

Consumer Preference and Spending Pattern in Indian Fast Food industry

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Abstract- Fast food industry is one of the world's fastest growing sectors in food industry. However, over a period of time, with a growth in the number of nuclear families, economic growth and increasing per capita income as well as globalization, fast food culture gained prominence in India. The study reveals that. The average visits made by the sample respondents was three times in a month and that young consumer lifestyle trend consists of taste, convenience and seeking alternate food items which formed the major reasons for consuming fast food. Analysis on reasons behind eating fast food by the sample respondents revealed that taste (56 per cent) is major reason to consume fast food followed by convenience (15 per cent) and alternate to home food (11 per cent). They also expressed that relaxation and wider variety of menu were the other reasons to consume fast food.

Index Terms- Fast food industry, spending pattern, Consumer preference

I. INTRODUCTION

Fast food industry is one of the world's fastest growing sectors in food industry. Fast food is the food item that can be prepared and served very quickly (Webster Dictionary, 1951). Encyclopedia Wikipedia defines fast food as "food sold in a restaurant or store with preheated or precooked ingredients and served to the customer in a packaged form for take-out/take-away". Because of commercial emphasis on speed, uniformity and low cost, fast food products are often made with ingredients formulated to achieve a certain flavour or consistency and to preserve freshness.

Fast Food industry in India

The emergence of the fast food industry has, transformed urban food culture in India to some extent. In India, fast food culture emerged after independence. Eating at home used to be a significant aspect of Indian culture. However, over a period of time, with a growth in the number of nuclear families, economic growth and increasing per capita income as well as globalization, fast food culture gained prominence. Similarly, children also resorted to fast food due to their exposure to global urban culture and western cuisine which accelerated their desire for cheap and delicious fast food. Moreover, fast food costs less than traditional meals commencing with appetizer and concluding with dessert. With the liberalization of the economy in 1992, new multinational fast food giants targeted India as a huge potential market with their outlets. Burger King, Pizza Hut, Domino's Pizza, McDonald's and KFC outlets are functioning in shopping malls and other public areas. Changing consumer behaviour and favourable demographics led India to witness a tremendous growth in fast food restaurant industry (Shanker, 2010).

Objectives of the Study

The overall objective of the study is to analyze the food consumption lifestyle behaviour of consumers segment for developing new marketing strategies in fast food sector. The specific objectives of the study are:

1. To analyze the consumer's spending behaviour on fast food consumption and their preference on fast food menu and fast food restaurants,
2. To analyze the consumer's consumption expenditure towards fast food with respect to gender,

II. METHODOLOGY

The study was conducted in 2 major cities in India Hyderabad and Coimbatore by selecting randomly 100 respondents who step in at major fast food restaurants. A questionnaire for the same has been prepared for this purpose. Statistical methods like Percentages, factor analysis, 't' test, multifunction regression function are used.

III. FINDINGS AND DISCUSSIONS

The information collected from 100 sample respondents in the study area of Coimbatore city were tabulated, analyzed and the findings of the study are presented under the following headings.

1. Spending Behaviour and Consumer's Preference on Fast Food
2. Consumer's Preference on Fast Food Restaurants
3. Analysis of Consumption Expenditure on Fast Food
4. Spending Behaviour and Consumer's Preference on Fast Food

Understanding young consumer's behaviour on fast food helps the marketing firm to know their interests towards fast food as part of lifestyle analysis. To analyze the sample respondents' behaviour on fast food in terms of frequency of consuming fast food, timing of visits, reasons for consumption, consumption expenditure on fast food, etc., were analyzed and results are presented in this section.

1.1. Frequency of eating of Fast Food

The frequency of consumption of fast food by the sample respondents in fast food chains were analyzed and the results are presented in the table 1.1.

Table 1.1 Frequency of eating of Fast Food

S.No.	Frequency of eating	Percent to total
1	Once in a Week	9.00
2	3 times in a Month	45.00
3	Once in a Month	34.00

4	Occasionally (once in 2 months or more)	13.00
Total		100.00
Average (No. of times)		

It is observed from the table 1.1 that 45 per cent of the sample respondents were consumed fast food three times in a month, 34 per cent of them were consumed fast food for about once in a month and 13 per cent of the respondents consumed fast food occasionally i.e. once in two months or more. It is also observed that only 9 per cent of them consumed fast food, once in a week regularly. The average visits made by the sample respondents was three times in a month. It shows that young consumers in Coimbatore city are in the beginning stage of fast food culture as part of their lifestyle and there is a lot of potential for fast food industry to grow in the upcoming years.

