

The restaurant industry and competition in india



Darjeeling Express is the name of a future Indian theme restaurant in New York City. The restaurant will be divided into four sections under a single unit. These four sections would imply the four zones of India (Northeastern, Northwestern, Southeastern, and Southwestern). The theme is to have an entire different ambience, a separate cuisine and a display of art which would showcase regional paintings and culture of their respective zones. The food served will be extremely healthy, retaining its originality as well as its taste.

The business concept has a novelty factor since it combines ethnic food industry with a twist of health along with a display of various Indian art and culture. At heart, the business would be for profit from the restaurant services. Simultaneously, it will also generate revenue and opportunities for up coming artists from India.

Mission Statement.

At Darjeeling express we have a very clear and precise mission, to impress our customers by providing them the highest degree of service possible and also serving them with the freshest, healthy & best quality food at reasonable prices in a soothing, comfortable different cultural environment.

OUR POLICIES

The goal of this business is a multifaceted success. They are:

To prove that Indian foods can be healthy enough with being delicious.

To promulgate the art and culture of India as a whole.

To encourage the young talented Indian artists and their artwork.

PROCEDURES

We would follow the standardized recipe with some changes made by highly qualified trained chef to ensure every time a customer visit, he/she gets the best quality and healthy food.

We follow the procedure of constant training of staff periodically.

To keep the ambience vibrant and welcoming and attractive, we will have ornate presentations paintings and handicrafts of talented artists which will also be available for selling. The motive of doing something new by constant renovations and improvements.

Industry and Competition

Market Summary and Trends

Darjeeling Express falls basically under the full dining restaurant industry. The food service business is the largest industry in the United States. The Restaurant Industry has a remarkable growth history, chronicled since formation of an association in 1919 which eventually adopted the name National Restaurant Association. According to the current statistics available, Americans spend 49% of the Food dollars in more than 1 million restaurants. This Industry now is one of the largest private sector employers, employing around 12. 7 million personnel in this business.

The NAICS code for this industry is 72210 whose title is “ Full Service Restaurants”. The description of this code states that “ the industry comprises establishments primarily engaged in providing food services to patrons who order and are served while seated (i. e. waiter/waitress service) and pay after eating. These establishments may provide this type of food

<https://assignbuster.com/the-restaurant-industry-and-competition-in-india/>

services to patrons in combination with selling alcoholic beverages, providing carry out services, or presenting live non theatrical entertainment.”

The main factors that affect the growth of this industry are the current trend in the economy, high disposable income of the socially young oriented professional population who has no kids which means less liability. The business travelers and the conventioners also emphasize on fine dining experiences. Suburbanites as well as the small town population look for sophisticated dining options too.

Despite facing the crunch of the economy, the restaurant industry is to some extent less affected than the other industries . According to NRA’s 2010 Restaurant Industry Forecast, this industry is expected to show a gradual improvement in this year. Industry sales are projected to reach \$580 billion this year, a 2. 5 percent increase in current dollars over 2009 sales. It is also forecasted that when adjusted for inflation, current year sales will be moreover smooth, which shows a progress over the 1. 2 percent and 2. 9 percent negative growth in real sales that this industry experienced in 2008 and 2009 respectively. This business is expected to be a strong contributor of the nation’s economy with industry sales of about 4 percent US gross domestic product and employees comprising 9 percent of the U. S. workforce.

Five Forces Segment Analysis

A model for industry analysis depicts a representation of pure competition focusing on the risk adjusted rates of return which needs to be constant across firms and industries.

Michael Porter has designed such a framework that models an industry as being influenced by five forces. They are

Bargaining Power of Suppliers, Bargaining power of Buyers, Threat of new entrants, Threats of intense segment rivalry, Threat of substitutes. The more these forces combine in any instance, the more the competitive advantages of the restaurant business or any other business is catching and results also turn dramatic.

With respect to Darjeeling Express Restaurant:

Bargaining Power of Darjeeling Express's Suppliers: Since Suppliers in a restaurant business particularly plays a key input role, thus it is highly required to have a fair negotiating deal with them before hand. Here bargaining power of suppliers is not that strong due to various aspects firstly because of the availability of countless wholesale food distributors in the locality , secondly since there are not such scarce raw materials required which is less available in market that leads to our power of switching between suppliers much easily if not invested in an . Consequently, our suppliers also don't depend only on a single business so they have some bargaining power for themselves.

Bargaining power of Darjeeling Express's Buyers: The restaurant industry being highly consumer driven business, so mainly the buyers are mainly the Indian customers who would come in to dine. The negotiating power with the buyers are less in the restaurant industry due to the other competitors being highly present in number, so the customer has a choice of dining in several different cuisines according to their preference. Customers have access to <https://assignbuster.com/the-restaurant-industry-and-competition-in-india/>

and are able to evaluate the market information like the demand, prices quite independently so they have more bargaining power than this has. Although this could be elevated by increasing their loyalty to this restaurant by providing exclusive healthy delicious food as well as ambience which would also enhance the inherent or perceived value of the cuisines by branding.

Threat of new Entrants: The threat of new entrants is high in this business because there are no rigid rules for the potential entrant to start up. Almost all medium establishments are subjected to the standard array of regulations: zoning, health safety, sanitation and zoning. Since start up costs are not that high for a restaurant business and also when the economies of scale are minimal, this opens up avenues for new businesses to enter this industry.

Threat of substitutes: With so many Indian restaurants entering the industry, and low switching cost and similar kind of products and healthier options increases the threat of substitutes. Sometimes this can be reduced by staying closely in tune with the target customer's preferences and also creating a brand is highly effective.

Rivalry among existing firms: Since the restaurant businesses have reached to some point of saturation and the products to be sold are not unique or homogeneous, there are chances of intense rivalry among firms. Also the liquidation of businesses in this industry may yield a loss when there are heavy investments involved so instead of exiting from the business the

competitors try hard to pay for the facilities and may resort to extreme methods of competition.

SWOT analysis

Strength

High quality food despite being very healthy.

Strong relationship with the vendors in order to receive good quality ingredients.

Highly sophisticated and cultural ambience with an exhibition of Indian arts.

Excellent trained chef and staff who is highly customer attentive.

Weakness

Limited marketing budget to develop brand awareness.

Limited space capacity.

Opportunity

Growing market with a significant percentage of the target market still not aware that Darjeeling Express exists.

Increasing sales opportunities in take out business.

An exposure to highly recognized talents in India.

Threat

High competition from local Indian restaurants present near the city.

<https://assignbuster.com/the-restaurant-industry-and-competition-in-india/>

A slump in the economy reducing customer's disposable income spent on eating out.