

Consumer Perceptions of Food Franchise: A Study of McDonald's and KFC

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Abstract- Globalization and modernization has redefined the Indian fast food industry and today people can be seen consuming food out of their homes moving towards superior and convenient options. The demand for fast food is on uptrend. Increase in the disposable income of the burgeoning upper middle class has contributed to the growth of food industry. Food franchises have made significant inroads into the franchising industry. Franchising is perceived as a beeline to expansion and growth of a business.

The present study is an attempt to study the consumers' perception about two important food franchise, McDonalds and KFC. The study is an explorative study based on primary data collected from 150 respondents in Thane city through a structured questionnaire.

Various factors like variety of food items, quality, taste, ingredients etc are analyzed to study consumer perception about food franchise. The study revealed that price of the food items affect the frequency of visits to food outlets.

Index Terms- Globalization, Consumer Perceptions, Food Franchise.

I. INTRODUCTION

The food service industry is broadly divided into two sectors, the organized sector and the unorganized sector. The former include food court, retail food chain, etc, while the latter include dhabas and roadside stalls. The organized sector is mainly recognized by its ambience, hygiene and quality of food and services. India has witnessed an exponential rise in the per capita income during the last decade. The rise in income levels and the changing lifestyle of generation Y and Z, has made junk food an inextricable part of their life. Consuming food in a superior food retail outlet has become comprehensible to the general public. Although, the density of fast food chains in the developing countries is less as compared to developed countries, there is an obvious increase in the number of food outlets in India during the last decade.

Further, globalization and modernization has redefined the Indian fast food industry. The burgeoning middle class, rise in urbanization and increasing youth spending has added new dimensions to the growth of franchising business. The concept of franchising is deep-rooted in the minds of potential entrepreneurs. Franchising provides an opportunity to young enterprising persons to undertake a business venture. The leading sector where franchise model is gaining popularity includes education and training, food and beverages, apparels, beauty and

salons, entertainment, healthcare fitness and so on. The food franchise industry in India is highly geared towards expansion path. Franchising is reckoned as the fastest and the cheapest route of brand popularization. The ability to stretch customer base is a function of exhaustive market research, often undertaken by identifying the needs and expectations of customers and satisfying their demands. High and frequent customer traffic is a unique characteristic of food franchising. The increase in mall culture has enabled the food and beverages industry to gain momentum. The penetration and outreach of food franchise in different parts of various cities is linked with the development of the economy, as it strongly indicates the rise in purchasing power of the consumers.

There has been a significant change in the consumption pattern of the young generation. While frequent visits to a particular food outlet often depend on the factors like taste, ambience, quick service etc, approximately 10 percent of the customers visited the outlet not out of choice but due to its convenient location. Ninety percent of the customers choose a food outlet on the basis of their past experiences. Nevertheless, the role of advertising and marketing in increasing the number and frequency of visits of customers cannot be denied.

The present study aims to analyze the consumer perceptions of two fast food franchises, McDonalds and KFC, which has registered immense growth in the last decade. Consumers perception is considered as a pivotal determinant of the frequency of visit to a the consumer attitudes towards fast food and to analyse the impact of foreign chains on the emerging fast food preferences in India. The growth of franchise depends upon its popularity amongst the consumers, and consumers perception depends upon various factors like price, quality etc. The research will unearth the factors responsible for the satisfaction of customers of McDonald's and KFC. Further, the research also determines the buying behaviour of consumers in context with fast food.

