

Brand Coverage

June 2010

Publication:	The Hindu Business Line - Brandline	Edition:	National
Date:	03.06.10	Page:	01

Happy to go McDesi

McDonald's is doing all it takes to expand its client base in India — besides adapting to Indian tastes, it is offering a range of touch points for customers on the go.

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In his red-and-yellow outfit, Ronald McDonald, the world's best-known Chief Happiness Officer, is now a familiar figure in India too. Worldwide, the famous mascot sees more than 50 million customers enter 31,000 McDonald's restaurants every day across 119 countries.

In India, the global burger retail chain has been around for about 13 years, and now serves about five lakh customers everyday, more than half of whom are estimated to be vegetarian. The iconic 'golden arches' symbol is seen in over 190 restaurants across the country.

The 'happy meal' has a different set of customers here: mainly vegetarian, price conscious, but who also drive around in cars and are comfortable ordering food online. These key elements have driven the global QSR (quick service restaurant) chain to alter itself in many ways in India and yet keep its identity intact.

Recognising that localisation is the dough that has shaped the success stories of many global QSRs (Pizza Hut, Pizza Corner, Subway) in India, estimated to be growing at 20-25 per cent annually, McDonald's has gone about altering its food to such an extent that almost 50 per cent of its menu in India is vegetarian.

Simultaneously, it has also recognised that the country has moved ahead in terms of consumer-buying habits. Therefore, experiments with new sales channels such as Web ordering and Drive-Thru have also been attempted to reach the burger experience to a wider consuming segment.

"McDonald's is the only brand in the QSR space to have an umbrella of touch points," says Amit Jatia, Managing Director, Hardcastle Restaurants Pvt Ltd, which manages the McDonald's outlets in the Western and Southern regions. From petrol pumps to kiosks to drive-thrus and home delivery, McDonald's has a presence in all formats. The latest addition to its portfolio of touch points — Web ordering.

The online service was launched in March this year after a successful pilot in Hyderabad, which Jatia said "received a tremendous response registering a growth of 10 per cent additional guest count/footfalls".

While the Web could drive sales in future, the QSR chain is currently betting big on its Drive-Thru concept. "It is an integral part of McDonald's business plan, both in India and internationally, and McDonald's is well-positioned to expand on Drive-Thru locations in major cities across the country," says Jatia.

First introduced by McDonald's in India, the concept has become popular with people



Amit Jatia, Managing Director, Hardcastle Restaurants Pvt Ltd; A McDonald's outlet in Noida, near New Delhi — BLOOMBERG



leading fast-paced lives and now 15 out of its 85 restaurants in the West and South are Drive-Thrus.

Jatia says it's a natural response to the changing lifestyles of city consumers whose purchasing power has also risen rapidly. "People are looking for greater convenience and new lifestyle options," he says.

With more than half its menu catering to vegetarians, McDonald's is taking the green dot seriously. India is also the only country where the retail chain does not offer pork- or beef-based products.

The global chain has also re-engineered its operations to address the special requirements of vegetarians, which means care has been taken to ensure that the vegetarian offerings are cooked separately, using separate equipment. "Even the mayonnaise and the soft serve is fully veggie and so is the oil," says Ranjit Paliath, McDonald's India Director — South.

McDonald's is also working on converting all its restaurants to the MFY (Made for You) format, which will enable the QSR chain to serve the customer fresher and hotter burg-

ers with some amount of variation as preferred by them, says Jatia.

Sourcing for all its products is also done locally with lettuce from Pune, Nainital and Ooty; cheese from Baramati; sauces from Punjab; and dairy products from UP. McDonald's India employs 10,000 people in the country and plans to double this number in four years.

THE KIDDIES SEGMENT

The QSR chain has also kicked off the two-month *Shrek* festival targeting children, who are a significant part of the target customer group. "Our associating with the movie has clicked not only in India but globally as it helps in building an emotional connect with this audience.

Apart from fun and excitement, we intend to see an increase in footfalls as well," says Jatia.

There's no doubt that the company is going all out to woo the Indian customer who is also getting comfortable with nachos, salads and subbing in addition to the already popular pizzas.

But one platform where this US-based QSR is hoping to win hands down is pricing.

While the pizza market has several national players, the burger segment has a mix of national players such as McDonald's as well as well-entrenched local players who are active in several of the larger cities. "Our growth is a testament to the popularity of burgers in all key markets," points out Jatia.

On the pizza versus burger demand in the country, Saloni Nangia, Vice-President, Retail Consulting Division, Technopak Consultants, says there are limited good formats for burgers in India, and they perform better on a store productivity level. "But it's only a matter of time before all formats are present in the country, as there is a large market opportunity for all formats," she adds.

"The Indian market is at a very nascent stage as compared to its global counterparts. But definitely India is seen as a potential market in terms of growth. McDonald's is committed to growing in this market and will continue to deliver the best of quality, service and products at affordable prices," says Jatia.

In terms of investment in the country, the company has outlined massive plans. McDonald's is committed to grow in India. Currently with 190 restaurants, the brand serves more than five lakh customers everyday. Going forward, it plans to open 40 restaurants

across India this year and another 190 restaurants in the next five years at an investment of about Rs 600 crore. "This means we would double the number of our restaurants by then."

The popularity and positioning of the Big Mac in the Indian QSR market is well illustrated in the words of R. K. Jaipuria, Chairman of Devyani International, the master franchisee for Pizza Hut and KFC in India, when he recently announced plans for setting up an idli-dosa QSR soon, saying, "We want to be the McDonald's of South Indian food."

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