

Green Restaurant: Strategic Imperative for Agricultural Marketing and Melling Satisfaction

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ABSTRACT

Starbucks, a renowned coffee serving company, which not only makes coffee but also serves it in a way which has been the biggest source of attraction for its customers. People surveyed said that, "we go to starbucks not only for coffee but also for the kind of ambience we get there". So now what should we call starbucks, A coffee selling company or An experience selling company? The answer given by the industry experts is, Starbucks sells experience of drinking fine coffee in the finest environment! This is the basic idea behind the below mentioned concept. Why not sell "satisfaction"? As of now, the level of adulteration is shooting up day by day. No eatable item is 100% original & safe to eat. This creates a need to offer pure, hygienic & safe food to the customers, here we will introduce it in the form of "Green Restaurants", offering food which would consist 100% organic vegetables & other materials used in preparing it. The target customers are those who frequently go to restaurants & are, of course, health conscious. We can also call this as a theme restaurant, with a theme of serving "Green Food" grown through no artificial fertilizers, manures & pesticides. The restaurants will either tie up with the farmers to produce the vegetables & other material used for the dishes or they can themselves do it. Even both of the strategies could be adopted. The eating out market is in an up swinging mode. The rising number of working women and nuclear households, and an increase in general affluence have led to higher discretionary spending on food. According to the Food Franchising Report 2009, 30 per cent of working singles eat out at least once a month, with a majority spending at least Rs 101-150 per outing. Urban Indians now have a repast outdoor six times a month compared to 2.7 times in 2003. Retail consultancy Tech-nopak Advisors says the expenditure on eating out at 11 per cent is second only to groceries for Indian households. The above statistics can give you an idea that the willingness to pay for the retail food has increased tremendously. Specially, the elite class, which has a tendency to try new things & also their prime need is to not only to fulfill their demand but fulfill it with the finest product available. To them, satisfaction is more important than the price. Also, the waste from the restaurant will be 100% disposable. Which makes this concept completely "Green"? This research paper would highlight what are the factors which can be considered for Setting up Green Restaurant and effort has been made to suggest proposed model for agricultural marketing as well as Green Restaurant.

Key Words: *Green Restaurant, eco-friendly infrastructure, efficient & energy saving operations, recycling of the waste*

INTRODUCTION

Why go Green? The answer is simple, we humans have manipulated the nature in every possible way for the sake of our benefits, by our activities; resulting in ozone layer depletion, deforestation, drying of seasonal rivers, lands getting barren, ground water levels going down etc. There has been a paradigm shift in the methods of infrastructure creation and operation, because people have understood the importance of shifting towards more eco-friendly ways of doing things. Apart from the environmental point of view, in the search of ways of earning unjustified profits, new threats have emerged like adulteration in majorly consumed commodities like milk, vegetables, fruits, spices, pulses etc. Due to degradation of environment, the agricultural land is no more fertile & productive, the vegetables & fruits now take more time to grow and the taste is not as same as it used to be in 1980s.

This paper introduces the concept of “Green Restaurants”, restaurant industry has seen substantial changes in terms of market size, expenditure & willingness to pay. Green Restaurant would offer green food to its customers, which would be cooked using ingredients, grown organically. The infrastructure & interiors of the restaurant would be closely related to nature, which would try to give a glimpse of a virtually created natural cosmos to the customers. Also, the restaurant would be partially self sufficient in terms of energy needs & waste treatment.

In India, there have been numerous cases of food adulteration but according to government officials, 50% of them go unnoticed. That means whatever you are eating at home may not be fresh, pure & healthy. Then how can one get assurance that dining outside will not bring him deformities & diseases caused by adulterated food items. The hotelier may not do that but he himself does not know that whatever he is procuring from outside is pure or impure.

This paper has taken New Delhi as a city to

ascertain the market acceptability of these kind of restaurants followed by a basic business model which explains the target market, product positioning, value creation & customer's willingness to pay. The required data for analysis has been collected through questionnaires & based upon that conclusions have been drawn in the end of the paper.

