

Catering Industry- Changing Paradigm

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Abstract

Over the last two decades the catering industry has dramatically changed at global and India is no exception in this context. However, the magnitude of change has varied from country to country. In fact, what ever the changes may be they have profound impact of the growth and development of this youngest industry. In this industry point of view, the author discussed major changes in the catering industry and pointed out their impact on the future growth of the industry.

Introduction

Over the last decade, the catering industry in India gradually gained its impulse with the establishment of numbers of hotel management and catering institutes, supply chains for foods and catering & hospitality recruitment agencies through out the country. According to a recent estimate more than two million restaurants are now dominating the present scenario of Indian catering industry. With this the restaurant and catering service jobs have become very popular among the hotel educated Indian youths. Dining in restaurants on weekends and other holidays, with family members and friends, has become a very popular concept in urban India. To meet the ever-increasing demand for new cuisines, the catering industry in India is becoming more prominent day by day.

On the other side, catering and hotel industry plays a significance role in the overall economic growth of the country. With the rapid industrial growth and promotion of tourism, the catering and hotel sector is booming and offering job prospects. India is one of the major tourist destinations in the world and attracts numerous tourists from around the world every year resulting in the growth of hospitality industry. Catering and hotelier jobs are fast emerging as an interesting and well-paid career option.

Changing Paradigm of Catering industry

The globalisation of the catering industry has advanced under the pressure of increased technology, development of tourism industry, transportation, deregulation, communication, political barriers, labour force, socio-cultural changes, professionalism, economic development, besides growing competition in a global economy. The catering business today finds itself competing in a world of global economy for its survival, growth, productivity, efficiency, and profitability. The professionals working in this industry have to learn to adjust or to change with market demands, quality and value for money. Organisations must focus on professionalism vis-à-vis on profitability apart from other important changes such as:

Development of economy

Changes in the economy are crucial for the development of consumer demand in India. In India the demand for high quality, luxury products, and sustainable products is expected to increase when there is a positive economic development, and vice versa. This has increased the demand of food and beverage product.

Consumer demand for niche products

Demand for different kinds of niche products (e.g. high quality, sustainable, or organic) will have an important impact on companies' strategies and ability to act in the market. A high demand for niche products might make it possible for Indian catering operations to find product niches and thrive in them. A low demand might cause consolidation in the market and a focus on cost cutting and efficiency that will make it difficult for many operations to survive. While the demand for niche products is expected to increase when there is economic growth, there could be substantial differences in the type of food products that consumers demand.

Freedom from Trade Restrictions

There is less restriction imposed on tourism movements than there are in commodity trade. Usually visas are kept at minimum and foreign exchange limitations are not very severe. There are as well neither tariffs nor quotas in tourism. Therefore international tourism seems to be a more favorable type of economic activity than the commodity trade which is subject to tariffs, quotas and taxes. Foreign exchange limitations are at minimum level in international tourism, though some countries impose restrictions on foreign travel through currency regulations and visa restrictions.

Income factors

Poor people spend a large share of additional incomes on food; 50-80 per cent is not unusual for persons with low-income. Income changes among higher-income groups, on the other hand, tend to have very limited impact on the demand for basic foods. Instead, income increases among these groups tend to influence the services demanded along with the food, such as processing and packaging. Therefore, successful poverty alleviation and improved income distribution in the low-income countries is likely to have a significant effect on future food demand. Most projections are based on the assumption that the relative income distribution will remain constant over time.

Product and process innovation in the sector

Product and process innovation in the catering sector will be determined by general development in the fields of converging technologies such as information technology, consumer demand, and legislation. Over the years the food and beverage industry is closely linked to such innovation because these are areas where Indian catering operations can differentiate themselves from global competition. The rate of innovation can be either high or low.

Globalisation of production and trade in the sector

Globalisation has changed the peace of catering industry. Globalisation has given the birth of new technology and innovation which has a profound impact on the consumers.

Government initiatives for promoting healthy food habits

Governments are increasingly aware of the massive health and resource problems related to diet. Although food habits are individual, there is likely to be government campaigns for healthier diets. Government initiatives and its effects can have an important impact on consumer demand for food products and might, therefore, influence the food and beverage industry significantly. There can be many or few government initiatives to promote healthy food habits.

Further, the traditional catering industry with global brands, global retail chains and a strong price-based competition has now changes dramatic over the last two decades.

Thus, a 'sustainable' industry with many local catering operations, international chains and a continuous development of new types of healthy and sustainable products and production methods has witnessed the growth and development of this vital sector of Indian economy. Catering operations are finding it very difficult to compete in both segments, because consumers in the traditional segments are very price sensitive and consumers in the sustainable segment are very suspicious of large companies and spend a great deal of time evaluating the performance of the sustainable food production companies. As a result, the Indian food and beverage industry is doing quite well. While development in the traditional companies calls for implementation of information and communication technology (ICT) and effective systems of communication along the value chain, development in the sustainable companies is much more focused on product development and communication and interaction directly with consumers. Therefore, demands for skills and professional employees increased during the last decades. This resulted into establishment of various hospitality educational institutions.

CONCLUDING REMARKS

There emerges a mixed picture about the future of world catering industry. Overall, this appears to be set on a path of increasing growth rates of catering outlets. The trend growth could accelerate for some time, if the significant managerial strategies have been adopted by the catering operations to meet the needs of consumers in the volatile market.

There appear to be no insurmountable resource or technology constraints at the global level that would stand in the way of achieving at least the target of the growing tourism market. However, it should be possible technically to increase world food supplies by as much as required by the growth of effective demand. The constraints to achieving food security for significantly more people are in many cases due to inappropriate policies and institutions that fail to induce adjustments with the growing demands. Thus, the changing paradigm of catering industry will create huge employment opportunities for the hospitality youths directly or indirectly in India.

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