
“Cloud Kitchen - Case Study Of Swiggy Cloud Kitchen In Pune.”

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Abstract

The cloud kitchen is newest invention in the food delivery business. A cloud kitchen is primarily a kitchen that accepts incoming orders only through online ordering systems and focuses exclusively on takeaways. These kitchens do not provide any dine-in facility. They received only online orders that why the kitchen called as “Cloud Kitchen”. It’s also known as “DARK KITCHEN”.

Location for the kitchen should be prime as they have to deliver the food to different location for that connectivity and convince for the service is very important. Menu for the delivery is limited. The concept of cloud kitchen is been widely and aggressively growing in the recent market trend.

Swiggy has launched its cloud kitchen offering Swiggy access on November last year, has brought over 35 restaurants to new pin codes and its targeting to bring 300 new restaurant partners onboard. Swiggy aiming 20 to 25% revenue contribution only through Cloud Kitchen in next 2 years.

Key Words -: Cloud Kitchen, Swiggy, Dark Kitchen, revenue generation,

INTRODUCTION

It all started back in 2014 when two BITS Pilani graduates, Sriharsha Majety and Nandan Reddy decided they wanted to make life easier by changing the way India eats - all with just a tap! With their idea of 'hyper local food delivery', all they needed was the tech to power it and were introduced to Rahul Jaimini, who brought this vision to life with the first website. And with this, Swiggy was launched as a food ordering & delivery platform.

In August of 2014, Swiggy began operations by signing up a few restaurants in Koramangala, Bangalore. Soon enough, the first team of Hunger Saviors came into action to deliver food within 40 minutes. Shortly after, Swiggy raised its first round of funding and launched the app in May of 2015. Fun fact: The technology that delivers great food right to your doorstep was completely developed in-house!

With love and support from consumers, Swiggy expanded far and wide, first through the entire city of Bangalore and then across the entire country. As they say, the rest is history. Today, Swiggy is the leading food ordering and delivery platform in India. The innovative technology, large and nimble delivery service, and exceptional consumer focus at Swiggy enabled a host of benefits that includes lightning fast deliveries, live order tracking and no restrictions on order amount, all while having the pleasure of enjoying your favourite meal wherever you'd like it.

The cloud kitchen is newest invention in the food delivery business. A cloud kitchen is primarily a kitchen that accepts incoming orders only through online ordering systems and focuses exclusively on takeaways. The restaurants who do not offer dine-in facility can be viewed as food factories. In these outlets look after only production and food delivery. The orders are only received online hence the term "CLOUD KITCHEN" is used. The food is then sent to the customer in the form of a takeaway. It's also known as "DARK KITCHEN".

Cloud kitchen do need to be at prime location as they can provide good quality food, fast delivery in affordable price. Cloud kitchen also tend to have a limited menu instead of offering varieties. The concept of cloud kitchen is been widely and aggressively growing in the current market.

Swiggy has launched its cloud kitchen offering Swiggy access on November last year, has brought over 35 restaurants to new pin codes and its targeting to bring 300 new restaurant partners onboard. Swiggy wants its cloud kitchen to contribute at least 20% to overall revenue in the next 2 years. Swiggy which is investing in business is looking to bring onboard over

300 restaurants in next 6-9 months itself. Swiggy aims to enable a 20-25% revenue contribution from Swiggy access alone in about 2 years.

Literature Review -:

According to research paper by H.Moyeenudin, R.Anandan, Shaik J.P, Bindu.G published in International Journal of innovative technology and exploring engineering, Cloud kitchen is also called ghost kitchen or invisible or dark kitchen. The cloud kitchen should focus on right methods of branding which can suitable to the location and customer as well. Cloud kitchen should adopt methods of branding through online portal like Uber eats, Swiggy, Zomato. Branding should be more efficient through this method. Cloud kitchen should have a good relationship with this application or they should have their own online portal for food delivery.ⁱ

According to research paper by Saddam Fuad Hussein Al Qadami published in American Journal of Industrial and Business Management, 2018, Cloud computing is very important to meet the sales demand and consumer requirements. It helps restaurants and there member to work effectively and efficiently. It provides a new model to form ecosystem for food and beverage industry, raw material supplier and catering service providers.ⁱⁱ

“SWIGGY Profile” -:

Swiggy developed their own brands that includes – TBC, Homely, Goodness Kitchen, Freshly and Breakfast express GFO(good for one) which is own brand of TBC. Now active in Pune. They have segregated there business on the basis of order received from the customer for dinner, breakfast, lunch.

In “Breakfast express” they serve pancakes, waffles, including continental, American etc breakfast. In the TBC means “The Bowl Company” (one meal portion) they are concentrating on company person, student, bachelor etc. Meal price of TBC kitchen 170-150 for small size. For eg: - Butter chicken with jeera rice, rajma with jeera rice.

In homely , focusing a daily subscribers means person working in some company or college student and wants to eat home cook food so homely gives them home made food which is 50 dishes on menu. Combos of pressure cooked chicken, naan, rice, roti at rupees 120 to 130 rupees.

They have targeted health conscious customer for “Goodness Kitchen”. Menu which is suitable for the age group of 30 to 50 for them they serve Proteins food, power booster salad, fruits, veggies, juices, milkshakes, and smoothies.

