ISSUES AND CHALLENGES FACED BY THE FOOD SERVICE INDUSTRY OF UTTARAKHAND

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Abstract

Dining out is no longer only a special occasion event. As restaurant food becomes staple in time crunched consumers life. India is one of the world’s largest producers as well as consumer of food. Changing food consumption pattern of India’s population is expected to increase to US $230 by 2015.Thanks to a population of more than one billion people.

This paper investigates the operating issues in food service industry and challenges in current and future landscape of food sector in Uttarakhand. Based on in depth interviews with managers and employees of food sector ,the study identifies the operating issues of food service sector, future challenges to be faced by the restaurant operators to stay competitive and to provide better services to the guest in the present geographical conditions.

Keywords: Challenges, Issues, Restaurant and Food Outlet, services

Introduction

Tourism is rapidly evolving industry that has become increasingly competitive in the global arena it is gaining universal acceptance as a potent engine for inclusive socio-economic progress. Tourism in India has grown in leaps and bounds over the years, while each region of India has contributed something to its splendour and exuberance .In India one can find a lot of diversity as part of tourism, it has rich cultural diversity of its people through its language, cuisine, traditions customs music dance religious practices and festivals, its holistic traditions ,art and craft. India has gained his market share in the tourism market ,as in year
2014 witnessed a growth of 10.6% in FTA’S which is higher than the medium growth rate of 4.7% witnessed in international tourist arrivals globally. FTA’S during 2014 were 77.03 lacks as compared to the FTA’S of 69.68lakh during 2013. The foreign exchange earnings from tourism in terms of rupees during 2014 were rupees 1, 20,083 crores with a growth rate of 11.5%.

Rig Veda, the most ancient scripture says, “There is no happiness for whom, who does not travel. The fortune for him who is sitting sits, it rises when he rises, it sleeps when he sleeps, it moves when he moves, therefore wander”

Uttarakhand stands for – the magnanimous Himalayas, as the holiest of the rivers, the spiritual mystery, stunning landscape, the incessantly colourful play of nature, enchanting history carved in ancient stones, a mesmerizing floral and faunal plethora and simplest of the people. Myths, anecdotes and stories are part of every visual that unfolds itself to the eyes of the beholder. This all makes Uttarakhand a unique tourism destination.

Accommodation and food is an important component of tourism. Accommodation and food becomes a basic necessity for the tourist even before planning he looks forward for the availability of accommodation and food at a particular destination and helps him in taking decisions to visit that destination or not. There is no more established connotation of generosity then providing food and refreshment to our guest. And food and beverage industry is exactly practicing the same. It is said to have started in India way back thousand years ago when people first stepped out of their homes for different purpose. Today food and beverage industry is one of the largest sector employing millions of people in India. Be grateful to the fact that today India is the largest producer and consumer of food. According to national restaurant association of India (NRAI) the F&B service industry in India is mounting at the rate of 5-6% per annum with revenues totaling to $8.6 billion.

In the midst of all the excellent development in the food and beverage industry it is also facing a set of issues and challenges as an obstruction in the path of its growth. These issues and challenges are worth to be examined in order to make it more efficient and sustainable. Currently very little research exist on the issues and challenges faced by the food and beverage industry therefore the purpose of this research is to identify the various issues and challenges present in the business and discovering various explanations to rise above those.
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**Source**

Uttarakhand tourism development board

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Page 751
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Source: Uttarakhand directorate of economics and statistics

**FOOD AND BEVERAGE INDUSTRY IN INDIA**

India is one of the largest producer as well as consumer of food. Changing food consumption pattern of India’s population is expected to not only increase the consumption volume but in absolute terms to US dollar 230 by 2015, thanks to a population of more than one billion people.

1) The Indian food service industry is worth $41.3 bn and going at CAGR of 11%. It is expected to reach $68 bn by 2018.

2) The size of organized Indian QSR market is $0.62 bn, growing at a healthy CAGR of 20% and is expected to reach $1.1 bn by 2017-18.

3) The F&B service sector in India comprises two distinct market segment
   a) Organized: chain and standalone players across quick service restaurant, full service, casual and fine dining restaurant, hotels, bars, lounge cafes etc. current market share is 30% with CAGR of 12-14% and expected market share by 2017 will be 45%.
   b) Unorganized: dhabas, road side restaurants, street stalls, sweet shops, food carts, road side vendors etc. the current market share is 70%, CAGR 8-10% and expected market share will be 55% by 2017.

