

Scope of Indian Flat Breads as Start up Business in Kerala

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Abstract

A start up is a new business venture which aim to meet the emerging business demand. Generally a startup is having high chances of failure. But Start up aims to meet a marketplace need, want or problem by developing a viable business model around products, services, processes or platforms. Making and selling Chapattis, Pori and Poratta (Half cooked), is of high market demand due to low startup investment and easiness to sell the product since there is a market demand for the product. Due to the changing life style of Kerala people and growing level of disposable income, many eat from outside or buy readymade eatables. This has made the option of selling flat breads more attractive and lucrative business. This paper aims at understanding the market demand of flat breads particularly Chapatti, Poratta and Pori in Kerala state along with examining this as a profitable business option. Primary data regarding the four P's of Indian flat bread business were collected from 291 retailers of various profiles for studying the feasibility of the concept.

Keywords: Startup; Indian flat Breads; Chapatti; Poratta; Pori; Feasibility.

Introduction

As per recent reports in The Hindu – Business (Reporter, 2018) Line, the number of new start-ups floated in 2017 was just about one-fifth of that in 2015 which is not necessary bad. The new set of rules initiated by Central government in 2015-16, including the definition of a start up, taxation structure, angel tax, listing and exit norms have in fact promoted the growth of quality concepts in start ups. It is observed that from 2016, lots of entrepreneurship initiatives are coming up from tier two and three towns which denote the percolation of start-up concepts which is an indicator for employment generation. Many investors are looking at the quality of startup ideas and the time it takes to generate profits.

Food business is considered as an evergreen business. Growth of disposable income and the

concept of nuclear families with both partners working have persuaded Kerala people to buy eateries from outside rather than making at home. This has resulted in the growth of lot ideas in food industry sector. Indian culture is so wide and diverse with lot of ethnicity in eating habits. Just like the climate and language varies the palate changes leading to multitude of life styles. Indian breads (Wiki) are a wide variety of flat breads and crepes which are an integral part of Indian cuisine. Their variation is an exact mirror image of the diversity of Indian food habits and culture.

Any Indian flat bread is made with flour, water and salt and then it is rolled into flattened dough. Majority of the Indian flat breads are unleavened and some are slightly leavened. North Indian flat breads are primarily made from milled flour – Maida (fine wheat powder) / Atta (whole wheat powder) mixed with water which is unleavened. Flat breads like Poratta (Paratta) is layered with oil, ghee or butter added to it. In Indian states like Gujarat, Karnataka and Maharashtra breads are made with minor cereals like Jowar, Ragi, Bajira (millets) which are coarse grains and source of rare elements. On the contrary states of Indian west coast and Southern India, most of the flat breads are crepes made from peeled and split black lentils (urad dal) along with rice. Flat breads like dosa, appam, uttapam etc

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requires special mention. Appam is a peculiarity of Kerala which is a fermented crepe usually made with finely powdered rice flour, which has many variants like Kallappam, Vattayappam, Palappam / Vellappam etc. This study aims at examining the scope of Indian flat breads, particularly Chapatti, Poratta and Pori as a start up concept in Kerala.

In a developing Economy like India, start ups play a dominant role in creating jobs and business. Chances for failure are high for a start up. But creation of startup ideas will promote the development of the country. In states like Kerala were space is very less organizations (wiki) like Kerala Startup Mission (KSUM, formerly known as Techno park TBI) and Startup Village based in Kochi plays a dominant role. KSUM being an apex body for all other incubators in the state of Kerala coordinate their functions to strengthen the entrepreneurship development activities of the state government, promoting knowledge driven and technology based startup ventures by students, faculties, local entrepreneurs etc. Besides this they play a lead role in planning and implementing industry institute linkages and networking including the setting up of R & D facilities and related facilities, in academic institutions and capacity building programmes for human resources development.

