

McDonald's to roll out McCafés in India

To Take On Starbucks In A Booming Market

Samidha Sharma | TNN

Mumbai: American burger chain McDonald's is bringing its cafe brand to India at a time when the Seattle-based java king Starbucks has been expanding fiercely in a booming Indian café market. The first few McCafé counters will be rolled out in Mumbai followed by other metros such as Bangalore, Pune and Chennai over the next couple of years, said a McDonald's India official.

Internationally, McCafés are housed within McDonald's outlets but have a separate look and feel, the same format will be followed here in India, said Amit Jatia, vice-chairman, Westlife Development, whose subsidiary Hardcastle Restaurants holds the development licence for McDonald's Corp in south and west of the country.

The organized Indian cafe market is pegged at around \$300 million currently and is expected to double over the next five years, as estimated by retail consultancy firm Technopak. Globally, McCafés contribute approximately 15% of the burger chain's revenues. However, these numbers could not be independently confirmed as the

BEVERAGE BOOST

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McCafes will occupy around 500 sq feet space within a typical 4,000 sq ft McDonald's store here in India, Jatia said. Over the next three-five years as many as 100-150 McDonald's stores will have the McCafé brand inside its premises, he said. The strategy of having McCafés within existing McDonald's outlets gives a leg up to the burger chain over other rival coffee chains such as Starbucks and domestic players like Café Coffee Day. The starting price for a cup of coffee at McCafé would be Rs 90,

Jatia said, adding that a whole host of other beverages, including juices, iced tea and even chai (tea), will be on offer going forward.

McDonald's in the south and west now boasts of almost all of the burger chain's global offerings including breakfast, delivery, dessert, takeaway and now McCafés. Recently, Arisaig Partners, which bets on consumer facing businesses across emerging markets, picked up a 3.5% stake in Westlife Development for Rs 180 crore, valuing the company at a tad over Rs 5,000 crore.

McDonald's existing partnership with Coca-Cola's Georgia may cease to exist, Jatia said as the company aims to push its own café brand.