OBJECTIVE

This paper aims at finding a niche in the market to position the concept of green restaurants followed by developing a business model to cater the unmet need, for healthy food, of the elite class of India.

METHODOLOGY

In this section with the help of the survey of 200 respondents from, elite class, south Delhi part New Delhi, the author has tried to prove the market acceptability of these restaurants among the population, it has been meant for. Further, factor analysis has also been use to ascertain the major reason for which the respondents would go to the Green Restaurant.

ANALYSIS

India has secured an identifiable position on global front. India has experienced continuous growth in per capita income. There was an increase of 19% in India's per capita income in 1998-2003 succeeded by china's 39%. India's per capita income saw a growth of 46% in 1992-2002. Indian cities have witnessed urbanization at a higher pace than other countries. Urbanization brings change in income levels & expenditure levels. Income distribution is changing & depending on it, expenditure levels are also rising. It has been noticed that middle class people are now responding, more aggressively, to their luxury needs. According to market research firm Merrill Lynch, the urban consumption will see a growth of 20% in coming years. The force behind this transition is change in demographic factors like the increase in number of working age adults i.e 15-45, transition from joint families to nuclear families, change in life style etc.

TABLE 1 No. of Households by Income Distribution

No. of Households	Category	Annual Income (USD)	Monthly Income (INR)
2 million	ALL	30,000	115,000
10 million	Lots	12,000	46,000
40 million	More	4,000	16,000
100 million	Some	1,500	6,000
30 million	No	200	700

Source:-IMAResearch Conversion rate of

TABLE 2 Growth in per capita Income

Income Class	Urban	Rural	Total
High	21.5	14.3	18.6
Upper-Middle	9.9	8.6	9.3
Middle	5.3	7.8	6.6
Lower-Middle	0.9	7.7	5.6
Lower	-10.8	-4.5	-5.5

Source:-NCAER

INDIAN RESTAURANT INDUSTRY

Restaurant industry in India is flourishing like anything. Merrill Lynch says, every year around 100 new restaurants are being added to the industry. The reason for this is the lucrative nature of this industry due to high profit margins & mainly due to availability of market. An Indian customer, on an average, spends around 2.5% of the total food expenditure on dining out. On the other side, in case of Americans & Europeans this percentage goes up to 48% & 33% respectively. These figures indicate that still there is an untapped market which is full of opportunities or there could be presence of dissatisfaction among the customers.

In 2008 the sale by Indian food service companies was measured at Rs 410 billion. Out of which only Rs 43 billion was contributed by organized sector. In the next sections we have taken Delhi city as a matter of study to collect information with the help of questionnaire, to explain the change in income levels, expenditure patterns & willingness to pay. In the end we will use the above generated results to ascertain the acceptability of "Green Restaurants" in metropolitan cities because all

metros share same kind of demographic factors, positively.

Delhi

Officially National Capital Territory of Delhi (NCT), is the largest metropolis by area and the second-largest metropolis by population in India. It is the eighth largest metropolis in the world by population with more than 12.25 million inhabitants in the territory. There are nearly 22.2 million residents in the greater National Capital Region urban area (which also includes Noida, Greater Noida, Ghaziabad, Gurgaon and Faridabad along with other smaller nearby towns).[2] The name Delhi is often also used to include urban areas near the NCT, as well as to refer to New Delhi, the capital of India, which lies within the metropolis. Although technically a federally administered union territory, the political administration of the NCT of Delhi today more closely resembles that of a state of India with its own legislature, high court and an executive council of ministers headed by a Chief Minister. New Delhi, jointly administered by both the federal Government of India and the local Government of Delhi, is also the capital of the

NCT of Delhi.

As the concept is exclusively meant to cater the needs of elite class of society, a survey was conducted to find the various aspects like Income distribution, willingness to pay & accept etc. In the survey 200 people participated and filled the answers of the questions asked to them. Due to shortage of resources we could only conduct the survey limited to the area like Friends Colony, South Extension, Greater Kailash & some parts of Maharani Bagh. We tried to get the desired results & compared them for rest of the posh colonies of Delhi. On the basis of same data we would conclude about the concept of Green Restaurant.