A start up is a new business venture which aim to meet the emerging business demand. Generally a startup is having high chances of failure. But Start up (wikipedia) aims to meet a marketplace need, want or problem by developing a viable business model around products, services, processes or platforms. Startups have high chances of failure but there are also start ups which have become famous brands.

Kerala even though a small state spread in 38,863 sq kms; is having peculiar food habits. Just the language Malayalam varies with in every forty kilo meter the food habit also varies. Kerala is known to have nearly seven types of palates and the culinary culture also varies. But flat breads like Chapatti, Poratta and Pori is among the favorite dishes among Malayalie.

Chapatti - Indian flat bread, which can be eaten with anything. Cooked on a flat skillet (Tava), chapatti (<https://www.thespruceeats.com/popular-indian-breads-1957353>) is made from unleavened dough which can be made softer by longer kneading. Softer chapatti can be made by adding yogurt or fresh milk along with water.

Early adoption of family planning techniques has resulted in the spread of nuclear families which

attracted more educational facilities. Rising cost of living and influence of Middle East has prompted both partners of a family to work to earn their daily living. Earlier chapatti making for working women was an activity reserved for weekend since it requires a lot sweating. But nowadays lot of local manufactures and organized players are trading in half cooked chapatti. Concept of frozen chapatti and options coming with curry as a ready meal option is also worth mentioning. Now a day's many local charity organizations and clusters like central prison is also making and selling Chapatti.

Chapattis consume less oil while cooking. Pori on the other hand consumes a lot of oil and is mainly consumed from hotels. But many chapatti manufacturers are also trading poori as a flat bread option. Kerala Poratta popularly known as Malabar Paratha is also consumed from hotels from where it is given fresh with lot of options for side curries/dishes.

Kerala is estimated to have around lakh consumer outlets of various categories of which Bakeries and Super markets play an important role. The concept of Bakeries is getting proliferated like never before with lot of investments coming in to the field of Bakery business. Majority of households go for weekend purchase and improved living standards of the state promotes consumerism were in people try to make shopping an experience. This has resulted in the growth of Super market culture. Hence it is worthwhile to examine the importance of Bakeries and Super markets as preferred purchase points.

During the last two decades, Kerala witnessed rapid socio-economic developments and people of Kerala have increased disposable incomes and there by standard of living has improved a lot. This has significant reflections in the way of life including food habits. A major change in food habit is the increased consumption of food from outside the home and a resultant outcome is the development of Bakeries - both stand alone as well as chains.

Kerala - God's own country is estimated to have nearly fifty thousand bakeries. Now a day's a stylish Bakery outlet is the Dream of an average Malayali entrepreneur and the concept has gained much popularity after the development of Gulf boom in 1970's. Today even after forty years Gulf remains as an attractive location of an average Malayali particularly of a semi skilled worker. Recent swings in crude Oil prices along with localization have brought some temporary hindrances in this dream and gulf returned people have found bakery business very attractive.

Even though Kerala labor market experiences acute shortage of manpower, influx of Bengali & Oriya workers particularly in the last decade has filled in the gap of manpower shortage. The concept of baking evolved through ages. In India organized bakeries was introduced by the British. With the passage of time, a number of bakeries sprung up in India. These bakeries were either traditional sweet sellers or specialized bakery. Indians are fond of a lot of snacks which during recent years they buy from bakeries.

The history of modern bakery culture spread from Thalassery (Thalassery, "Bakery Industry", [on line:web]) – a bustling coastal town of Malabar in 1800's. It was Mr. Mampilly Bapu who established Mambaly Bakery at Thalassery. The culinary skills of Mambally Bakery spread to different parts of Kerala . Kerala – God's own country is estimated to have nearly 50,000/- bakeries. It is estimated that nearly 32% of consumers buy from bakeries.