4) The food service industry provides direct employment at 5 million workers. in addition, 10 million street vendors in India.

5) Industry also makes significant contribution in terms of tax revenue to the government, it currently contributes $220 millions

6) According to national restaurant association of India the f&b food service industry is growing at the rate of 5-6% per annum with revenues amounting to $8.6 million.

**FOOD AND BEVERAGE INDUSTRY IN UTTARAKHAND**

The food and beverage industry in Uttarakhand is divided in to structured and unstructured sectors. The structured sector is mostly limited to the big cities of Dehradun, Haridwar, Rishikesh, Haldwani, Nainital, Mussourie, Rudrapur and Almora etc, in these cities inhabit the people specially the teens who make the major chunk of total population are the frequent foodies and the entire food industry thrives on these people. the restaurant business in these
cities have grown tremendously in last few decades and is still growing. A number of restaurant and fast food chains both national and international are quite evident once you take a ride across these cities, the road side eateries and street food is flourishing at fast pace, thanks to the booming economy and development in these places. But among all the booming cities there is a different story when we move towards the rural and hilly areas. The mass migration of people from the Uttarakhand hills to the plains is a serious issue; the people in these hilly areas are leaving their homes and settling down in the plains in search of employment, education and better health facility. The food and beverage industry in these areas does not exist at all. But it does exist in places which fall in the routes of famous Hindu holy shrines of Badrinath, Kedarnath, Gangotri and Yamunotri and also a few famous hill stations, but at these destination due to the seasonal nature of business the food and beverage sector mostly comes under the unstructured sector and the motive of these eateries is to satisfy the basic food and beverage needs of a tourist. Though some basic development in infrastructure and serious promotions of these destinations can work wonders for the industry.

**OBJECTIVE OF STUDY**
1) Operating issues in food service industry in Uttarakhand
2) Current and future challenges of food sector in Uttarakhand
3) Is food service industry able to provide good services to the tourist as per the expectation

**RESEARCH METHODOLOGY**
The preliminary study used in depth, open ended interviews through snow ball sampling to seek information about challenges faced by food providers in Uttarakhand. Snowball sampling is adopted in this study since the population is small and specialized. The interviews was recorded, transcribed and categorized, based on interview questions.

**LITERATURE REVIEW**
The hotel industry today has been recognized as a very large industry in the entire world (Kundampull Suhartanto, 2000). The use of hotel facilities Such as night clubs, room services, restaurants, bar, banqueting have become a basic component of lifestyle for many guests. It is now largely accepted among scholars and researchers that guest satisfaction and guest loyalty are one of the most fundamental factors deciding the conclusive appropriateness of the hotel industry (Acharya, Sengupta & Mishra 2011). One of the largest challenges facing food and beverage department in hotels today has been the ever growing competition (Karatepe & Ekiz, 2004; Kundampully & Suhartanto, 2000; Lits Barker, & Kundampully...
2003) this has its main implications for the guests providing a range of choices, increasing value for money and enhancing the level of services offered which helps us to differentiate one hotel products and services from else. (Acharya et al., 2011; Kundampully & Suhartanto, 2000) Therefore there are two important points mostly used by the hotel management in plan strategy namely, competitive advantage and service quality (Acharya et al., 2011; J. D. Barsky & Labagh, 1992; Kundampully & Suhartanto, 2000) by looking at the works of Barsky and Labagh, (1992); (Kozub, 2008; Kundampully & Suhartan, 2000) say that, providing unique hospitality to guests can be attained through developing their satisfaction and loyalty, attaining a low-cost payment through a discounted pricing strategy of hotels with reasonable and excellent services management. (Kundampully & Suhartanto, 2000; Susskind, 2010) As a consequence, quality of food and beverage service for the price paid has become the key to the hotel's ability to provide good service to guests and differentiate itself from its other hotels by enhancing guest satisfaction as well as guest loyalty. Many scholars discuss the necessity of the food and beverage department in the hotel industry development to achieve guests' satisfaction and loyalty. (Ghani et al., 2011; Guzzo, 2010; Kundampully & Suhartanto, 2000; Tideswell & Fredline, 2004) Hence a greater concern for building guests' satisfaction and loyalty is not only important but also has become obligatory for Food and beverage managers for their survival and growth in such a fierce competitive environment therefore, The current study aims to assist the food and beverage service managers and employees by addressing a review of literature to find out the various antecedents of guest loyalty and help them implement the necessary strategies to ensure an increased level of brand loyalty from the existing. This study suggests a Theoretical Framework for the relationship between guest satisfaction and guest loyalty in food and beverage service department in the hotel industry in Jordan. Guest satisfaction plays the main role in the hotel industry especially in food and beverage service. Department (Baig & Khan, 2010; Edvardsson, Johnson, Gustafsson, & Strandvik, 2000; Gustafsson & Johnson, 2004; Kozub, 2008; Novikova, 2009), As the hospitality service industry has attained drastic importance at the present time, scholars have made great studies to define and understand the guests' satisfaction from the guest's perspective Kozub,(2008) . They need to understand what truly keeps guests satisfied has led to increase the number of studies of literatures about guest satisfaction and how employees of food and beverage service department can make guests satisfied and the effects that it has on today’s business (Barsky & Nash, 2002; Kozub, 2008; Oliver, 1997 p. 13). However, R.L.Oliver, (1981) defined satisfaction as an evaluation of the surprise inherent in a product acquisition and/or consumption experience. Oliver,(1997 p.
13), “clarified satisfaction when He stated. ”, satisfaction is a refined fulfillment response, It is a judgment given after the using a product, service feature or service itself is provided in a pleasurable Level of consumption-related, including levels of under-or-over fulfillment. This defines that the customer satisfaction is arguably defined after the outcome of any marketing into businesses, acquiring a high market share for improved long term profitability is the main reason why marketers seek to develop and maintain a healthy loyal customer base. Fornell, (1992), discuss satisfaction as the cumulative overall evaluation of a customer's purchase and consumption experience based on numerous interactions between the guests and the service provider, to support the importance of cumulative satisfaction. Cronin and Taylor,(1992 ), defined that customer satisfaction directly leads to purchase intentions. Salazar, Costa, and Rita, (2004) studied the relationship between Service Quality and customer satisfaction and behavioral intentions on the hospitality sector.

