

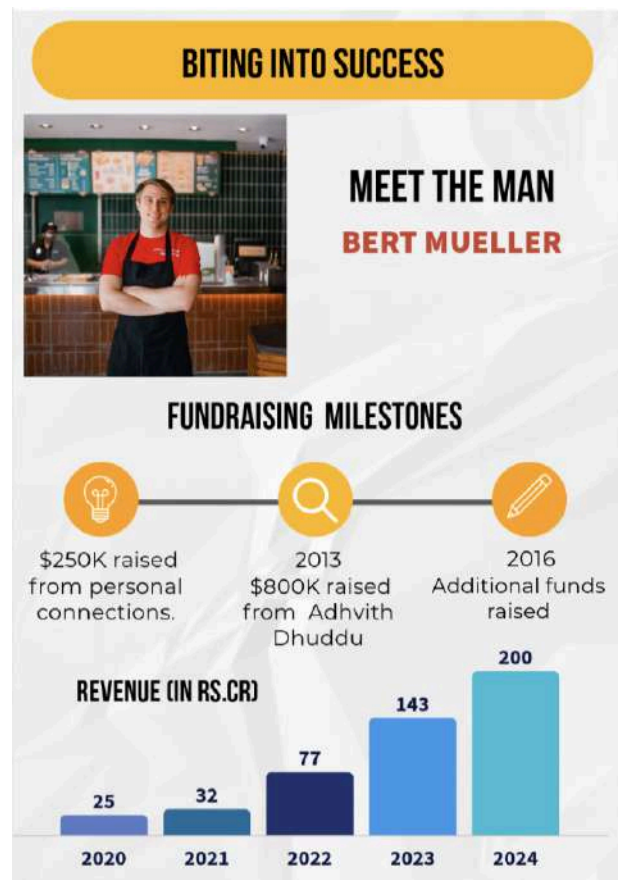


The Story Behind the Burrito: From Craving to Creation

When Bert Mueller, the founder of California Burrito, first visited India in 2010, he couldn't have imagined that this vibrant country would become both his home and the launchpad for California Burrito—a thriving QSR brand redefining Mexican cuisine in India. Today, the chain boasts over 80 outlets, with annual revenues surpassing Rs. 200 crore.

It all began with a craving. Bert was missing the authentic burrito experience he enjoyed back home in California. Inspired by his love for burritos, Bert saw an untapped opportunity in India's growing QSR scene. At the time, burritos in India seemed foreign, but Bert believed that Indian food lovers would embrace a new twist on fast food if it was local and customizable enough.

Starting with a pooled investment of \$15,000 each, Bert, alongside his U.S. partners Dharam Khalsa and Gaelan Draper, launched their brand. California Burrito initially relied on company-owned stores but later incorporated a franchise model for rapid growth. This approach allowed the brand to scale without stretching its resources.



A Challenge in Every Bite

Mexican food in India was a rarity. **How could a burrito—a dish most Indians hadn't heard of—ever take off?** Securing funding, finding the right ingredients, and educating the Indian market were no small feats. But Bert was determined.

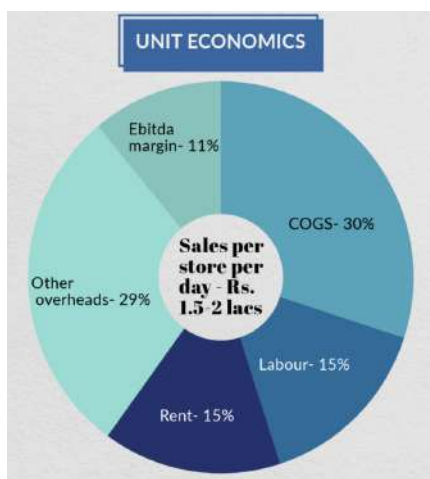
The Right Recipe for Success: Customizing for India

- **Adjusting the Menu:** While authenticity is key, California Burrito also recognized the importance of tailoring its offerings to Indian palates. After all, the Indian consumer loves spicy, flavorful food.
- **Customized Burritos:** California Burrito introduced spicy options for heat lovers and incorporated vegetarian-friendly fillings like paneer, a local favourite.
- **Product Innovation:** Over time, they experimented with items like tikka burritos and burrito bowls, offering both vegetarian and non-vegetarian varieties. The use of local ingredients ensured that every bite delivered a burst of familiar yet exciting flavors.

Location Strategy: Smart Moves for High Traffic-

Instead of battling sky-high rents in malls, California Burrito chose spots with dense foot traffic—like tech parks. **Imagine a bustling office crowd grabbing a burrito on their lunch break.** Smart move. This gave California Burrito the perfect balance between low overheads and consistent footfall. For example, their first outlet near Goldman Sachs catered directly to office-goers, resulting in sustained footfall without relying on extensive marketing.

Freshness: No Compromise - Freshness is key. **But how do you ensure that your burrito tastes just as fresh in 80 locations?** From local sourcing for veggies to importing tortillas and cheese, California Burrito nailed the supply chain—ensuring every bite feels like it's made from scratch.



Smart Business Moves: Scaling with a Franchise Model

It wasn't all about food. The brand's unit economics were smart—**Rs. 1.5-2 lakh in daily revenue per store with 65-70% gross margins.** Coupled with a franchise model, it allowed them to scale quickly without burning too much capital.

California Burrito strikes a balance between affordability and quality, with an average cost of Rs. 250-300 per burrito. Positioned as a mid-range option, it competes with the likes of McDonald's, offering

healthier, customizable choices. This unique selling point appeals to consumers looking for fresh, made-to-order meals without breaking the bank.