Results of survey are as follows:-

. When asked about feeling safe, in terms of health, while dining out, 53% of respondents said that they are not sure that whether the food is pure & healthy. Most of the people said they do not know where to get 100% pure & organic food.

i. 52% of the respondents are employed in service sector, they said that they would promote any initiative which would add value to the environment.

ii. 89% respondents gave 9 out of 10 to the importance of health & hygiene, while eating out.

TABLE 3 RESPONDENT SURVEY

Frequency	No. of respondents	% of total
Do not Dine out	6	3
1-2 times a week	65	32.5
2-3 times a week	77	38.5
>3 times a week	52	26

Source:- Survey Research

iii. The above table indicates that 99% of people go to dine out, at least once in a week. This is a

good number because almost everyone is visiting some restaurant so opportunity is there for new entrants.

TABLE 4 RESPONDENT EXPENDITURE SURVEY

Expenditure	No. of respondents	% of total
Nil	6	3
1000-3000	10	5
3000-5000	152	76
>5000	32	16

Source:- Survey Research

The above table shows that the maximum number of respondents spend Rs 1000-3000 per week, on eating out. The total spending on eating out could go up to Rs 8,000 per month for one family. Also a good percentage of respondents spend more than Rs 3000 on every visit. The statistics seem to show a very good potential of customers' paying capacity.

We also conducted a survey of 250 top notch

restaurants in the city. This survey was conducted to ascertain the loyalty of customers to the restaurants. The restaurant owners or managers confirmed that, only 40% customers are our regular customers, who dine there every week, fortnight or in fifteen days.

That simply means that the rest of the 60% customers change restaurants frequently. And when the same question was asked to the

respondents, close to 30% said that they do not visit the same restaurant every week, 25% said they go to their regular restaurant once, in fifteen days. If we talk about switching rate, however no such term exists in restaurant industry, it is very high. We also talked about the reason behind this irregularity, to the respondents, most of the people said that they do not feel like eating out every week, at the same restaurant or different, because of hygiene & health consciousness. And when these people were told about the green restaurants, they seemed to be quite eager to try it out.

The above analysis and facts try to prove that

there are customers in the target market who are ready to pay a handsome amount to get healthy food. And this can be the reason for Green Restaurant to exist & reap the benefits while serving organic food to customers.

Result of correlation between Frequency of visits to any restaurant & Importance being giving to health was found to be negatively medium. Which means the people who do not dine out or do it less frequently are worried about their health with respect to the food they are being served. The people who visit restaurants frequently are less worried about their health.

TABLE 5:

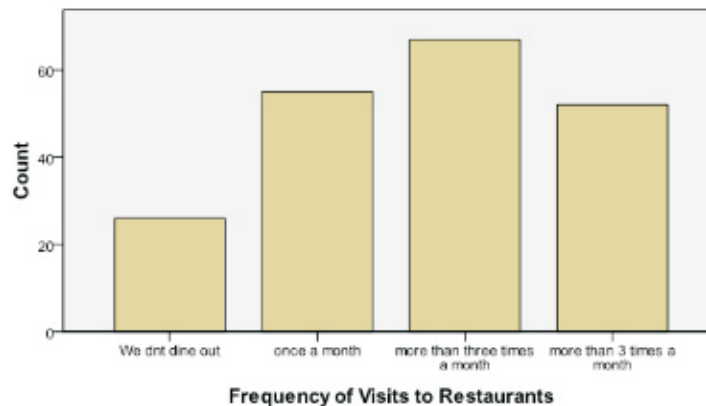
Correlations

		Importance of health	Frequency of Visits to Restaurants
Importance of health	Pearson Correlation	1	-.582**
	Sig. (2-tailed)		.000
	N	200	200
Frequency of Visits to Restaurants	Pearson Correlation	-.582**	1
	Sig. (2-tailed)	.000	
	N	200	200