II. LITERATURE REVIEW

Schlosser E. (2001) pointed out the most frequently reported reasons for eating at fast-food restaurants were fast food is quickly served. Laroche and Parsa (2000) found that that people decide to choose fast food restaurant because they like the taste and prefer instant satisfaction of their taste buds. Fast food restaurant include a wide range of quick and fast service, brands and take only short period to serve it. Consumer make their choice of brands in multi brand situation is one of least understood yet important phenomenon in the marketing of Quick

Service Restaurant - Fast Food Restaurant. French SA et al, (2001) pointed out that visiting fast food restaurant is to spent time with family and friends. Drewnowski and Spectre, (2000) contends that one of the factor that influences consumption of fast food is by socio-economic status. There is a difference between people who have high income with people who is have low income. Usually people with low economic status prefer roadside stalls which are inexpensive; hygiene is not a criterion for them. On the other hand, high income people select branded restaurants as hygiene and nutrition both the factors are important for them. Herman and Polivy, (1984) emphasizes that one factor that influences the choice of fast food restaurants depends upon whether they are from rural area or urban area. He observed that as the density of fast food restaurants is low in rural areas the consumption of fast food in retails outlet is less. Dr. Qian Sun at el (2012), found that that 'visual aesthetics' is now as equally important to the consumer decision making process in India as the traditional elements of price and functionality. However, the study suggests that intrinsic factors are still far more important than extrinsic ones in the Indian consumer decision making process. Xiaoling (Martine) Guo (2011) et al found that consumer perceives both utilitarian and expressive functions of the brand in China. For Chinese consumers, brands accomplish various functions such as "recall of past experiences", "quality sign" and "identify". Moreover, "recall of past experiences" is a unique brand function for Chinese consumers and has a positive impact on brand loyalty.

III. RESEARCH OBJECTIVES

1. To identify the factors affecting the choice of Indian young consumers for fast food.
2. To study the consumption pattern towards fast food with respect to the frequency of visits, choice of fast food outlets.
3. To analyse the consumer perception about two popular Food Franchisee McDonald's and KFC in thane city.

IV. RESEARCH METHODOLOGY

The present study evaluates the consumer perception towards food franchisee in India. The data were collected using a structured questionnaire. The population of the study consisted of college students in Thane city. A sample of 150 respondents was selected through convenience sampling basis. The samples for the study consisted of youth segment in the age group between 18-25 years as food outlets are more popular amongst these groups. Out of the total sample size 137 respondent's data was

considered valid for the purpose of analysis. Primary Data was collected using a pre designed, structured and close ended questionnaire to explore the perception of 150 respondents who were the customers of McDonald's and KFC in Thane city of Maharashtra State.

Data was subjected to various statistical tools for the purpose of analysis. SPSS software was used for analyzing the data. The conclusions were drawn on the basis of paired samples statistics.

V. HYPOTHESIS

Variables chosen for research

1. variety of products
2. Speed of service
3. Accuracy in service
4. Price
5. Taste of products
6. Ingredients
7. Packaging
8. Attitude of Staff
9. Location
10. Additional Information
11. Customer Service
12. Opening Hours

The hypothesis was framed on the basis of above twelve variables for the purpose of analysis.

H₀: There is no significant association between the above selected variables and satisfaction level of customers of McDonald's and KFC.

H₁: There is a significant association between the above selected variables and satisfaction level of customers of McDonald's and KFC.

VI. ANALYSIS OF RESULTS

The data was analyzed using paired sample statistics at 5 % level of significance. It was found that variety, Speed, ingredients, packaging, attitude of staff and additional information are having equal satisfaction level when compared between McDonalds and KFC. Whereas for accuracy in service, price, taste, location, customer service and opening hours don't have equal level of satisfaction for the both.

The average ranks of these 12 criterion showed that McDonalds have better level of satisfaction for accuracy in service, price, taste, location, customer service and opening hours.