These findings are similar to those of a study done by Steyn and Marais (2010) in South Africa showing that 11 per cent of the participants ate fast food daily, 27.6 per cent ate two to three times a week and 20.8 per cent ate fast food at least once a week. Only 3.8 per cent of the participants had fast food less than once per month.

1.2. Favourite Timing for eating of Fast Food

The consumer's preference towards favourite time for eating fast food in an organized fast food restaurant was analyzed and the results are presented in the table 1.2.

Table 1.2 Favourite Time of Eating Fast Food by Sample Respondents

S. No.	Time of Eating Fast Food	Percent to total
1.	Morning	15.00
2.	Afternoon	4.00
3.	Evening	81.00
Total		100.00

It could be seen from the table 1.2 that 81 per cent of respondents expressed their views that evening is their favorite time to eat fast food and 15 per cent of them revealed their preference is morning time. Hence, it is inferred that fast food is more demanded in evening times and hence the fast food restaurants may introduce or customize new fast food items to suit for these timings.

1.3. Reasons for eating Fast Food

The major factors which influenced the consumers for eating fast food was analyzed and the results are presented in the table 1.3.

Table 1.3 Reasons for Eating Fast Food

S. No.	Reasons	Percent to total
1.	Taste	56.00
2.	Convenience	15.00
3.	Alternative food	11.00

4.	Relaxation	9.00
5.	Variety of menu	9.00
Total		100.00

It could be observed from the table 1.3 that majority of the (56 per cent) respondents expressed their opinion that taste is the only reason to eat fast food in the restaurants followed by convenience (15 per cent) and alternative to home food (11 per cent). Moreover, relaxation and variety of menu in fast food were the other reasons for eating fast food. The results are in similar to the results given in the study by O'Dougherty *et al.* (2006) that taste and convenience were the important reasons for consuming fast food. Hence, it could be inferred that young consumer lifestyle trend consists of taste, convenience and seeking alternate food items which formed the major reasons for consuming fast food.

1.4. Per Capita Monthly Expenditure on Fast Food

The consumption expenditure towards fast food by the sample respondents was analyzed and the results are presented in the table 1.4.

Table 1.4. Consumption Expenditure on Fast Food (Per capita/ month)

S. No.	Consumption Expenditure (Rs.)	Percent to total
1.	500-1000	15.00
2.	1000-1500	49.00
3.	1500-2000	21.00
4.	2000-2500	15.00
Total		100.00
Average expenditure(Rs.)		

It could be observed from the table 1.4 that of the total income, 49 per cent of the respondents spent on fast food ranges from Rs.1000-1500 per month whereas, 21 per cent of the sample respondents spent on fast food ranges between Rs. 1500-2000 per month. About 15 per cent of them spent Rs. 2000-2500 per month on eating outside and 15 per cent of the respondents spent Rs.500-1000 per month. On an average, the sample respondents spent Rs. 1430 per month towards fast food. Hence, it is clearly evident that sample respondents spend considerable amount of their income for eating outside due to convenient lifestyle as it saves their time.

1.5. Consumer's Satisfaction towards Consumption of Fast Food

The kind of satisfaction or benefits realized by the sample respondents on consumption of fast food was analyzed and the results are presented in the table 1.5.

Table 1.5 Consumers Satisfaction on Fast Food

S. No.	Satisfaction	Percent to total
1.	Taste Satisfaction	63.00
2.	Relaxation/Spending time with friends	15.00
3.	No benefits	22.00
Total		100.00

From the above table 1.5, it could be observed that 63 per cent of the sample respondents realized satisfaction with consuming tasty foods and 15 per cent of the respondents revealed that sharing time with friends and relaxation was the next important benefit by consuming fast food in the fast food chains. However, 22 per cent of the sample respondents revealed that they did not realize any benefits by consuming fast food and visit to fast food chains. Hence, it could be inferred that fast food restaurants provides satisfaction to the young consumers in the form of matching their taste needs and relaxation with friends. Hence, fast food chains may concentrate on introducing new and more variety of fast food menus with different flavours to attract young consumers.

1.6. Consumer’s Preference towards Fast Food Menu

There are variety of fast food menus available in organized fast food restaurants. Generally, these wide varieties of menu are categorized into three and the preference towards these menus by the sample respondents was analyzed and the results are presented in the table 1.6.

Table 1.6 Consumer’s Preference towards Fast Food Menu

S.No.	Type of Fast Food	Percent to total
1.	Burgers	23.00
2	Sandwich	45.00
3	Pizzas	30.00
4	Others	2.00
	Total	100.00

From the above table, it could be observed that 45 per cent of the sample respondents preferred Sandwich followed by Pizzas (30 per cent) and Burgers (23 per cent). Hence, it could be inferred that Sandwich was the most preferred fast food menu by the young consumers among other varieties available in fast food chains.

