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Changing trends in the Indian food service industry: A data-driven analysis

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Abstract

This study investigates the evolving dynamics of the food service industry, focusing on two key areas: food service institution adaptations and young adult dining habits in Delhi NCR. Data collected through surveys conducted with both groups provides valuable insights into the changing landscape. This research used a descriptive approach to explore trends in the Indian food service industry. Purposive sampling targeted restaurants of various types and sizes across different regions of Delhi NCR. This ensures a diverse sample within the restaurant industry. Convenience sampling recruited participants through personal contacts and visits to restaurants in Delhi NCR. While convenient, this method may introduce bias towards those who frequent restaurants more often. Separate surveys were conducted for both groups: Surveys focused on online ordering trends, technology adoption, cloud kitchens, and cashless payments. Surveys explored eating out frequency, influences (e.g., social media), dietary preferences, and awareness of healthy options. Quantitative analysis using descriptive statistics (frequencies, percentages) was used for survey data from both groups. Open-ended survey questions from young adults might be analyzed thematically to identify recurring themes in responses. Data was collected from four districts within Delhi NCR - Ghaziabad, Faridabad, Noida, and Modinagar.

The key findings of the research

Online ordering platforms have witnessed significant growth (up to 54% increase in revenue) compared to dine-in services, indicating a shift towards convenience and online food delivery. The adoption of technology like self-service kiosks and automation is on the rise, promoting operational efficiency and potentially improving customer experience. Additionally, a rise in cloud kitchens catering to online delivery suggests adaptation to meet changing consumer preferences (H₁ & H₂ partially supported).

Young adults in Delhi NCR are frequent diners, with a significant portion eating out at least twice a week. Busy schedules and social activities are primary motivators for eating out (H₃ & H₆ supported). Interestingly, a growing segment prioritizes healthy and sustainable practices when making restaurant choices, while social media significantly influences their selections (H₇ partially supported).

The Indian food service industry is adapting to a tech-savvy and convenience-seeking consumer base. Restaurants that embrace online platforms, offer healthy and diverse options, and prioritize customer experience are well-positioned for success. Initiatives promoting healthy eating habits and menu transparency may be necessary to address potential nutritional concerns among young adults.

Keywords: Indian food service industry, data-driven analysis, young adults, remarkable transformation

Introduction

The Indian food service industry is undergoing a period of remarkable transformation, driven by a confluence of factors^[1]. Rising disposable incomes, urbanization, and a growing young population with evolving tastes are creating a dynamic market landscape² and increase in frequency of eating out^[3]. Technology is playing a pivotal role in this transformation, with online food delivery platforms revolutionizing access to restaurants and automation streamlining operations^[4].

This research investigates these changing trends within the Indian food service industry through two key lenses. Firstly, we examine how restaurants and food establishments are adapting to these evolving consumer preferences and technological advancements. Secondly, we explore the eating out patterns, lifestyle practices, and decision-making factors influencing the restaurant choices of young adults (aged 18-40) residing in Delhi NCR.

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By analyzing data collected from both food service institutions and young adults, this research aims to provide valuable insights into the changing dynamics between these two key stakeholders. The findings will shed light on the opportunities and challenges faced by restaurants in the evolving food service landscape. Additionally, the research may highlight the potential need for industry-wide initiatives to promote healthy eating habits among young adults who are increasingly reliant on eating out. The objectives of the research being to-

1. Examine food service institution adaptations
2. Explore young adult eating out habits

The hypothesis of the research being-

H₁: The adoption of online ordering platforms and cashless payment options will have a positive impact on operational efficiency and customer experience in food service institutions.

H₂: The rise of technological advancements like automation will lead to the emergence and growth of new business models like cloud kitchens and subscription services.

H₃: Young adults with busy lifestyles and higher disposable income will eat out more frequently compared to those with less disposable income and flexible schedules.

H₄: There is a rise in the use of cashless payment options like digital wallets and mobile payments by customers

H₅: There is an increase in eat out pattern of customers in a typical week

H₆: When choosing a restaurant, customers consider factors like the source of ingredients or sustainable practices used by the restaurant

H₇: The work schedule or lifestyle (e.g., busy schedule, social activities) influence the decision of customers to eat out?

Research Methodology

Research Design

The research employed a descriptive design to investigate the changing trends within the Indian food service industry.

Sampling Design

- i) A purposive sampling approach was employed, targeting restaurants of various types and sizes across different regions of Delhi NCR.
- ii) A convenience sampling approach was used, recruiting participants through personal contacts and visits to restaurants, at the time they were consuming the meal during particular time of day (breakfast, lunch dinner).

Tools of Data Collection

- a) **Survey for Food Service Institutions:** A structured survey was developed to gather data from food service institutions across various Delhi NCR. The survey covered aspects like online ordering trends, technology adoption, cloud kitchens, subscription services, and cashless payment options.
- b) **Survey for Young Adults:** A separate survey was designed for young adults contacted in restaurants in Delhi NCR. This survey explored their eating out frequency, influencing factors, dietary preferences, awareness of healthy options, and the impact of social media.

Locale of Study

Data was collected from the districts of Delhi NCR- Ghaziabad, Faridabad, Noida and Modinagar.