Digital Strategy: Embracing Technology

The fast-casual dining space isn't just about the food; it's also about the experience. California Burrito has taken full advantage of India's booming **online food delivery** ecosystem through platforms like **Zomato** and **Swiggy**.

- **Tech Innovations:** From **app-based ordering** to **loyalty programs**, they're keen on keeping pace with consumer habits. The loyalty program rewards customers with discounts and special offers for regular orders.
- **In-Store Experience:** The brand also invests heavily in ensuring its **in-store experience** is just as seamless, with clean, modern interiors and a customer-friendly approach.

Why India, Why Now?

India's fast-casual food industry is booming. With the QSR market **expected to grow to \$38bn by 2029, from \$25bn in 2024 (8.5% growth rate)**, brands are racing to capture the next big trend. California Burrito isn't just another global brand; **it's a brand that gets India**. With menu tweaks that cater to local palates and an affordable pricing model, they're set to ride the wave of demand for fast, healthy food.

Competition in India: Burritos vs. The QSR Titans

The QSR space is competitive. **Taco Bell, McDonald's, Domino's**—they're all vying for the same customer. But California Burrito isn't trying to outdo them in the traditional fast-food space. **It's about fresh, customizable meals** that offer a healthier alternative. Think Chipotle, but tailored to Indian tastes.

Players	Cuisine	Positioning	Price-range	Store count	Revenue (FY24, in crs)
Domino's Pizza	Italian Fast Food	Delivery-focused, customizable pizzas	200 - 1,000	2,000	Rs. 5,600
KFC	American Fast Food	Fried chicken specialist, casual dining	150 - 700	1,025	Rs. 3,700
McDonald's	American Fast Food	Family-friendly, affordable, and quick service	100 - 600	397	Rs. 2,400

Burger King	American Fast Food	Flame-grilled burgers, competitive pricing	150 - 800	455	Rs. 1,760
Costa coffee	Coffee & Snacks	Premium coffee experience	100 - 400	179	Rs. 1,500
Pizza Hut	Italian Fast Food	Dine-in and delivery pizza	200 - 1,000	886	Rs. 1,200
Café Coffee Day	Coffee & Snacks	Casual coffee shop with light meals and snacks	50 - 300	450	Rs. 1,000
Vango	South Indian food	Veg meals in a contemporary ambience.	200-400	63	Rs. 600
Wow! Momo	Asian Fast Food	Specializes in momos in and Asian cuisine	50 - 300	630	Rs. 416*
Subway	American Sandwiches	Health-conscious fast food with fresh ingredients	150 - 500	576	Rs. 300
Chai Point	Tea & Snacks	Focus on tea and snacks in a casual setting	30 - 200	180	Rs. 206*
Taco Bell	Mexican	Affordable food for quick bites	100 - 500	130	Not available
California Burrito	Tex-Mex	Customizable burritos and health-focused options	200 - 500	80	Rs. 200*

(*FY23 Sales, Source: Tracxn, Screener)

The Road Ahead: A Flavorful Future

California Burrito is still in the early stages of its India journey, but there's no doubt about its potential. They're not just planning to grow in terms of **store count** but are also experimenting with **cloud kitchens**, which would help lower operational costs while expanding reach. Cloud kitchens are a key growth lever, especially with **delivery** becoming a bigger part of the QSR experience.

The brand is positioning itself to tap into India's increasing demand for **healthy fast food**, where the market for healthier options is growing exponentially.

Challenges and Risks: Staying Ahead in a Competitive Market

California Burrito faces the dual challenge of educating Indian consumers about Mexican cuisine while battling stiff competition from established QSR players like Taco Bell and Domino's.

- The risk of consumer preference tilting away from Mexican flavors or the entry of dominant international brands like Chipotle further intensifies the competitive landscape.
- Additionally, economic downturns, evolving delivery trends, and maintaining cost efficiency are ongoing hurdles.

Key Insights: Unlocking Success in India's Fast-Casual QSR Market

As the Indian QSR market continues to grow, **brands need to ask themselves**: How do you stand out in a sea of options? It's no longer just about tasty food—it's about **adapting** to the local taste, optimizing for **delivery**, and offering **personalized choices**.

Will California Burrito Be India's Next QSR Giant?

That's the million-dollar question. But one thing is for sure: California Burrito is no longer just a craving—it's now a force in India's fast-casual dining space.

India's fast-casual sector is **booming**, and California Burrito is gearing up with solid unit economics, a franchise-friendly model, and a healthy, fresh product offering.

The next time you find yourself craving a burrito, California Burrito's journey will remind you that it's not just about the food. It's about creating an experience that speaks to local palates, offers customization, and serves up something both familiar and exciting.

BASIC ROOTS TACO TALK: THE SECRETS TO THRIVING IN INDIA'S QSR MARKET

INDIANIZATION IS A MUST QSRs thrive when global flavors meet local tastes—think McAloo Tikki or tikka burritos.	 THE DELIVERY DINING SHIFT Delivery Swiggy and Zomato dominate; menus must evolve for fast delivery and affordability.
BEYOND TIER 1 Tier 2 and 3 cities hold massive growth potential but need cost-effective operations to succeed.	 WILL MEXICAN CLICK? Mexican food is niche; unlike Chinese and Italian which is widely accepted, winning here means combining education, health, and spice to fit Indian cravings.
IS CUSTOMIZATION THE FUTURE? India's health consciousness and diverse food preferences are pushing QSR brands to offer personalized, build-your-own meal options.	 CHALLENGES OF FRAGMENTED SUPPLY CHAINS Consistency across outlets is a persistent challenge due to India's fragmented supply chain. Brands that invest in robust logistics, local sourcing, and cold-chain infrastructure can ensure freshness and quality.