FOREIGN FOOD CHAINS IN INDIA: STUDY OF IMPACT ON TASTE AND PREFERENCE OF CONSUMERS

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Abstract: **The Indian fast food market report 2015-2020 says that the CAGR of fast food chains will be 18% and it is expected to be valued $27.57 billion by 2020. One of the major here is the largest youth profile up to 65% of the total population and below 35 years old, trend of eating out, There are many foreign fast food chains in India like Mc Donald's, Dominos, Subway, Pizza hut, Taco bell, etc. The major issue faced by these MNC's are menu differentiation and menu creation, in India the taste and preferences changes from region to region because of that a standard menu cannot be used. Initial entrants like Mc Donald's had to do so much work on changing their menus, educating people, create a market and to create a supply chain network. The new players in Indian market has watched this and learned from it and adapted, which becomes their biggest advantage. The research was conducted to understand the taste and preference of consumers and their factors of preferences towards these foreign food giants. The data was collected from the primary sources and further analyses with systematic tools to study that how foreign food chains in India have created an impact on India consumers.**

Keywords: **FAST FOOD CHAIN, CAGR (COMPOUNDED ANNUAL GROWTH RATE), MNC, PREFERENCES, OPPORTUNITIES, MENU.**

1. INTRODUCTION

The Indian economy was a traditional economy with majority of the consumers having a preference towards home cooked foods. This posed a major challenge to the major global fast food giants such as McDonalds and KFC to establish their business in India. In recent years the Indian fast food industry is undergoing rapid changes, reflecting a number of underlying developments. The most significant has been the quality and variety of services which have accelerated and broadened the scope of fast food restaurants in India. The global retailers have to compete with the Indian fast food retailers who offer traditional foods according to their tastes at affordable prices. Today, the fast food industry is adapting to Indian food requirements and is growing rapidly in India. It is gaining acceptance primarily from the Indian younger generations and is becoming part of daily life. Keeping in mind the Indian habits and changing preferences towards food consumption, this conceptual study completely focuses on the fact findings related to the opportunities, problems faced and the challenges of the global fast food retailers to set up their business in India. The findings of the study would help the fast food retailers to shore up their strengths and remedy their shortcomings.

Only 10% of fast food market is organized in India and the CAGR of organized sector is 27% by 2020. Vegetarian fast food constitutes of 45% of whole fast food chain in India and have an expected growth rate of 18% by 2020. People in India love to eat ethnic fast food every-day from Pani-Puri to Vada Pav to Dosa. To grasp the growth of ethnic fast food market many players are entering this market in an organised way. Ethnic fast food market in India is expected to grow at 31.95% CAGR by 2019-20.

For a typical Indian, eating out is a casual occasion. Indians eat out without family members about 75% of the time, and these occasions come mostly when they are out shopping (about 15% of the time).

Casual eating out also happens when people want to catch up with their friends (about 14%).

"A restaurant today is not just a place for eating. It is a place to socialize, to unwind and more. Eating out is no more the rich man's indulgence. Despite the wide variety of international cuisines available in at least the top Indian cities, diners are still conservative about their food choices, preferring north Indian food. A typical Indian chooses north India food about 28% of the time, followed by Chinese (19%) and south Indian (9%), according to the report. But Indians are also warming up to Western cuisine. American food accounts for 7% of total eating out occasions and pizza 6.2%, the report added. According to a Indian food service report published Despite the wide variety of international cuisines available in at least the top Indian cities, diners are still conservative about their food choices, preferring north Indian food. A typical Indian chooses north India food about 28% of the time, followed by Chinese (19%) and south Indian (9%), according to the report. But Indians are also warming up to Western cuisine. American food accounts for 7% of total eating out occasions and pizza 6.2%, the report added.

Indians are not very experimental when it comes to food. And, it's to do with palate. Plus, options of non-Indian food is very limited, or non-existent in non-metro cities. In metro cities, people do opt for western cuisines, and the share is increasing," said Rahul Singh, founder and CEO of Beer Cafe. A family bonding seeker on an average eats out 2-3 times a month, or orders in, spends about ₹ 5,500 a month for outside food, and prefers to eat north Indian cuisine the most, followed by Chinese. The fun seekers eat out or order in about 5-6 times a month, spend about ₹ 4,500 a month and prefer American food and pizza.

