



CONCEPT OF CLOUD KITCHEN- A NEW TREND IN INDIAN RESTAURANT INDUSTRY

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ABSTRACT

The recent pandemic of COVID-19 taught us relation between physical and economic well being. According to McKinsey Global Institute, 2020 report poor health of the people cost the economy nearly 15% of GDP. The pandemic brought change in perspective and outlook of employers and employees throughout the world. 2020 taught how meaningful business relation can be run through virtual mode also. Business revenues significantly went down; many were on the verge of closure. Covid 19 was disruptive in nature in all fields of economic activity. The new normal world demanded adaptability and flexibility. Economists forecasted that the combination of accessible new technologies, home confinement and creative thinking may give ways to new business avenues. The new normal paved the way for many new business opportunities in different filed. Cloud kitchen is one such new concept in virtual hotel and restaurant industry. This article provides an insight on concept of satellite or virtual kitchen in India. Cloud kitchen is an innovative concept in food industry. India being food loving country, such innovative concept with creativity is bound to be successful. This article is study on issues and challenges faced by new business venture.

KEYWORDS -cloud kitchen, COVID 19, new normal, food industry.

INTRODUCTION

Around the world, all types of business were inflicted by the corona virus. All the business leaders were finding their way to the normal. Mckinsy described five qualities critical to the next normal-resolve, resilience, return, reimagining and reform. The global socio-economic and health crisis created new normal. The strategies of business changed. There is limited literature available globally on restaurant industry. During the pandemic and in the midst of cloud technology, cloud kitchen gained the popularity. They are the latest trend in the food service industry or restaurant business in India .the online food delivery market is combination of grocery delivery and food delivery. At international level, China and US are the leading countries followed by UK, south Korea and Japan, according to Statistia Global Consumer Survey.

OBJECTIVE

the main aim of this article is to study the concept of cloud kitchen in India. The article also discuss various issues and challenges faced in the industry

METHODOLOGY

Secondary data is used for the study. The information provided in this article is collected from websites, articles, research papers and journals.

LIMITATIONS

there is limited literature available on restaurant industry with special reference to concept of digital kitchen or cloud kitchen. Sill it's in evolutionary stage

RESTAURANT AND FOOD SERVICE INDUSTRY IN INDIA- A STRUCTURAL CHANGE

Indian food service industry witnessed loss of 20 lakh jobs during pandemic. Top premium restaurants also started online delivery system to continue its operations during pandemic. In 2019, there were nearly 5000 cloud kitchens in India. According to an analysis by Redsser it is expected that industry would become nearly\$2billion. As per the Food Service and restaurant Business Report 2022-



23 by Francorp and restaurant in India, the industry had nearly employment of 7.3 million in 2021 and is expected to reach 10 million by 2025. It is expected that Indian online food delivery market to increase by 27.8% during 2023-28.

Rapid digitisation and growing trend of online food delivery services among consumer in major cities are propelling the growth of market in India. In India, Bangalore is the largest regional market followed by Delhi-NCR, Mumbai and Hyderabad. According to expert Market Research Insights, in India the industry is assumed to achieve remarkable heights due to high disposable income in hands of young population who have better sense for food preference and cuisines

CONCEPT OF CLOUD KITCHEN AND ITS FUNCTIONS IN INDIA

Any restaurant kitchen which though doesn't provide dine-in facility, still accepts online incoming orders are called as cloud Kitchens. They are called by different terms like dark kitchens, ghost kitchens, virtual restaurants and satellite kitchen. As point of sales software, they accept orders online. Accepting online food orders and timely delivery is the critical way to click the business in market on sustainable basis. It depends on tracking the various orders and its detailed reporting. They operate through online website or food delivery platform (online).

In India, there are many online delivery partners like Swiggy, Zomato, Foodpanda, Domino's, Bundl technologies, Fresh Menu, Jubilant Foodworks Ltd, Plaza restaurants Pvt Ltd, Rebel Foods, Curefoods India Pvt Ltd who charge 18-30 percent per order for delivery. Industry services are dominated by the two giant players-Swiggy and Zomato. Big food companies like Domino.s Pizza, KFC, Pizza Hut, McDonald" retained their online delivery services with themselves. To continue hassle-free business, licenses are very critical like FSSAI license, GST registration, fire license, Municipal health tad licenses etc

TYPES OF IN CLOUD KITCHEN INDIA

- Standalone cloud kitchen- They are independent single brand-single cuisine with wider delivery services. They involve low investment.
- Multi brand cloud kitchen- They operate under single company, single kitchen but various cuisines as per customer needs. They are known as Shared cloud kitchen or Commissary kitchen model. They also involve low investment.the best example is rebel Foods(faasos)
- Outsourced cloud kitchen- The restaurant outsources every process before delivery of food.
- Aggregator kitchen-many brand cook together in single vast kitchen example Zomato or Swiggy
- co-working cloud kitchen
- Ghost kitchen- they offer takeaway or drive-through option .

