language, use of eye-contact, facial expression, composure and manner of speech. The intuition of the personnel manager can be backed up by a psychometric test and the candidate's reference from school, college or previous employer as well as the keenness of the applicant to get the job. Catering enterprises recruit staff for the entry level positions from the Hotel Management Institute and other institutes providing courses in catering business. These recruits have knowledge about the practices and routines involved in catering.

Function caterers rely mainly on on-call staff rather than permanent part-time or full-time people due to the unpredictability of business and constantly changing workload. Enable the people: In catering, it mostly on-the-job training for their particular operation by utilizing the skills and knowledge of their own supervisory members of the staff who are capable of giving instructions on the company's methods and policies. Some have a philosophy of encouraging the staff to become more accomplished by positive encouragement and the prospect of incentives to staff that show a willingness to increase their capabilities. Some establishments will give support to staff that wishes participate in national and local competition.

Senior staff may be sent on a visit or tour of other establishments in other countries where they can gather ideas for new techniques and new dishes.

There are several commercial firms of trainers who offer their own tailor-made courses to various grades of staff employed in a catering business. Such courses aim to increase the capabilities of all members of staff from waiter to middle-rank manager. They are on the client's premises or at the training firm's own school. The courses are conducted by experienced trainers who are capable of drawing out better results from staff, whether new recruits or long-serving hands taking a refresher course.

The aims are to widen the horizons of each member of staff, to give pride in their job, to boost morale, and make them more effective at their job. For example, New York city's Yippee offers training programs at two skill levels. The first is a basic program that conveys elementary information and traditions about table service; this basic course is suitable for new recruits. The other programs are more advanced in nature, designed to enhance the skills of experienced professionals who could benefit from coaching on the finer points of table service. Motivate People: Staff performance is a function of ability and motivation. Hiring, training, are nothing but keys to motivation.

As a catering manager, one has to motivate and encourage his staff, specially the front line wait staff. As they may be facing a high level of emotional labor. Emotional labor arises from the discrepancy between the way frontline staff feel inside and the emotions they are expected to be cheerful, compassionate, sincere, or even self-effacing: (emotions that can be conveyed through facial expressions and gestures and words). In the event they don't feel such emotions, they are required to suppress their true feelings in order to conform to customer expectations. Performance incentive can also be provided to stimulate their competitive nature. For

example, employee of the month, appraising the chef for coming up with innovative dishes. **ESSENTIAL SKILLS REQUIRED FOR RUNNING A CATERING SERVICE.**

a) **Competency in cooking and food preparation:** A high degree of skill in cooking as well as ease, efficiency and speed in food preparation are the most important pre-requisites for a successful small caterer.

b) **Planning and organization:** A high degree of skill is required in planning and organizing of off-premise catering. Some areas of catering demand only a modest amount of these skills: industrial catering with a mobile kitchen, large-event catering are relatively simple to conduct. But off-premise catering compels to plan and organize for each event.

c) **Efficiency:** In catering, it is essential that the food that the guests are waiting for arrives at their table as quickly as possible. Preparation time must be kept to a minimum and only a high degree of efficiency can achieve this.

d) **Ability to work under pressure:** To be a caterer, one must be able to live with and work under pressure and not show it. Nothing is predictable during an event. The guests at each one are completely different, they prefer different food, eat different portions and interact with the wait staff completely differently.

e) **Skill in problem solving and crisis management:** Off-premise catering is bound to have unexpected problems. When so much equipment, food, drink, staff and peripherals must be transported and set up for a complex event, problems will crop up at times.

f) **Ability to deal with clients confidently and successfully:** One has to deal with the clients personally most of the time. The personal interaction with the client decides whether there will be any future business from him.

DESIRABLE SKILLS:

a) Well-developed marketing and selling techniques.

b) Good record and bookkeeping skills for administrative chores.

c) Ability to deal with staff.

d) Solid financial and budgeting skills.