ISSUES AND CHALLENGES FACED BY THE FOOD SERVICE INDUSTRY OF UTTARAKHAND

RECRUITING AND RETAINING AN EMPLOYEE

Due to the geographical and seasonal nature of restaurant business in Uttarakhand the stakeholders hardly opt for an expensive talent because the restaurant business is kind of seasonal affair in Uttarakhand a survey done at different places in Uttarakhand shows that the tourist influx in state is high during the summers from the month of March to October. In these months the food and beverage business is also high but during the winters it goes down which compels the stakeholders to pay the all the expenses including salaries of employees to be given from their reserves. The natural calamity in recent past has also added more problems for them because it makes business more uncertain so hiring a good employee is always considered expensive

DECLINE IN TOURIST INFLUX DUE TO HISTORY OF MISHAPS ARISING FROM NATURAL CALAMITIES

The tourist arrival in the state has also hampered in the recent past due to fear among the general masses regarding the increase in mishaps arising from the natural calamities. The recent floods in Kedarnath in the year 2013 seems to have sown a fear in tourist minds regarding the safety .hence the tourist flow has dipped in recent past. And this has triggered the series of closure for many food and beverage businesses in Uttarakhand. Though the recent studies also confirm the growth in tourist arrival but a lot is to be done to get the tourists back and completely healing the bedridden f&b industry in the state.
POOR CONNECTIVITY

Tourism industry in any part of world flourishes when there is a huge turnover of tourists and poor turnover brings closure, the same problem is faced by the food and beverage industry in Uttarakhand since the connectivity is till a major problem in Uttarakhand. It’s almost a decade now since Uttarakhand is carved out of Uttar Pradesh but the connectivity through roads towards major tourist destinations are still in pathetic shape hampering the tourist inflow in state. There are only two airports in Uttarakhand state and the daily flights which operate from them are very low which makes the tourist to take the road transport but the uncomfortable journey discourages them to plan a second visit to state.

CHANGING TRENDS AND HOSPITALITY EDUCATION

The customer general taste and preferences are fast changing in the current boom in food and beverage industry world wide. India is also not lagging behind, globalization, information technology and through media Indians are exposed to new trends in food and beverage services, so when they come to Uttarakhand they expect similar things to be provided to them by the food industry in Uttarakhand but the F & B industry in Uttarakhand is still following the same old school of hospitality where the similar industry in other parts specially the metro cities are fast catching the international trends. Reason being the most of the people who are employed in food and beverage industry in Uttarakhand comes from very poor background and they do not have spending power to enroll themselves to the best of hospitality institutes. Hence the current work force in Uttarakhand is not adequately skilled and educated to meet the changing needs of people.