The socializers spend about ₹ 6,500 a month, eat out or order in about four times a month, prefer QSR (41% and casual dining restaurants (36%), and like Italian cuisine, followed by Indian. The discerning urban consumer spends the most about ₹ 8,700—to eat out or order in 3-4 times a month, and prefers casual dining restaurants (37%) most for eating out, likes to eat Italian cuisine, followed by Pan Asian. The food services market in India is projected to grow to ₹ 4.98 trillion by 2021, expanding at an annual average rate of 10%, from ₹ 3.09 trillion in 2016, according to the NRAI-Technopark report. The Indian restaurant industry will contribute ₹ 22,400 crore by way of taxes and create 5.8 million direct jobs in 2016, according to the report. The share of the organized food services market is just 33%, the report said. "This is largely due to over regulation of our industry, the complex maze of approvals and licences required and high tax brackets. It is about time our industry's socio-economic impact is recognized by the government, and it initiates immediate steps to unlock the true potential of this behemoth," said Riyazz Amlani, president, NRAI.

OBJECTIVES

The study was conducted with two objectives

- To study food preferences of the consumer
- Shift of consumer preferences.

2.   RELATED REVIEW OF LITERATURE

(Y Prabhavathi, 2014), Fast food industry one of the most growing industry in the world, the rising number of nuclear families, economic growth and rise in income of people, change in taste & preference, busy lifestyle and globalization has helped fast food to gain popularity in India. The finding of the research by conducting a survey concluded that there is absence of healthy menu, slow delivery time, no new variety in fast food were the problems perceived by the consumers of fast food chains.

(Anita Goyal, 2007), tries to evaluate significance of different variables influencing the decision of fast food chains of young Indian consumers. The findings were that youth in India are passionate for visiting fast food chains for fun and change, but they prefer homemade food more. They consider it as healthier, taste and quality, ambience and hygiene.

According to (Neeti Kasliwal, 2008),the marketing and branding initiatives taken by McDonald's in India to promote its sales is customizing their menu according to the taste of Indians.

quick service restaurant experience supported by principles and core Val

(M.S.Anitharaj, 2018),says that Indian economy is an economy with most of the consumers being to have preference towards home cooked foods. This created a major challenge for the global fast food giants like McDonalds, KFC, etc to establish their place in Indian Market. In recent years, Indian fast food industry is going through many changes, effecting a number of underlying progress. The most important was the quality and variety of services which have fastened and expanded the scope of fast food restaurants.

(Annie.S.Priyadharsini, 2014), In the recent years one of the major problem faced by fast food industries is consumer behaviour . The study consumer behaviour includes not only why consumers take decisions to buy goods and services but also all the behaviours that consumers display in searching for, purchasing ,using, evaluating and disposing of products and services that they expect will satisfy their needs.. It is very important that every industry should have the knowledge of consumers needs wants ,attitude and beliefs because these areas will help firms to improvise their marketing strategies by understanding issues such as how the consumers think feel and comprehend and select various competing brands ,how they are influenced by their environment .

(Tandon, 2016) found that in recent years the number of American or multinational food chains targeting India have risen, these restaurants are serving burger, pizza, etc. Country's largest pizza chain, Domino's Pizza, has registered low SSSG over the past three years and has pumped up advertising expenses in 2015 to beat competition from non-pizza companies. There are three reasons for this slowing growth: first, consumers are really not eating out as much as it was projected they would a decade ago. Second, younger and urban consumers in India are spending on more sophisticated fare offered by restaurants and cafes in top metros. Third, health concerns are weaning people off fast-food. On the other hand, urban Indians, with more disposable income than the previous generation, are choosing to spend their money on gourmet options. Mexican, Japanese, and Vietnamese cuisines today find spots at malls, high-streets, food-trucks, and food festivals. Younger and more sophisticated, Indians are now finding their grub at newer places. The competition will not decline it will only increase and brands have to come up with new ways to attract customers.