PHYSICAL

EVIDENCE Ambience: Those characteristics of the environment pertain to our five senses. The ambience atmosphere is composed of several design elements and details that have to work together to create the desired service environment. The resulting atmosphere creates a mood that is perceived and interpreted by the customer. a). Flavour: In catering services flavour of food is very important. This is one of most crucial criteria against which the service is judged. Playing pleasant music cannot compensate a customer's disappointment with food quality of the catering establishment. Success of the caterer depends on this factor. The basic flavor (sour/ bitter/ salty/ sweet/ pungent) of a dish comes from the main ingredient, which can be enhanced or diminished by adding seasonings and flavors but should not be entirely baked. b). Visual Environment: Color plays a big part in creation of atmosphere and contributes to the "feel good" factor, which helps put the customers at ease in a restaurant. There must be a perfect blend of colors including the surrounding walls and windows, carpet and curtains, lampshades, pot plants and floral arrangements, the table and chairs, etc.,. Cool blue and green colours give a feeling of relaxation, while warm yellow gives a more stimulating feeling. This is why fast-food outlets are decorated in warm, light colours, which help speed up the rate of turnover. In case of a up market restaurant, deep colours give a sense of warmth and security. Lighting is also important in creating atmosphere and includes natural light from windows and doorways. There are recommended lighting levels for the various sections of a dining room and kitchen, depending on their size and use. Many different kinds of lamp bulbs are available, each giving a particular effect, which can help, create the desired atmosphere of a room. Candles are used-to create a cozy environment, especially for evening meals

and special occasions. The overall requirement is to make the room look inviting, to help customers look their best, and to enable them to read the menu easily. Emergency lighting is obligatory in case an incident occurs that demands a hasty exit or in the event of a power failure.). Auditory Environment: Sound is an essential element in the creation of atmosphere in a dining-room, because it can give customers a feeling of belonging and of participation in the activities. Silence makes the room feel eerie and loud noises such as a dish or piece of cutlery accidentally dropped by waiting staff will cause consternation. The pleasant hum of conversation, however, can add to the mood of the dining room. Staff should be taught to work quietly and not to engage in idle chatter between one another or to start up a conversation with the guests. Background music such as piano or tape might be suitable for the venue. d). Thermal Environment: Customers will enjoy their meal more if the temperature of the restaurant is just right. All public areas should be kept at a constant room temperature using unobtrusive air-conditioning. This will provide comfortable conditions. e). Scent: An ambient smell is the one that pervades in the environment. The presence of scent can have a strong impact on our mood and thus influence our buying decision. In catering business, aroma of food is a very crucial factor. After a customer has looked at the colour of the food placed on the table, it is the aroma that takes over and excites the appetite. For example, many restaurants like to serve garlic bread as an appetizer. It works very well for cafes, pizzerias.

Menu: On entering a catering establishment of any kind, a customer looks at the menu to see what dishes are available and at what prices, and from this information decides what to choose. A caterer views the menu as an outward expression of the business. It demonstrates how professional the people who

run the business are. A menu is the “modus operandi” of catering business which it has to work from. A menu is the means of communication between the caterer and customer and therefore must be written in the language they speak and understand. French, being the international language of cookery, top hotels use French names and terms in their menu, usually with a description written underneath each entry. In catering business, whether restaurants or off-premise, a menu should be compiled, bearing in mind the following points: a)The sequence of courses (starters, main course, dessert) b)Suitability of dishes.)Selection of dishes and balance of menu. d)Capability of staff e)Availability of equipment. f)Season of the year. g)Availability of resources. Layout: In catering, the planning of layout is often advisable to work backwards, starting not at the goods delivery bay but at the customer’s entrance and dining room. This is the first place the customer sees and is the main revenue producing area. It is essential to know the total area available and approximate amount of space to be allocated to each component part, like kitchen, stores, and other ancillary areas, in addition to the dining room. Ideally, the kitchen, dining-room, bars and ancillary areas should be located on the same floor so that communication and movement of food, beverages and personnel between them is easy. The physical layout should reflect: a. Needs and demands of customers. b. Policy of the firm. c. The menu and its range of products. (products and techniques of service and presentation.) d. The nature of establishment. In off-premise catering, the caterer has to customize the layout for every event in accordance to the space available. His floor plan should include the smallest of details like where to place the floral displays. Equipments: In catering business, a large part of the investment is in the form of equipments, which include both fixed and mobile