** . Correlation is significant at the 0.01 level (2-tailed).

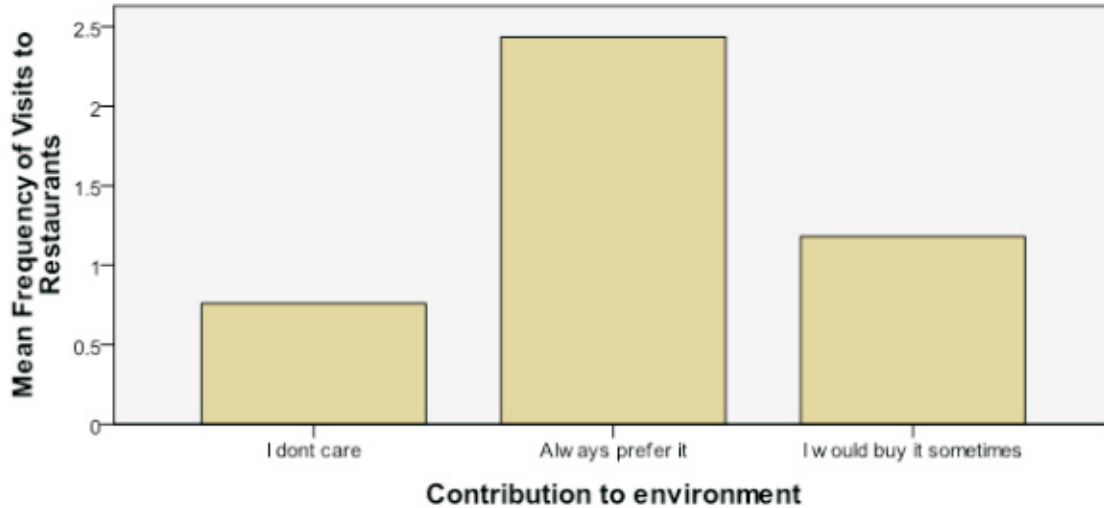
The distribution of the frequency of visits to restaurants is as follows:-

GRAPH 1:



Graph between the mean frequency of visit to restaurant & choice of a restaurant which may contribute to environment while its operating:-

GRAPH 2:



In the above graph it has been clearly indicated that the higher the mean of frequency of visit to restaurants is higher is the use of a service like Green Restaurant, which is environment friendly due to its eco-friendly infrastructure, efficient & energy saving operations, & proper discharge & recycling of the waste produced.

RESULTS OF FACTOR ANALYSIS

TABLE 6:

Correlation Matrix^a

	Healthy Food	Good Ambience	Close to nature & reduce stress	It seems exciting to you	Like new places	To see how it works	There is no such place in my city
Correlation	Healthy Food	1.000	.074	.002	.027	.108	-.108
	Good Ambience	.074	1.000	-.323	-.261	.237	-.158
	Close to nature & reduce stress	.002	-.323	1.000	.527	-.383	.385
	It seems exciting to you	.027	-.261	.527	1.000	-.293	.361
	Like new places	.108	.237	-.383	-.293	1.000	-.257
	To see how it works	-.108	-.158	.385	.361	-.257	1.000
	There is no such place in my city	-.013	-.105	.337	.331	-.212	.558
Sig. (1-tailed)	Healthy Food		.149	.489	.353	.065	.068
	Good Ambience	.149		.000	.000	.000	.013
	Close to nature & reduce stress	.489	.000		.000	.000	.000
	It seems exciting to you	.353	.000	.000		.000	.000
	Like new places	.065	.000	.000	.000		.000
	To see how it works	.068	.013	.000	.000	.000	
	There is no such place in my city	.425	.069	.000	.000	.001	.000

a. Determinant = .273

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.752
Bartlett's Test of Sphericity	Approx. Chi-Square	254.221
	df	21
	Sig.	.000

The value of the result is 0.752 which is considered as a good indicator for the proper selection of the sample i.e it proves that the sample collected by the author was a true representative of the whole population. Generally, a test with KMO value equal to or greater than 0.5 is considered to be appropriate for running the factor analysis. It simply shows the accuracy of the sample taken for the analysis.