(Yerunkar, 2016) says that quick service restaurant is expected to grow in high rate to reach $4.13 billion by 2020. The fastest growing segment of the organized food service industry is estimated to grow at 18% according to CAGR of next four years. According to analysts, foreign quick service restaurants (QSRs) operators are likely to face challenges in India in terms of localizing their menus in addition to competition from roadside vendors on price margins. The $50- food service industry in the country is currently dominated by the unorganized sector and while this is not likely to change in the near future, there will be a steady decline in the share of unorganized food sector over the next four to five years, noted the research firm. The QSRs market in the country currently stands at a mere $2.13 billion. the QSR market has seen a huge slowdown with companies such as Pizza Hut, Costa Coffee, Barista, KFC, and Mc Donald's downsizing their operations in recent months. The target consumer of QSR segment is majorly the youth. the shift in consumer preferences to increasingly eating out, and greater hygiene consciousness are some of the factors contributing to the rise of QSRs in the Indian market. Digital, too, is contributing to a new breed of consumers with an increasing demand for gourmet and specialized food. That's why Zomato, Swiggy, Food panda are growing rapidly.

As per other studies, from many years India have been a market for snacks-to-go by street vendors, either fast food is not modern for Indians or western transformation. Many multinational food chains are entering Indian markets and many are not performing very well. For Indians variety of foods were not a new thing from north to south or east the taste & preference change from within a region.

The finding of report, (Rise of the Restaurant Industry in India) says that India loves food, the taste of every dish's changes from region to region, Indians have never been very big on eating out. There were nearly 22 lakh hotel and restaurant establishments in India in 2002. The food service or restaurant industry was worth a whopping Rs. 43,000 crores in 2010 and growing at a healthy rate of 15-20 percent annually. The growth of the restaurant industry coincided with the growth of the great Indian middle class, which was the by-product of liberalization.