HUGE COMPETETION

Competition among different players is always considered good in food and beverage industry because it always push the stakeholders to look for new ideas to serve their customers in a much better way. But in Uttarakhand it seems to be taking the better of it. Because unemployment has pushed many to take food industry as their profession but due to innumerous problems the influx of tourist has come down at many places and the ill managed standards has also discouraged the local customers, now the huge competition among themselves is forcing them to fight for survival. The life cycle for most of the businesses is very short now days.

MARKETING ISSUE

The restaurant entrepreneurs in Uttarakhand are not very aware about the importance of marketing to their business; they don’t give much attention to the branding, advertisements and promotions of their business enterprise. Many restaurants even in big cities of
Uttarakhand don’t bother to formalize the brand standards including mission statements, logo, graphics etc. are not taken seriously. They don’t have any marketing plans for themselves. Many who do have brand name, logo etc. they don’t have any website of their own which could be beneficial for them. In these days most successful business houses are using social media to their advantage for promotion etc. which is not very prevalent in Uttarakhand. Most of them don’t keep any customer database which could also be very helpful.

**MENU ENGNEERING**

The menu is one of the biggest challenges that every restaurant owner face. Vendors selling Chinese food especially momos at every nook and corner in the capital city of Dehradun is a very common sight. But the takers for that particular food item are limited and most of the restaurants are happy selling it even if it makes them to earn very moderate revenue. This trend leave no choices available for the most foodie people in the city due to which they don’t go out every day to spend money on same stuff, the restaurants should also include other cuisines to their menus using the best locally available ingredients to offer variety and taste to the customers. The local cuisine should also be included and promoted to pull local citizens to the restaurants. Most of them are merely satisfying the need of their customer where they should exceed their need and earn more.

**CAPITAL**

One of the most challenging problems faced by the restaurant owners in Uttarakhand is capital. A restaurant entrepreneur should have sufficient funds to run a restaurant for at least one year so the business fully establishes itself. But in Uttarakhand most people don’t have this knowledge and with limited or a very low capital they start a business and then expect it to draw profits from day one. There are lots of unexpected and hidden expenses which crops up only once you start a business for which most of them are not prepared and it end up in suffering or eventual closure.

**SANITATION AND HYGIENE**

Food and beverage industry worldwide have a usual challenge that is sanitation and hygiene and the food industry in Uttarakhand is no exception, the unorganized sector employees the most people in Uttarakhand which is not known for the compliance of sanitation and hygiene. The newspapers very often publish the horror stories of people falling ill due to food poisoning and contamination. Even if people don’t fall sick but it takes only a moment when customer notice a little compromise with sanitation standard and a bad mouth campaign start circulating about that particular establishment which effects the business of that particular
establishment. The government and the stake holders should ensure that the employees are not only educated about the importance of sanitation and hygiene but the standards are maintained and the laws related to sanitation are enforced.

**INCREASING COSTS**
The rising food prices have really hit the food and beverage industry in Uttarakhand very hard. In last few years the prices of the commodities are increasing consistently which in turn has trembled the food industry in Uttarakhand as most of them are not able to absorb the costs they are forced to keep the food prices high which

**GOVERNMENT TAXES**

**VARIETY AND INNOVATION**

**LOW PROFIT MARGINS**

**NEED FOR SHELF LIFE MANAGEMENT**

**CONCLUSION**
The Indian F&B industry, while having immense opportunity and witnessing high growth rate is also one that is highly competitive and price sensitive. Understanding the industry dynamics is a crucial component for the food service provider.

High Attrition Rate of about 40%-50% among employees has become major issue to the food service providers. Now a day every major restaurant chain has start investing in the development and growth of employees, through systematic induction and training programs. Even Hospitality Institutes can also play vital role in producing skilled manpower with positive attitude to work in service sector as per the expectations of the consumers.

The research also showed that consumers are more discerning and seek value for money and even they are health conscious and sensitive to price. The current trends also influence how consumer act and purchase, therefore food service operators need to develop product as per need of these consumer trends. The focus should be on providing credible, healthy and authentic food.

In this paper, we try to highlight the issues and challenges faced by food service providers of Uttarakhand. They have to overcome with these issues so as to develop Uttarakhand as a more prominent tourist destination.

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