Table 1: Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	a	3.38	125	1.156	.103
	m	3.41	125	1.245	.111
Pair 2	b	3.43	122	1.044	.095
	n	3.48	122	1.062	.096
Pair 3	c	3.65	120	1.074	.098
	o	3.43	120	1.113	.102
Pair 4	d	3.31	121	1.197	.109
	p	2.98	121	1.231	.112
Pair 5	e	4.15	121	1.030	.094
	q	3.82	121	1.118	.102
Pair 6	f	3.84	121	1.118	.102
	r	3.69	121	1.154	.105
Pair 7	g	3.79	121	1.140	.104
	s	3.78	121	1.114	.101
Pair 8	h	3.43	123	1.131	.102
	t	3.37	123	1.073	.097
Pair 9	i	3.80	122	1.050	.095
	u	3.49	122	1.173	.106
Pair 10	j	3.32	115	1.105	.103
	v	3.14	115	1.206	.112
Pair 11	k	3.78	123	.996	.090
	w	3.46	123	1.182	.107
Pair 12	l	3.90	122	.983	.089
	x	3.46	122	1.137	.103

Table 2: Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	a & m	125	.199	.026
Pair 2	b & n	122	.204	.024
Pair 3	c & o	120	.470	.000
Pair 4	d & p	121	.258	.004
Pair 5	e & q	121	.205	.024
Pair 6	f & r	121	.286	.002
Pair 7	g & s	121	.292	.001
Pair 8	h & t	123	.423	.000
Pair 9	i & u	122	.348	.000
Pair 10	j & v	115	.355	.000
Pair 11	k & w	123	.392	.000
Pair 12	l & x	122	.344	.000

Table 3: Paired Samples Test

Comparison between		Paired Differences					t	df	Sig. (2-tailed)	Null Hypothesis Result
					95% Confidence Interval of the Difference					
McDonalds	KFC	Mean	Std. Deviation	Std. Error Mean	Lower	Upper				
Pair 1	Variety	-.024	1.521	.136	-.293	.245	-.176	124	.860	Accept
Pair 2	Speed	-.049	1.329	.120	-.287	.189	-.409	121	.683	Accept
Pair 3	Accuracy	.225	1.126	.103	.021	.429	2.189	119	.031	Reject
Pair 4	Price	.331	1.480	.135	.064	.597	2.457	120	.015	Reject
Pair 5	Taste	.331	1.356	.123	.086	.575	2.681	120	.008	Reject
Pair 6	Ingredients	.149	1.358	.123	-.096	.393	1.205	120	.231	Accept
Pair 7	Packing	.017	1.342	.122	-.225	.258	.136	120	.892	Accept
Pair 8	Attitude of staff	.065	1.186	.107	-.147	.277	.608	122	.544	Accept
Pair 9	Location	.311	1.273	.115	.083	.540	2.702	121	.008	Reject
Pair 10	Additional-information	.183	1.315	.123	-.060	.426	1.489	114	.139	Accept
Pair 11	Customer service	.325	1.211	.109	.109	.541	2.978	122	.004	Reject
Pair 12	Opening hours	.443	1.220	.110	.224	.661	4.007	121	.000	Reject

Table 4: Average ranks by customers for the satisfaction level for the 12 criterions

Criterion	Variety	Speed	Accuracy	Price	Taste	Ingredients	Packing	Attitude of staff	Location	Additional Information	Service	Opening hours
McDonalds	3.4	3.445	3.64	3.31	4.14	3.87	3.8	3.49	3.86	3.4	3.8	3.92
KFC	3.413	3.488	3.41	2.98	3.81	3.7	3.8	3.37	3.5	3.2	3.5	3.47

VII. CONCLUSION

This study finds that consumers attach great importance to various factors such as quality of food, facility layout, service quality – speed and cleanliness. But all factors are not equally important while choosing a food franchise. Hence we can say that good taste and good ingredients are most important factors whereas additional information is least important factor for the consumers. There is a moderate positive correlation observed

between satisfaction level of price of McDonald’s products and the frequency of the visits to McDonalds. It means more the consumer is satisfied with the pricing, more they visit the outlet. According to most of the consumers, taste and quality of ingredients of the food items are the most important factors. Although most of the factors of consumers’ perception are idiosyncratic, there are few factors where all the consumers formed a common opinion.

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