3. RESEARCH METHODOLOGY

1. Research Model
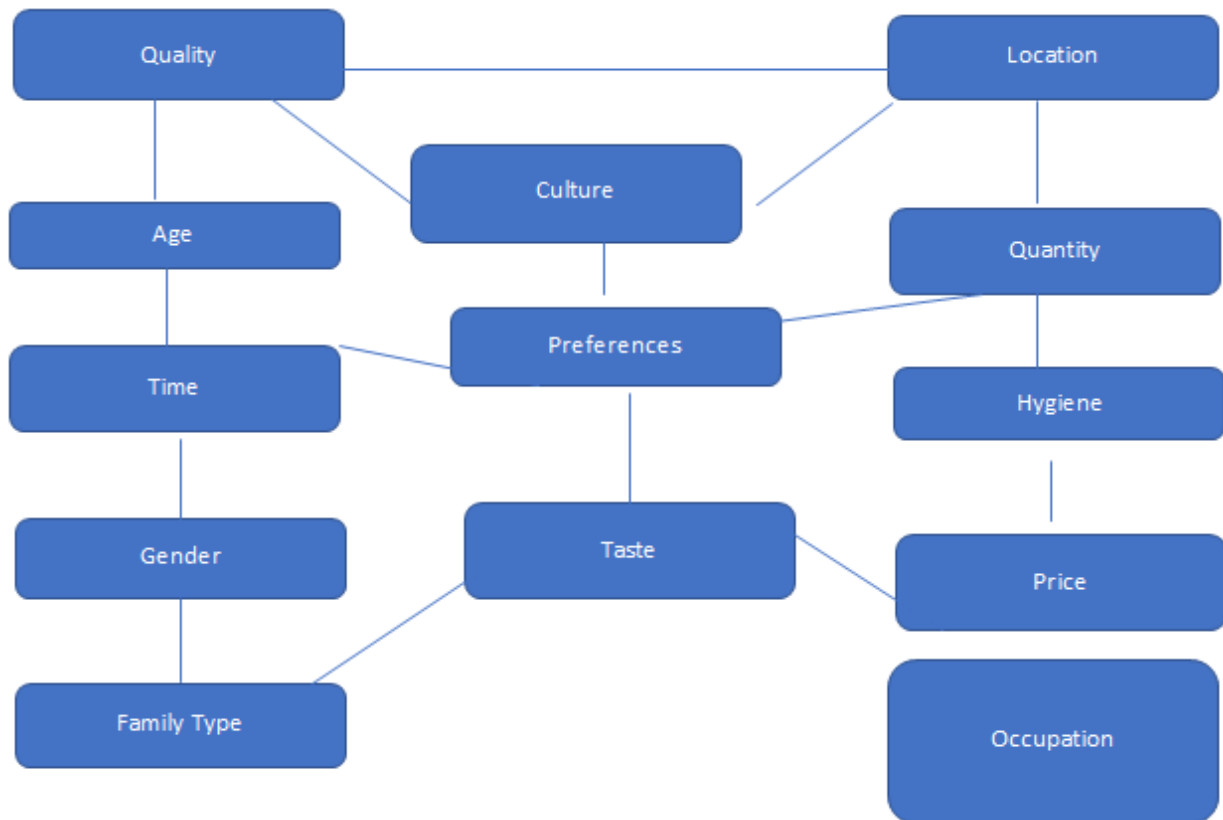
Research Design

Descriptive research has been applied, which is known as statistical research, describes data and characteristics of the population or phenomenon studied.

Sources of Data

To cate the need of research primary data was collected (self-constructed structured questionnaire) as well as secondary sources of information such as Newspaper articles, Magazines, web sites, journals.

Data collection Tool

Structured questionnaire was prepared to interview people pf age group 15-35 which comprises youngsters population and family groups on different parameters like family type, gender, age, quality, hygiene, location, price etc. All these were measured on Likert five point scale and further factor analysis was done on that.

Sampling Size:

Sample size of 150 people was taken on the defined age group for the research purpose.

Structural Tool

The study was done in form of a Questionnaire and was administrated to the population suggested through Google Forms. The responses collected are then analysed in SPSS [Statistical Package for Social Sciences] for further understanding the topic.

Data Analysis and Interpretation

Factor Analysis: To know the factors that impact taste and preferences of consumers' factor analysis was done.

For this purpose the data was tested for reliability test using Cronbach Alpha test.

Table 1: Reliability Statistics

Cronbach's Alpha	N of Items
.692	16

The Cronbach Alpha which states the reliability of the questionnaire is 0.692 the value of it should be more than 0.6then the questionnaire is said to be reliable

KMO and Bartlett's Test Before the load the items for factor it is imperative to know sample for adequacy and for that KMO Test is being done. The value for KMO for good study should be more than 0.50 and in our study it is 0.635 which is more than required. This means sample size for the study was adequate as required.

Table 2: KMO and Bartlett Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.635
Bartlett's Test of Sphericity	Approx. Chi-Square	771.878
	df	28
	Sig.	.000

▪ **Model Summary I** – R Square - The Model Summary table states the R Square values which show the impact of independent variable on dependent variable in this case the impact of convenience and taste on Cuisine. The model states that there is 16.3% impact of these variables on Cuisine preference.

Table 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.404[a]	.163	.096	.88849

ANOVA: The ANOVA table states the significant value of the model, if the value is less than .05 the model is said to be significant. In this case the significant value is .019 which means that the model is significant

Table 4: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15.370	8	1.921	2.434	.019[b]
	Residual	78.941	100	.789		
	Total	94.312	108			

a. Dependent Variable: Cuisine

Table 5: Coefficients[a]

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.604	.471		5.532	.000
	Family	-.040	.154	-.041	-.259	.796
	Culture	.163	.134	.162	1.212	.228
	Taste	-.014	.131	-.015	-.104	.917
	Location	.010	.273	.011	.035	.972
	Hygiene	-.140	.105	-.163	-1.330	.186
	Price	.004	.157	.004	.025	.980
	Quantity	-.345	.325	-.480	-1.061	.291
	Time	.095	.264	.133	.361	.719

a. Dependent Variable: Cuisine

MODEL SUMMARY II- R Square : The Model Summary table states the R Square values which show the impact of independent variable on dependent variable in this case the impact of convenience and taste on Food Brand. The model states that there is 16.3% impact of these variables on Food Brand preference.