items. Equipments need will vary depending on the type of operation. Large-scale cost sector catering operations work to a fairly restricted menu. Thus, needing equipments suitable for bulk cooking. Commercial firms offer a fairly wide range of dishes and therefore work with small-scale equipment. These include:

a. Kitchen equipments: heavy-duty or fixed equipment like the cooking range, etc. general kitchen machinery used for chopping, cutting, mixing like mixer, food processor, etc. Small kitchen equipment like pans and moulds, cutting instruments, other utensils, etc.

b. Dining-Room Equipment: furniture like tables, chairs, etc. crockery, glassware, cutlery, serving dishes, linen, floor coverings.

Staff Dress Code: Now a day, in catering business, staff dress code is becoming a necessity. The more formal the catering business is, the more dressed up the staff should be. For example, in a cafe or pizzeria the staff would probably have particular colour combination to be used as uniform. While in a high-class restaurant, the wait staff will probably be dressed in a tuxedo. To foster a neat appearance of frontline staff, mirrors can be placed where staff can be automatically check their appearance before going “ on stage” to meet customers. In off-premise catering, the client appreciates having uniformed staff serve, as it looks more professional and businesslike. Before taking off for an event, it is important to make sure that everyone’s uniform and appearance is acceptable. A sample dress code in a catering business, would include: ?

Black trouser or skirt. ? White tux shirt. ? Black shoes (clean and shiny) ? Hair pulled back (neat and clean) ? No large or dangly earrings. ? No earrings for men. Black socks for men. ? Conservative make-up. ? Well-kept hands (nails short and clean)

Customer Amenities: A good restaurant should offer facilities other than the room where meals are taken: reception area,

cloakroom for men and women and foyer for waiting. Cloakroom and toilet facilities must be kept clean and secure at all times; many customers judge an establishment by the quality of these facilities. PROCESS FLOW OF SERVICE MAPPING SERVICE MAPPING DIAGRAM.. The Services Process MAPPING displays the activities you may need to execute to achieve successful implementation and in-service management of your services program. These activities are intended as guides for consideration as you plan your services program. They are structured for a services program in which the prime services contractor will provide all human resources, ancillary equipment, and all space and facility modifications. “ The moments of truth for an outdoor event are three times greater than for an event held in, say, a ballroom,” Among the forces that can literally rain on your parade: bad weather, high winds, local laws, bugs and power shortages, to name a few. The key to a successful outdoor event, is to map out every detail and potential problem prior to the event. It’s easy to figure out what’s right about the spot, but our job is to find out what’s wrong — or could go wrong. ” And while it might seem cheaper to head for a park instead of a hotel ballroom, that’s hardly the case. “ Outdoor functions almost always ending up being more expensive than traditional ones,” CUSTOMER AND BANQUET MANAGER INTERACTION PRESENT MENU AND OTHER FACILITIES DISCUSSION WITH CATERING CHEF AND PLACING ORDER HEAD CHEF INDENTS REQUISITION HOUSEKEEPING AND FEEDBACK SERVED TO GUESTSSERVE IN CHAUFFIN PLATES AND DELIVERED TO BANQUET GETTING REQUISITION TO KITCHEN AND PREPARE FOOD. Blue printing for banquet services The First Date (service encounter) STAGE 1 A popular mantra in the catering business is “ How can I make it happen for you? ” For most, this isn’t an empty statement.