These results are coincides with the results of Mahna *et al.* (2004) (i.e.) adolescents and young adults in New Delhi preferred pizza, burgers, ice-cream, french fries and sandwiches.

1.7. Preference towards Fast Food Flavours

The sample respondent’s preference towards various type of flavours in fast food was analyzed and the results are presented in the table 1.7.

Table 1.7 Preference on type of Flavour in Fast food

S.No.	Type of Flavour	Percent to total
1	Spicy Flavour	67.00
2	Sweet Flavour	20.00
3	Fruit Flavour	15.00
4	Other Flavours	7.00
	Total	100.00

It is observed from the table 1.7 that majority of the sample of respondents (67 per cent) preferred spicy flavour as their most favourite choice followed by sweet flavour (20 per cent) and fruit flavour (15 per cent). Hence, it is inferred that spicy flavour is the most preferred flavour in fast food by the young consumers.

2.1 Consumer’s Preference towards Fast Food Restaurants

In the present study, to analyze the preference towards fast food restaurants by the sample respondents, factor analysis was used. Ten variables relating to preference on fast food restaurants by the sample respondents were developed. To identify the most important factors which influence them to prefer the fast food restaurants from large number of variables identified, Principal Component Analysis (PCA) was employed using Varimax Rotation method.

A variable with factor loading more than 0.50 has higher importance among all the other variables in the group which has more influence on consumer preference towards fast food restaurants. Hence, the variables with factor loading of more than 0.50 were identified and categorized into composite factors viz., Affordability and Social Influence, Health and Service Quality, Taste and Location-orientation and Ambience. The results are presented in the table 2.1.

Table 2.1 Analysis on Consumer’s Preference towards Fast Food Restaurant- Factor Analysis

Particulars	Factors	Variables	Factor loading	Eigen values	% Variance	Cumulative % variation
Factor 1	Affordability and Social Influence	Price	.596	1.557	15.567	15.567
		Wide Choice of Menu	.561			
		Friends Influence	.524			
		Delivery time	.523			
Factor 2	Health and Service Quality	Service staff ambience	.797	1.401	14.013	29.580
		Healthy Menu Availability	.718			
Factor 3	Taste and Location-Orientation	Taste	.673	1.237	12.365	41.966
		Location Proximity and Accessibility	.564			
Factor 4	Ambience	Restaurant Environment	.735	1.158	11.575	53.521

It is observed from the table 2.1 that eigen values of Affordability and Social Influence, Health and Service Quality, Taste and Location-orientation and Ambience were worked out to 1.557, 1.401, 1.237 and 1.158, respectively. Since, eigen values of these four factors are more than one, these four factors were considered to be the most important factors influencing the consumer's preferences towards fast food restaurants.

It is also observed that four composite factors constitute 53.52 per cent of the total variance. Hence, it is concluded that Affordability and Social Influence was found to be the most important factor which influenced the young consumers to prefer fast food restaurants followed by Health and Service Quality, Taste and Location-orientation and Ambience.

3.1. Consumption Expenditure on Fast Food

To analyze the consumption expenditure on fast food items by the sample respondents with respect to gender, 't' test was employed. The results are presented in the table 3.1.

Table 3.1. Consumption Expenditure on Fast Food by the Sample Respondents

S.No.	Particulars	Male (N=50)	Female (N=50)	Calculated 't' value	Table Value
1.	Consumption Expenditure (Rs/month/capita)	2270	1580	3.74* (0.0003)	1.960

Note: * denotes significance at one per cent level (Figures in parenthesis indicate the probability)

It is observed from the table 3.1 that on an average the male and female gender spent Rs. 2270 and Rs.1580 per month towards fast food. The mean difference between the consumption expenditure between male and female gender was found to be Rs.690 per month which is significantly higher in male respondents i.e. male and female consumers differ with each other in terms of amount spending on fast food consumption. Hence, it is clearly evident that it is essential to customize the menus according to gender specifically in growing fast food markets to attract more young consumers.

Conclusion

4.1. Spending Behaviour and Consumer's Preference on Fast Food

The analysis on frequency of eating fast food by the sample respondents revealed that 45 per cent of them were consumed fast food three times in a month and 34 per cent of respondents were consumed fast food once in month. The average visit made by the sample respondents was three times in a month. Of the total sample, 81 per cent of the respondents opined that evening was their favorite time to eat fast food.

Analysis on reasons behind eating fast food by the sample respondents revealed that taste (56 per cent) is major reason to consume fast food followed by convenience (15 per cent) and alternate to home food (11 per cent). They also expressed that relaxation and wider variety of menu were the other reasons to consume fast food.