They have developed kitchen all over India including Bangalore, Mumbai, Delhi, Hyderabad, Chennai, and Chandigarh and now at Pune. In 2019 they have 100 kitchens all over India and in 2020 they have target about 200 kitchens.

The total 56 chef working in one kitchen including demi chef, CDP, Sous chef, executive chef and more 56x200 chef required for kitchen. Because of this concept Swiggy is creating a platform the new comer to work in the new concept which helps in employment generation.

Swiggy kitchen also provides place for other brands to run their own kitchen in their premises where they didn't charge any rent, electricity, water charges and delivery charges. They work on profit sharing basis where they took 30% of profit margin from the outlet. It helps to the existing restaurants to increase their business.

Concept Cloud kitchen -:

A **cloud kitchen** is primarily a restaurant **kitchen** that accepts incoming orders only through online ordering systems and offers no dine-in facility. They have a base **kitchen** that delivers food to the customers' doorstep.

Importance -:

Larry Illg, chief executive of [Prosus Ventures](#), said Compared to developed nations like Japan and the U.S., India remains a very underpenetrated market for restaurants. “Even in dense areas, you know you need more restaurants.

“That’s the value of creating kitchens for delivery platforms. We have the visibility of all the market dynamics. We can look at a location, comb through the data and know what kind of restaurants and food supplies would work there. Over time, you come to realize the neighbourhood and their collective behaviour,” That’s where cloud kitchens could help. For restaurateurs, cloud kitchens reduce the risk when they look for business expansion. “You have figured out the menu, and you know the operations. But you still have to take a big real estate risk when picking the location. These kitchens allow them to de-risk all these factors”.

Swiggy access has enabled the restaurants to expand quickly into newer territories. It is easiest way to expand the brand .It's a game changer for the restaurant industry.

Swiggy believes that India could emerge as the second-highest number of cloud kitchens after China in the coming years, said Vishal Bhatia , CEO of New Supply business at the firm. A year ago, the company had just 200 cloud kitchen partners.

“The milestone of Swiggy successfully creating over 1,000 partner kitchens shows the faith the restaurant partners have in the concept and bolsters our pioneering efforts in enabling more success stories in the restaurant ecosystem”.

What it required to set up Cloud Kitchen?

- **Location:-**

The primary reason for the minimum investment required to open the cloud kitchen the real estate cost. In the cloud kitchen concept, the location doesn't have to do anything with footfall, parking space and prime location. However they required location from where they can do the fast deliver and which can be chosen depending upon customer demography cloud kitchen. The location can acquired for as RS.25K to Rs.60K for 600 to 700Sqft. depending upon the prime location.

- **Implementation of Online Food ordering :-**

Once you are decided the location you need to decide which technology required to accept the order. There are several online ordering and delivery portals like Swiggy, Zomato, Food panda etc. That accepts online order and delivers the order on behalf of you. These companies usually charge 10to 25% of your revenue per order. There are several web site developer who can build the he website as per your requirement.

- **Licence required for Cloud Kitchen :-**

There are few licenses required to start kitchen i.e FSSAI license, GST registration, Municipal health trade license, fire safety license and food and drug license from FDA, Shop act license.

- **Equipments and Packaging for the cloud Kitchen :-**

The cost of the kitchen equipments depends upon cuisine and the type of food you're serving. Good quality of packaging material required for the delivery. If you spend the money wisely on equipments and packaging organisation can save a lot of money.

- **Staff Requirement :-**

The secret behind any successful restaurant is there staff. Chefs has more important role in the cloud kitchen. As the whole concept is depends upon the food only so it requires well trained chef to prepare the food. In an online kitchen, minimum of nine staff required. Apart from the production staff, two employees at delivery and one at the counter for receiving online and telephonic order are required.

- **Point Of Sale technology for cloud kitchen :-**

The entire ordering and delivery system is depending upon proper acceptance of food orders. It is important to track number of orders coming from various online portals. Tracking of orders and detailed reporting is required for smooth functioning of Cloud Kitchen. You can use any web- enabled device like mobile, computer, tablet to generate the Kitchen order ticket (KOT) and bills.

- **Marketing of Cloud kitchen :-**

Proper marketing and advertisement are essential to the success of restaurant. For cloud kitchen marketing is more important as it becomes single source of getting orders. Since you are not spending more amounts on location and other maintenance cost so you can provide individual budget for marketing. There are various ways that do the marketing of cloud kitchen. As concept is depending on food service only since there is no interaction with the guest or not any specialised service included it very important to retain the customer.

Research Methodology:

- Secondary data accumulated through various sources like internet, research articles, journals, reference material, newspaper, magazines and books etc.

Conclusion :-

To conclude the article, we must say that there is tremendous scope to grow in this hotel industry. Only thing is that what new concept you're giving to society. "Cloud

Kitchen” is new concept and it will change the overall equation of hotel and restaurant industry in Pune as well as other cities in India. There is lot of scope for restaurant industry to generate the maximum revenue through cloud kitchen.

The initiative taken by Mr.Sriharsha Majety and Nandan Reddy can relate to Lokmaya’s vision of Swadeshi as Cloud kitchen contributing to the Indian economy. Also they are creating a platform for the locals to start their new venture.

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