Kerala enjoys promising figures for key human development indices. Basically Kerala is a consumer state with people depending on outside supply of daily commodities. Essential commodities come from neighboring states. But Small and Medium Enterprises based on food items as raw materials is showing a positive trend in the state too. This is boosting the economy from the bottom of the pyramid. Increasing spread of software industry and cross-migration in Kerala has lead to the increase of disposable income which created lifestyle changes. Super markets is seen as a scene of family purchase were in all members of the family comes in for purchase.

Usually many of the modern trade outlets are linked with a Bakery counter and display area of these category of outlets are seen as a centre of happenings were in new introductions and promotions happens for the products. Kerala is having no rural and urban distinction of its own. Total state is like a metropolis and there is lot of Super markets in every major population cluster. It is estimated that nearly 35% of customers buys from super markets were in purchase is an outing for the total family during weekends.

Changing life style and emergence of nuclear families have prompted, Keralites to eat/buy food from outside. This has prompted many people to go for startups like Chapatti point which has emerged as a great activity during the recent periods. Making and selling Chapathis is one of the businesses that many find easy to set up due to the low start-up investment costs as well as high demand for the product(s). It is however important

to note that while you can run it as a standalone business, it is always wise to have two or three other complementary products alongside it in order to reap maximum benefits. It is worth to discuss the relevance of marketing Mix in flat bread business.

Marketing Mix is a term coined by Neil Borden; which was refined again through practice and it was E. Jerome McCarthy who reduced them to 4 elements called "The Four Ps". The Four Ps Model describes the importance of Product, Price, Place and Promotion. All these are very important in setting product Strategy.

Relevance of Indian Flat Breads with reference to Marketing Mix (4 P's) is as noted –

Table 1: Relevance of Indian Flat Breads with reference to Marketing Mix

Four P's	With reference to Indian Flat Breads
Product	Number of pieces in a packet, Weight of a packet and Product life.
Price	MRP and Retail rate of a packet
Place	Outlet Categories – Super market, Bakery, Grocery and C category outlets.
Promotion	Sales pattern per day

(Source: Secondary Data)

Objective of the Study

This study aims to understand the scope of Indian flat bread (Chapathi, Poratta and Pori), as a start up business in Kerala. For this Primary data regarding the Sales pattern per day, Number of pieces in a packet, Weight of a packet in grams, MRP along with retail rate of a packet and product life since this is a perishable product was collected by using a structured schedule from different outlet categories.

Research Methodology

Study is descriptive in nature. Both Secondary and Primary data are used for the study. Critical insights were drawn on the topic, by observations and expert interactions with entrepreneurs and marketing experts. Primary data regarding product information was collected by direct interview method using structured schedule from retailers. Convenience sampling was used.

Data collected was analyzed using the concept of averages and standard deviation. Primary data was collected from Super markets, Bakery, Grocery and C Category outlets. Depending on the purchase pattern, outlets were chosen randomly in the ratio

2:2:1:1 in the order mentioned. The data collected was analyzed to draw conclusions regarding the Hypothesis derived -

H_0 - A product assortment of half cooked Chapathi, Poratta and Pori is necessary to maintain a profitable start up business model of Indian flat Breads in Kerala.

H_1 - A product assortment of half cooked Chapathi, Poratta and Pori is not at all necessary to maintain a profitable start up business model of Indian flat Breads in Kerala.

To get a clear picture of the market, data collected was analyzed using averages and the deviations from standard was studied using Standard deviation.

Analysis, Discussions and Findings

(1) Market Study regarding Flat breads (Chapathi, Poratta and Pori) was conducted in 291 outlets across Kerala. Outlet split up is as noted -

Table 2: Outlet split up category wise

Outlets	Super market	Bakery	Grocery	C Category	Total Outlets
Total	86	107	50	48	291

(Source: Data Analysis)

For study we have taken Super Market: Bakery: Grocery: C Category in the ratio 2:2:1:1 since 65% of purchase in Kerala is observed to be from Super Market & Bakery, with high penetration of Bakery class of outlets. Kerala is known as the land of Bakeries and Kerala Bakeries are famous in other parts of India.