TABLE 7:

Communalities

	Initial	Extraction
Healthy Food	1.000	.414
Good Ambience	1.000	.487
Close to nature & reduce stress	1.000	.595
It seems exciting to you	1.000	.525
Like new places	1.000	.458
To see how it works	1.000	.585
There is no such place in my city	1.000	.628

Extraction Method: Principal Component Analysis.

In the above table all the factors have a good loading i.e more than 0.4. A loading value more than 0.4 is considered to be good for the analysis.

TABLE 8:

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings ^a
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	
1	2.626	37.521	37.521	2.626	37.521	37.521	2.497
2	1.065	15.218	52.737	1.065	15.218	52.737	1.400
3	1.026	14.579	67.415				
4	.743	10.620	78.036				
5	.651	9.297	87.334				
6	.458	6.539	93.873				
7	.428	6.127	100.000				

Extraction Method: Principal Component Analysis.

a. When components are correlated, sums of squared loadings cannot be added to obtain a total variance.

In the above table, only component 1 & 2 qualify further for the test because they have an eigen value greater than 1. We will take these components as the center of study & measure the loading of other variables on these two components. This way we would be able to come to two variables which would explain the other variables & their properties in a summarized way.

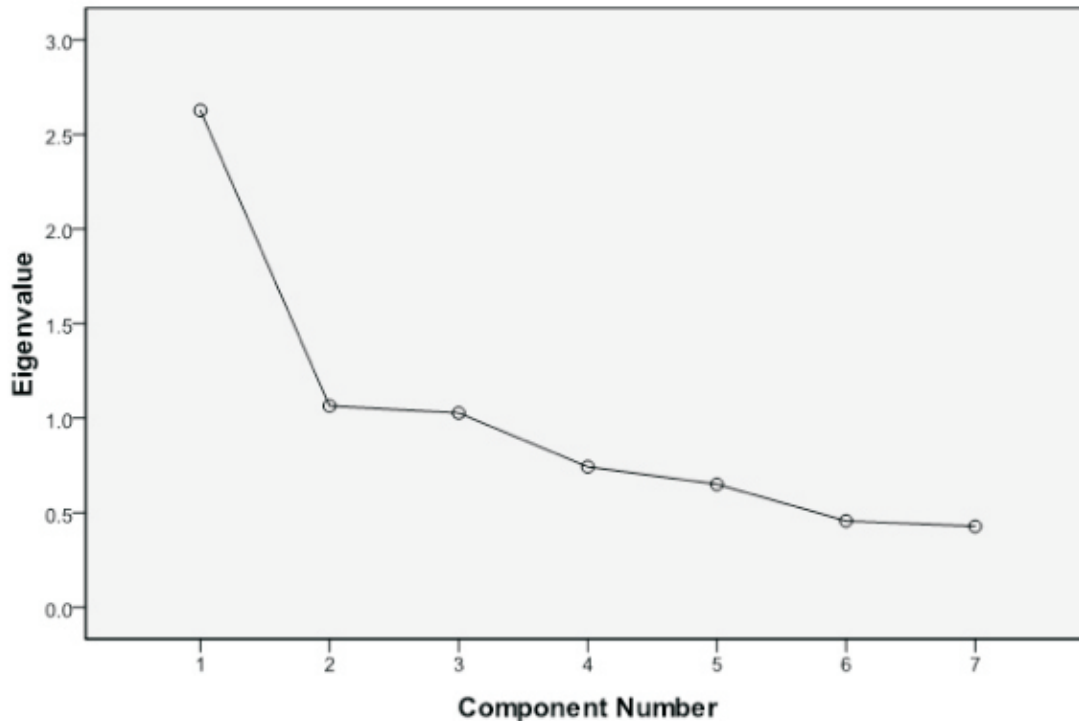
TABLE 9:		
Correlation Matrix		
	Component	
	1	2
Healthy Food		.635
Good Ambience	-.470	.516
Close to nature & reduce stress	.770	
It seems exciting to you	.721	
Like new places	-.585	.341
To see how it works	.713	
There is no such place in my city	.658	.441
Extraction Method: Principal Component Analysis.		
a. 2 components extracted.		