Analysis on consumption expenditure on fast food revealed that majority (49 per cent) of the sample respondents spent between Rs.1000-1500 per month and 21 per cent of them spent

between Rs. 1500-2000 per month. The average per capita expenditure on fast food was Rs.1430 per month.

The kind of satisfaction or benefits realized by the sample respondents on consumption of fast food revealed that taste satisfaction and sharing time with friends and relaxation were the two important benefits realized by the young consumers.

Among the different type of fast foods, sandwich (45 per cent) was preferred most by the sample respondents followed by Pizza (30 per cent) and Burgers (23 per cent). Moreover, spicy flavour was the most preferred flavour by them followed by sweet and fruit flavours.

4.2. Consumer's Preference towards Fast Food Restaurants

The analysis on consumer's preference towards fast food restaurants using factor analysis revealed that Affordable price and Social Influence, Healthy menu and Service Quality, Taste and location and Restaurant ambience were found to be the most important factors which influenced the young consumers to prefer the fast food restaurants.

4.3. Consumption Expenditure on Fast Food

The analysis on consumption expenditure on fast food items by the sample respondents with respect to gender revealed that the per capita consumption expenditure on fast food by the male and female gender were Rs.2270 and Rs.1580 per month, respectively. The mean difference between consumption expenditure on fast food between male and female gender was found to be Rs.690 per month and it is significantly higher in male gender. It shows that male and female consumers differed each other in terms of amount spending on fast food consumption. Hence, it is essential to customize the menus according to gender specifically in fast food sector.

CONCLUSIONS

The following conclusions could be drawn from the results of the present study:

- Young, unmarried, working professionals having own lifestyle and well educated persons forms major consumer segment in fast food sector. Male and female gender has equal lifestyle behaviour with regard to consumption of fast food.
- Young consumers have lifestyle behaviour of consuming fast food for about three times in a month which shows that fast food consumption trend in Coimbatore city is growing and has lot of market potential in future.
- Taste, convenience and alternate to home food were found to be major reasons for consuming fast food by the young consumers. Young consumers are spending considerable amount of their income for eating outside due to convenient lifestyle as it saves their time.
- Young consumers preferred major fast food types such as sandwiches, pizzas and burgers with spicy flavours.
- Fast food restaurants provide satisfaction to the young consumers in the form of matching their taste needs and relaxation with friends.
- Male and female consumers differed in their spending behaviour on fast food with respect to consumption expenditure. Affordable price of the menu and friends influence, Healthy menu and Service Quality, Taste and location proximity and Restaurant ambience were important

factors which made the young consumers to prefer fast food restaurants.

- Young consumers perceived that lack of healthy content of menu, no new varieties and slow delivery time were the major problems in consumption of fast food.
- Young consumers are looking for healthy food for their lifestyle and they expect foods which are home made, nutritious and more of vegetable ingredients to suit for their healthy lifestyle.

RECOMMENDATIONS

Based on the results obtained from the study, following are the marketing strategies and opportunities recommended for fast food chains to tap the market potential and to attract young consumer segment.

- Fast food and eating out has become lifestyle activity for both genders of younger segments. Hence, it is essential for existing fast food chains to make their brand image and advertisements appealing as lifestyle product, rather than a routine product.
- As the average frequency of visits made by the consumers were three times in a month, fast food chains may introduce reward schemes. They may reward consumers according to their frequency of visit and amount spent. The reward points may be added and they may be given with discounts or offers.
- New Fast food chains may develop product based segmentation of consumers like pizza lovers, burger eaters, etc., in order to increase the sales of particular product segment. Fast food restaurants must customize fast food menu and services separately for 18-24 age segment and 25-35 age segment to attract young consumers.
- Relaxation and sharing time with friends give satisfaction to the young consumers upon eating fast food. Hence, creating fun strategies such as entertainment week, birthday fun, friends feast, etc., could increase the sales for existing fast food chains.
- As the young consumers expect healthier lifestyle, fast food chains may introduce variety of healthy food items to attract and retain the young consumers. To develop awareness on healthy menu among consumers, nutritional information of each fast food menu in the menu card may be provided.
- Consumers are expecting fast food items that resemble home food and this gives opportunity for players in organized fast food markets. To meet this expectation, it is essential to understand and find out young consumer's favorite home foods. Hence, fast food chains may customize these home made food items in fast food menu to tap the market potential.
- As consumers are more interested in new fast food items such as Dry Fruit Pizza, Mushroom Sandwich, Green Peas Sandwich etc., these menus may be introduced in fast food restaurants.

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