(2) Out of the 291 outlets the following percentage has stocks of Chapathi, Poratta and Pori as shown in the Table 3.

Presence of Chapathi is more in outlets and super market along with bakery category contributes the maximum sales. Presence of Pori is negligible in outlets. Half cooked Pori sells only in Super markets.

Poratta Sales is more prominent in Town markets and Southern & Central Kerala markets prefer Wheat Poratta.

Table 3: Percentage of Product Presence in Outlet Category studied

Product Presence in Percentage (%)	Item	Super market	Bakery	Grocery	C Category	Total Outlets
	Chapathi	99	96	100	96	98
	Poratta	73	60	64	44	59
	Pori	26	5	2	0	9

(Source: Data Analysis)

(3) Sales per day (Table 4 - Data Analysis) from different categories of outlets were analyzed and there is an average Chapathi sale of 12 packets per day and Poratta sales is 5 packets per day and Pori sales comes to only 2 packets per day. Chance of half cooked Chapathi sales growth is high since the standard deviation is comparatively high (10.42). Where as that of half cooked Poratta is below average and growth chance of half cooked Pori is negligible.

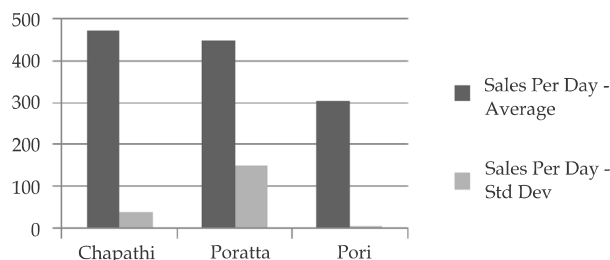


Fig. 1: Sales per Day Comparison (Average Vs STD Dev) (Source: Data Analysis)

(4) Number of pieces in a packet (Table 4 - Data Analysis) is very important in determining the price of the product which again is an indicator of profitability.

For half cooked Chapathi ten pieces in a packet are apt and an average Kerala family of four members can go for it. Five to Six pieces is apt for half cooked Poratta and for Pori it is ten pieces. But comparatively higher Standard deviation for Poratta and Pori indicates that the number of pieces in a packet can be expanded where there is an option for larger packs. Fresh Poratta is readily available in many of the local hotels in Kerala. Hence, product preference is less for half cooked poratta but the difficulty in making it at home persuades consumers to buy it. On the other hand Pori eating habit in Kerala is limited to vegetarian hotels and consumers who prefer it is comparatively less hence the demand for half cooked Pori is limited to niche markets where in the option for higher pack size is always there in the market place.

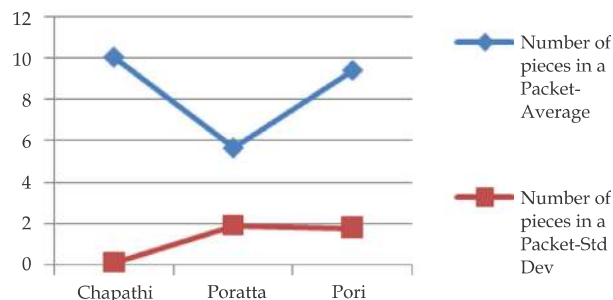


Fig. 2: Number of Pieces in a Packet Comparison (Average Vs STD Dev)
(Source: Data Analysis)

(5) Average weight (Table 4 - Data Analysis) of a packet of Chapathi varies from 400 to 500 grams with most brands keeping a weight of 450 grams per 10 numbers pack. Were as Poratta pack weight is 450 gram and that of Pori is 300 grams. But higher standard deviation for a packet of Poratta (148.92) indicates that the pack size is expandable.