The above table shows the loading value of all the factors on the two components which we have extracted from the component matrix. The value which are missing are less than 0.3, we had compressed the values below 0.3. All factors are having an acceptable loading on the first & second components, so we will have to summarize all the variables in a single word which will explain the effect of all the factors on component 1 & 2.

COMPONENT 1 = “Excitement of exploring new places which are unique in nature & offer mental satisfaction to the customers”

COMPONENT 2 = “Need of healthy food & places which can substitute natural environment”

TABLE 10: Component Correlation Matrix		
Component	1	2
1	1.000	-.189
2	-.189	1.000
Extraction Method: Principal Component Analysis.		
Rotation Method: Oblimin with Kaiser Normalization.		

Scree Plot

GREEN RESTAURANTS: AN OVERVIEW

Our green restaurant is a strategically amalgamated output of two major elements-Human Resource & Infrastructure, which makes it different from other restaurants. It is nothing but an answer to the need of a particular section of the society. People need it so we have formulated a concept to make it available to them.

Human Resource

This is a very vital component of the proposed business model. It constitutes, cooks who will make the food & will make it in a way which is much healthy, waiters who would be enough knowledgeable to tell the customers, particulars of a dish and the benefits of those particulars to their health.

Infrastructure

The infrastructure of the restaurant would be designed in such a way that it will try to connect the customers, in this fast moving metro life, to the nature. Also, the restaurant would be built using eco-friendly materials like bamboo interiors, green terraces, eco-friendly wall paints etc.

The restaurant would be self sufficient, up to some extent, in terms of energy needs & waste disposal. Following things are planned to be used during construction. Some latest technologies have been mentioned below which will make the restaurants a Green Initiative-

- i. Solar Water Heaters to meet the hot water requirements.
- ii. Integrated photovoltaic systems for electricity, this would be an off grid

- secondary power source.
- iii. Biomass gasifier for producing electricity, as a primary power source.
 - iv. Subterranean air tunnels for effective insulation so that the electricity consumption of ACs & room heaters can be minimized.
 - v. Hunter Douglas louvers and pergolas are used in the building for controlling the intensity of incoming sun rays.
 - vi. Insulation on terrace done with vermiculite and puff insulation topped with China mosaic for efficient heat reflection.
 - vii. Double insulation synergy azur glass is used in external façade with aluminum glazing
 - viii. Daylight specially designed skylights, which use the light energy of the sun to laminate the inside area of the restaurant.
 - ix. Recycling waste water with the help of a bed of reed plants etc.

CONCLUSION- PHYSICAL FRAMEWORK OF THE PROPOSED

Procurement

Payment

Services

Payment

In the above model there are no middle man costs involved in the procurement for the goods, so there would be a cost saving & also the target market for the restaurants would be the elite class, to which we can charge a higher price for our service. This way the profits can be maximized & existence of Green Restaurant can be justified.

This model also acts as a better integration between the rural areas where agricultural & dairy products are produced, & the use of these products in the urban market. The farmers in our country are always underpaid for the crops produced by them due to the existence of the middle men in between. The end buyers pay a fair enough price to purchase the farm produce but the money is channelized through the middle men, who take

their cut from that money & pass it on to the farmers, which is comparatively low to what farmers should get in return to the farm products produced by them.

Ways of integration:-

- a. Direct purchase from the farmers.
- b. Contract Farming.

Direct Purchase

It is purchasing the agro products directly from the farmers on a contract basis, in bulk or with mutual understanding. In this method the risk of crop production stays with the farmer & the buyer (restaurant in this case) is only responsible to the tonnage it procures from the farm.

Contract Farming

It involves leasing out the land by the farmer to the buyer of the crops & the farmer is responsible to grow the crops & he is compensated based on the revenue sharing method i.e. percentage of what the total value of the crop is. In this, the risk of crop production is allocated to both buyer & farmer, according to their share in the revenue.

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AUTHOR’S PROFILE



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