Table 6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.404[a]	.163	.096	.88849

ANOVA : The ANOVA table states the significant value of the model, if the value is less than .05 the model is said to be significant. In this case the significant value is .000 which   means that the model is highly significant.

Table 7: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	41.079	8	5.135	9.118	.000[b]
	Residual	56.316	100	.563		
	Total	97.394	108			

a.   Dependent Variable: Food_Brand

Table 8: Coefficients

Coefficients:

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.061	.398		7.700	.000
	Family	.674	.130	.674	5.176	.000
	Culture	-.226	.113	-.221	-1.994	.049
	Taste	.142	.111	.158	1.281	.203
	Location	-.733	.231	-.824	-3.176	.002
	Hygiene	-.534	.089	-.612	-6.012	.000
	Price	.130	.132	.140	.980	.329
	Quantity	.334	.274	.457	1.216	.227
	Time	.042	.223	.058	.190	.850

a. Dependent Variable: Food_Brand

FACTOR ANALYSIS:-

Table 9: Correlation Matrix[a]

		Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8
Correlation	Family	1.000	.550	.017	.692	.297	.571	.601	.720
	Culture	.550	1.000	.246	.645	.375	.592	.597	.571
	Taste	.017	.246	1.000	.035	.413	.114	.367	.146
	Location	.692	.645	.035	1.000	.179	.789	.831	.843
	Hygiene	.297	.375	.413	.179	1.000	.172	.442	.339
	Price	.571	.592	.114	.789	.172	1.000	.607	.664
	Quantity	.601	.597	.367	.831	.442	.607	1.000	.926
	Time	.720	.571	.146	.843	.339	.664	.926	1.000
Sig. (1-tailed)	Family		.000	.430	.000	.001	.000	.000	.000
	Culture	.000		.005	.000	.000	.000	.000	.000
	Taste	.430	.005		.360	.000	.118	.000	.066

Location	.000	.000	.360		.032	.000	.000	.000
Hygiene	.001	.000	.000	.032		.037	.000	.000
Price	.000	.000	.118	.000	.037		.000	.000
Quantity	.000	.000	.000	.000	.000	.000		.000
Time	.000	.000	.066	.000	.000	.000	.000	

a. Determinant = .001

The above analysis shows the positive correlation related to various factors that impact taste and preferences of the consumer's .Indian consumer prefer to eat the food of their own Indian taste and less of other foreign flavour. The menu of a fast food company have the variation of Indian, Western and a blend of both Indian and Western the consumer prefer the Indian food more than others. The consumers prefer Dominos the most as it had customize its product based on the choice and preference of the consumers.

Table 10: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.633	57.913	57.913	4.633	57.913	57.913	4.311	53.883	53.883
2	1.354	16.927	74.841	1.354	16.927	74.841	1.677	20.958	74.841
3	.644	8.045	82.886						
4	.538	6.728	89.613						
5	.366	4.569	94.182						
6	.338	4.225	98.408						
7	.106	1.319	99.727						
8	.022	.273	100.000						

Extraction Method: Principal Component Analysis.

All the factors together were capable of explaining 74.841% of variance according to the table above.

4. CONCLUSION

Through this study we can conclude that the Indian consumer prefer the food that with their own taste the most. The food brand which wants to enter in to the India market or want to a well-recognized place in India then they must customize their products based on the preference and choice of consumer as McDonalds, Dominos, etc. have done otherwise it would be difficult for the food brand to establish them self in the Indian market. As study shows a positive behavior of Indian customers and their preferences for foreign brands, quality, hygiene, location are some of the essential features.

Cuisine, taste, location, hygiene are some of the factors for which Indian customer is shifting its taste towards foreign brands . The customers preferences and tastes are changing for these brands , nevertheless these brands are also acclimatizing according to tastes of Indian consumers.

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