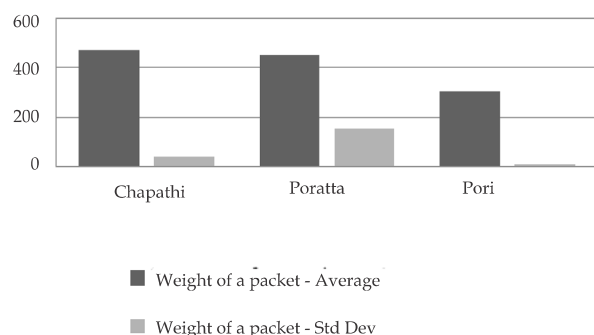


Fig. 3: Weight of a Packet Comparison (Average Vs STD Dev)
(Source: Data Analysis)

(6) Maximum Retail Price (MRP) of a packet (Table 4 - Data Analysis) of Chapathi varies from Rs. 45 to Rs. 50 per pack of 10 pieces. For Poratta it is Rs. 50 and that for Pori it is Rs. 40 per pack. Higher standard deviation for Poratta (14.36) indicates that the price will be higher for high number pack.

Regarding retail rate, a pack of Chapathi gives an average margin of Rs. 10 to Rs. 12 in a retail counter and a Poratta pack earns Rs. 10 per pack for retailer. In case of Pori it is Rs. 8 on an average.

(7) Life of the product (Table 4 - Data Analysis) plays a dominant role in the sales of flat breads. For Chapathi and Pori it is 5 days for a pack were as for Poratta it is 3 to 4 days for a pack.

(8) Number of customers asking (Table 4 - Data Analysis) for a pack of Poratta from an outlet surveyed is between three to four people and comparatively less Standard Deviation indicates low chance of market expansion.

Table 4: Data Analysis

Questions	Item	Total Kerala	
		Average	Std Dev
Sales Per Day (In Packets)	Chapathi	11.97	10.42
	Poratta	5.03	3.00
	Pori	2.39	0.99
No of Pieces in Packet (Numbers)	Chapathi	10.01	0.13
	Poratta	5.66	1.92
	Pori	9.38	1.82
Weight of a Packet (Grams)	Chapathi	469.43	38.61
	Poratta	447.57	148.92
	Pori	301.67	5.65
MRP of a Packet(Rs)	Chapathi	46.03	4.54
	Poratta	48.73	14.36
	Pori	37.88	4.15
Retail rate of a Packet (Rs)	Chapathi	34.76	4.47
	Poratta	38.62	11.33
	Pori	29.13	3.93
Life in days of a Packet (Numbers)	Chapathi	5.00	0.06
	Poratta	3.80	1.16
	Pori	5.00	0.00
No of Customers asking for a poratta packet/day from an outlet (Numbers)	Poratta	3.40	2.17

(Source: Primary Data)

Conclusions and Suggestions

Above findings and discussions lead to the acceptance of null hypothesis. That means

H_0 - A product assortment of half cooked Chapathi, Poratta and Pori is necessary to maintain a profitable start up business model of Indian flat Breads in Kerala.

Alternate hypothesis has to be rejected. However it is clear that a proper proportion of half cooked Poratta and Pori stocks have to be maintained in the sales of Indian flat breads whether it is a selling point or it is route sales in a niche market. This depends on the location of sales.

Study reveals that sales of Poratta are 40% of Chapatti Sales and Pori is 12% of Chapathi Sales from any outlet. Sales of Poratta are more in Super market & Bakery where in the through put placement are three packets a day. Supply is restricted to three days in a week. Damage percentage of Poratta is more and in some outlets it is as high as 40%. Actual damage concept is followed in market. People like to eat Poratta from shops - ready to eat rather than half cooked stuff since in Kerala Poratta is readily available. Pori as a food is consumed rather less by Keralites and people prefer to take from vegetarian restaurants.

However there is considerably good market demand of flat breads particularly Chapatti, Poratta and Pori in Kerala state. Many people venture into whole wheat concept for flat breads which is promoted as a health equation also. But the skill lies in maintaining the correct ratio for sales without creating wastage. Manufacturing and selling of flat breads is a profitable business option as a start up enterprise.

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