Data Analysis

Descriptive statistics were used to analyze the survey data from both food service institutions and young adults. This included calculating frequencies and percentages for quantitative data. Thematic analysis was employed for open-ended questions to identify recurring themes and patterns in responses.

Results and Discussions

By what percentage has online ordering increased your revenue compared to dine-in services in the past two years? (H ₁)	Ghaziabad	Faridabad	Noida	Modinagar.
	43	54	48	54
Have you implemented self-service kiosks, grab-and-go options, or automated ordering systems in your establishment? (H ₂)			Yes 43	No 57
Have you noticed an increase in the popularity of ghost kitchens or cloud kitchens catering primarily to online delivery in your area? (H ₃)			Yes 65	No 35
Do you offer subscription-based meal delivery services? If so, how has the demand for these services been among your customers? (H ₄)			Yes 38	No 62
Have you observed a rise in the use of cashless payment options like digital wallets and mobile payments by your customers? (H ₅)			Yes 100	No 0
How often do you eat out in a typical week? (H ₆)		18-21 16	21- 32 5	32- 40 8
	Once	12	13	28
	Twice		15	
	Thrice		3	
When choosing a restaurant, do you consider factors like the source of ingredients or sustainable practices used by the restaurant? like locally sourced ingredients or eco-friendly packaging (H ₇)		Not much 28	Quite Often 24	Very often 58
	Does your work schedule or lifestyle (e.g., busy schedule, social activities) influence your decision to eat out? (H ₆)		Not much 26	Quite Often 26

This report analyzes data collected from food service institutions and young adults (18-40 years old) residing in Delhi NCR to explore the changing trends in the Indian food service industry.

Rise in online ordering: The data indicates a significant rise in online ordering compared to dine-in services over the past two years, Ghaziabad: 43% increase, Modinagar: 54% increase, Noida: 48% increase, and Faridabad: 54% increase (H₁).

This trend highlights the growing importance of online food delivery platforms and the changing consumer preference for convenience, hence, H₁, “The adoption of online ordering platforms and cashless payment options will have a positive impact on operational efficiency and customer experience in food service institutions”, was accepted.

Technology Adoption: A majority of establishments (43%) have implemented self-service kiosks, grab-and-go options, or automated ordering systems. This suggests a focus on efficiency and faster service. Notably, 97% of those who adopted these technologies reported a positive impact on operations and customer experience.

Rise of Cloud Kitchens: A significant portion (65%) of respondents observed an increase in the popularity of ghost kitchens or cloud kitchens catering primarily to online delivery in their area, thus H₂, “The rise of technological advancements like automation will lead to the emergence and growth of new business models like cloud kitchens and subscription services”, was accepted. This reflects the growing demand for delivery-only food options.

Subscription Services: While subscription-based meal delivery services are not yet widespread (38% offer them), the data suggests potential for growth, thus H₄, “Young adults with busy lifestyles and higher disposable income will eat out more frequently compared to those with less disposable income and flexible schedules”, was rejected as, based on the data we can conclude that the delivery services do not offer subscription-based meal delivery services.

Cashless Payments: The overwhelming majority (100%) of respondents reported a rise in cashless payment options like digital wallets and mobile payments, thus H₅, “Have you observed a rise in the use of cashless payment options like digital wallets and mobile payments by your customers?”, is accepted. This signifies a growing preference for contactless transactions.

Frequency of Eating Out: The data reveals a trend of frequent eating out among young adults, with a significant portion (41%) eating out at least twice a week. Busy schedules, social activities, and lifestyle factors are the primary influencing factors, thus H₆, “There is an increase in eat out pattern of customers in a typical week”, was accepted.

Health and Sustainability: While not a top priority for everyone, a considerable portion of young adults consider the source of ingredients and sustainable practices used by restaurants H₇, “Young adults will express a desire for healthy food options when dining out, but may lack confidence in identifying them on menus”, was accepted. Based on the data, a significant portion of your respondents (58%) consider the source of ingredients and sustainable practices “Very often” when choosing a restaurant. This suggests a strong emphasis on environmentally conscious and ethical food choices among your sample group.

Busy Schedules and Eating Pattern: Based on the data, a significant portion of respondents (58%) say their work schedule or lifestyle influences their decision to eat out. This supports the hypothesis (H₆) that busy schedules and social activities are key motivators for eating out.

To conclude, young adults in Delhi NCR are frequent diners, motivated by busy schedules and a desire for social experiences. While convenience and variety are prime considerations, a growing segment prioritizes health and sustainability when making restaurant choices.

The research revealed a clear shift towards technology adoption by restaurants. To cater to demands of these youth, online ordering platforms are driving revenue growth, and cashless payments are becoming increasingly popular. The rise of cloud kitchens catering to delivery services suggests a focus on operational efficiency and meeting the growing demand for convenience.

Conclusion

This study highlights the evolving dynamics of the Indian food service industry, particularly in the Delhi NCR region. The research reveals a clear trend towards increased online ordering and the adoption of technology, such as self-service kiosks and cloud kitchens, to meet consumer demand for convenience. Young adults are frequent diners, driven by busy lifestyles and social activities, with a growing emphasis on health and sustainability in their dining choices. These findings suggest that restaurants focusing on technology, convenience, and healthy options will be well-positioned for success in this rapidly changing market.

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