A caterer worth his or her salt (and all the other spices in the spice rack) stands firmly behind this phrase. After you make contact with a catering firm, the caterer's first job is to figure out what you want and decide how their company can create it for you. This process usually begins with a client-caterer meeting — sort of like a first date. Whether it happens during the initial phone call or a scheduled appointment, the client services representative wants to get as much information as they can to help them prepare a proposal for you. The way client is treated would effect the perception of the person towards the company. - Should essentially connect you to the right person immediately -The receptionist would be pleasant and helpful -The official will give an immediate date for meeting. As a client, you should be ready to answer these questions: What is the proposed date and time of the event? •Is this a social or professional function? •Do you have a general budget in mind? •How many guests will attend? •Have you selected a venue or setting? Of course, depending on the type of function, other questions can (and should) come into conversation. Keep in mind that this initial discussion is critical because it will be the backbone of the caterer's proposal. So, if you have certain ideas in mind, you need to be as explicit as possible. This — what's in the client's " minds-eye" — is the most important thing to discover. What is their favorite kind of food? •Do they like formal or informal functions? •When they entertain, what are their gatherings like? •Do they prefer small or large groups? •What do your parents like to do in their spare time? •What's their favorite vacation destination? Moments of truth: What is a moment of truth? It is any episode or event in which the customer gets an impression of the builder's products, service or people. Nothing is neutral about a moment of truth. It leaves a positive or negative

impression on the customer's mind. Moments of truth can build or destroy trust and confidence in the minds of prospects and homeowners. Moments of truth can and often do dictate buying decisions. Moments of truth become word-of-mouth advertising. The key is to ensure that every moment of truth is a positive one for the customer. Each encounter you or an employee has with a customer is a moment of truth. The customer's perception (reality) of your company is formed by every encounter. To deliver superior customer service, every encounter must result in a positive experience for your customer. For example, every time the phone rings at your business, it is a moment of truth. Are your customers/prospects greeted with a cheerful, professional and efficient handling of their call? How each call is handled provides one of the most opportune moments of truth for you to make a positive impact and help customers "feel" good about doing business with you and your company.

The Proposal (STAGE 2) The foundation of a proposal is the information gathered during an initial inquiry or meeting with the prospective client: •type of event •date •time •guest count •venue •favorite foods or menu ideas

Armed with these guidelines, the caterer can build a detailed proposal that includes the actual menu, beverages, an itemized listing for equipment rental, the staff requirements and any necessary food or beverage taxes. How much it will cost him for extra facilities and main course. Cost per person is being given to him. Then host and banquet manager, executive chef sit together and decide upon a menu. After menu had being compiled, details are filled in banquet catering checklist. When planning a proposal, caterers generally consider several other factors in addition to the basic information. For example, the CATERING staff usually knows that their social clients usually eat less food (18-22 bites — think bite-

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sized candy bar or an orange wedge, an average sized bite of food) than their corporate clients (22-28 bites). The time of day and length of an event can also dictate how much food you need. A party held right after work, during “ cocktail hour”, say from 5: 00 to 7: 00 p. m. could center around hors d’oeuvres and other light fare because the guests will probably have plans for dinner after the reception. Other menu planning considerations include: Balanced menu - a standard menu should include a balance of two proteins (meat, poultry or seafood), one vegetable and one starch (pasta, rice or potatoes). •Courses - for seated dinners with multiple courses, each course should complement the next and there should be some variety. •Buffets - the number of buffet stations corresponds to the number of guests. •A good rule of thumb is one buffet per 75 guests. If the guest list is large, say 750 or more, you can increase the number of guests per buffet ratio to one buffet per 100 guests. When the proposal is ready, the caterer gives it to the client for his or her perusal. After the client accepts the proposal, the caterer schedules another meeting to discuss the decor and layout and to plan a detailed timeline of the event. Making Plans (STAGE 3) Caterers and other event planners today have many useful tools to assist them in planning the perfect event. One product, called Room Viewer, automates the process of drawing up floor plans for events and parties. Whether indoors or out, no matter the shape or specs of the room, blue printing helps the caterers utilize the space to its best potential. Meeting Planners Facilities Managers •Caterers •Special Event Planners •Rental Companies Production and Audio Visual Companies Blue print lay out an entire function, from the buffet tables to seating arrangements to floral displays. Not only does it help in the planning phase, but it’s useful during

the execution of the project, too. Caterers can make printouts showing exactly where everything should go (even down to the placement of utensils) so the catering staff will have a precise map of the event. These blue prints are especially helpful when caterers work with outside vendors, such as equipment rental companies that supply everything from tables and chairs to linen and china. Eac