ISSUES RELATED TO CLOUD KITCHEN IN INDIA

In India, following things must be kept in mind while operating cloud kitchen

1. Location of the kitchen though like physical kitchen does not have many issues related to it, but it's related with proper sanitation and water supply at low rentals on one side and on the other side customer demography
2. Technology to accept orders- online delivery partners like Posist mobile phone, stationery items etc
3. License to start up restaurant-FSSAI license, GST registration, fire licenses
4. Kitchen equipment like electronic items, chimneys storing shelves, deep refrigerators, burners
- 5Staff of the cloud kitchen is minimum like chefs, helpers and housekeeper.
6. Point of sale-tracking of orders and detailed reporting of the activities of the restaurant

Cloud kitchen -A model

1. Key partners-delivery partners, payment processors, packaging partners, enabling partners.
2. Key activities-technical operations management, latest IT infrastructure,query handling, customer relation building
3. Customer profile-all age segments of customer
4. Cost structure-operating, technical and marketing costs
5. Source of revenue-delivery fees and subscriptions
6. Value propositions-types of cloud kitchen, food delivery process
7. Key resources-human resources, financial resources and technical inputs



TOP 10 CLOUD KITCHENS IN INDIA

- Faasos- its one of the most popular and biggest brands of cloud kitchens in India. It was established in 2011 by Jyadeep Burman and Kallol Banerjee. It is still operational in 15 states of India numbering nearly 320
- Box8- it was established in 2012 by Anshul Gupta and Amit Raj. It is based in Delhi but is spreading to other parts of the country.
- kitchens@- it was established in 2018 by Kizhakkayil with headquarters in Bangalore. Recently, it got merged with Delhi based kitchen centres. It has 350 kitchens across 12 hubs.
- Behrouz biryani- it was established in 2015. It was started by Jaydeep Burman. It is known for its biryani cuisine like Dum Ghost Biryani and Murg Tikka Biryani
- Sweet truth- it was established in 2015 by Jaydeep Burman. This company is result of parent company rebel Food's partnership with Wunderman Thompson South Asia to sell desserts and sweets. It is known for deserts, international confectionery, cakes, pastries, brownies, sweets and chocolates.
- Zomato- it was established in 2010 as Foodiebay. It has nearly 6500 restaurants as its partners in major cities in country.
- Swiggy- it was established in 2014 by Nandan Reddy and Sriharsha Majety. It has nearly partnership with more than 15,000 restaurants in India.
- Travelkhana- it was established in 2012 by Pushpinder Singh. It becomes popular among railway travel passengers.
- Oven story- it was established in 2015 by Jaydeep Burman. It makes and delivers varieties of pizzas to its customers.
- Biryani by kilo-it was established in 2015 by Kaushik Roy and Vishal Jindal. It delivers authentic biryanis, kebabs and wide varieties of delicacies in earthen bowl. It is available in 22 cities. They excel in Lucknowi and Hyderabadi biryani
- Your truly butter chicken- it is established in Delhi catering to customers need of kebab, mughlai, beverages. It was nominated as the Best North Indian delivery for the times food and Night awards 20223.
- Oven story pizza- it is famous for pizza and fast food cuisines. Within three years of its launch it has more than 160 outlets in India.
- Firangi bake- it delivers Mexican and Italian food items. Its parent company is Rebel Foods. It has repertoire of global dishes with bold flavors like red sauce pastas to lasagna to classic mac n cheese.
- Warm oven – it was established in 2019 in Bangalore. It serves customers needs of Hyderabad, Delhi, Pune, Mangalore, Chennai.
- Rolls and bowls- it was established in 2019 by Archit Bhandula. It has headoffice in Indore and 75 outlets in the country. It is most demanded kitchen franchise business in India. It targets urban customers. It is known for home style veg and spicy rolls. It serves bowls of rice with curries in typical Indian meal.
- Rolling plate
- Urban singh

PROS AND CONS OF CLOUD KITCHENS

Pros

- **Less investment**
- **Streamlined online process**
- Less operating costs
- Experimental in nature-run and manage multiple brands easily
- Wider markets-increased brand reach
- Menu flexibility
- Improved efficiency
- Ease In expansion-shared kitchen for many businesses and easy start to business
- Competitive pricing

Cons

- Lack of direct interaction with customer
- Low profit margins
- High competitive market
- Too much dependency on technology



- Online visible pre-requisite
- Customer data masking

Challenges faced by Cloud Kitchens in India

- Improper structure of operations-there is lack of Standard Operating Procedures. In virtual kitchen, all operations are decentralized. Thus it's challenging to streamline all operations. The businesses which use Delivery Management system to automatic management reap the maximum benefit.
- Technical cost-delivery network, logistics support, order tracking, customer applications maintenance requires huge expenses. Due to lack of standardization during the food preparation, it sometimes leads to poor inventory management and excessive wastages. Shipox caters to all such needs. A Point of Sale system can be implemented.
- Poor financial management-there's is probability of fraud or malpractice by the cash management people besides chances of loss due to wrong orders, delayed orders or customer dissatisfaction. Preparing multiple cuisines falls only on the chef who might not be the perfect to prepare varieties
- Loopholes in delivery process- it is difficult to manage and monitor services of delivery personnel. Automated deliveries are important for customer satisfaction.
- Lack of customer interaction- due to lack of direct contact with customers, bad reputation take place due to their complaints and dissatisfaction
- Inadequate working conditions- hygiene conditions are neglected or overlooked in virtual kitchens, but invariably reflected in poor quality of food to extent of legal notices.
- Customer feedback-customer's reviews help businesses website and feedback help to improve problems of business.
- Low profit margin-since delivery is the only revenue channel, costs are escalating on salary and infrastructure. Majority of the cloud kitchens due to competition have less profit margins.
- Poor inventory management

CONCLUSION

There is paradigm shift in restaurant industry. A market niche is created. Even though the industry faces certain limitations of late delivery, dependence on internet technology, etc, Cloud Kitchen have become need of the hour. Restaurants are also aware of this intense competition to survive in the market. Cloud kitchens have become viable options in terms of costs, time, ease and customer benefit. They can rise in short time period

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