

Factors Facilitating the Growth of Fast Food Sector in India: An Exploratory Study

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Abstract: The concept of quick service and fast food sector is rapidly growing across the boundaries. Further, this sector has witnessed a considerable growth in last decade. Now it has become a trend for eating out due to various factors such as advancement of technology, working women culture, working in shifts and eating out saves time (Goyal & Singh, 2007). India is also started following the concept of fast food or quick service restaurants. A report presented by National Restaurant Association of India (NRAI, 2016), showed that food service sector is expected to contribute 2.1% to total GDP with 10 percent Combined Annual Growth Rate (CAGR) by 2021. The present study focuses on the various factors or reason which facilitate the growth of fast food or quick service outlets in India.

Keywords: Fast food sector, Quick service restaurants, Menu Diversification, Urbanization, Lifestyle.

I. INTRODUCTION

With the introduction of 100 percent FDI in food service sector in India, the scope of global fast food brands has increased. The rules for food service sector were relaxed in 1991 after liberalization policy. This bring many international players in Indian market such as McDonalds, KFC, Domino's Pizza and Pizza Hut established their brands in India. But it was not easy for these brands to capture Indian market as Indian consumers have different eating habits and tastes. Their home market model was not so much effective in India. But over the last decade they research on Indian consumers and modified their menus according to their tastes and brings sit and eat formats. They also establish their outlets as destination for family outings which was very effective.

Over the last decade, quick service outlets have captured the maximum market share of food service sector. A report by FICCI in 2015 showed that quick service sector alone has 46% holder of food service market in India. The market share of different segments is shown in the table 1 below.

Table 1: Indian food service market structure

Market Segment	Percentage
Fine Dining	3
Casual Dining	32
Cafes	12
Quick Service/fast food	46
Others	7

Source: FICCI Report, 2015

It was also expected that Indian fast food market with grow to worth US\$ 27.57 billion by 2020. In fast food sector before liberalization, the most of market share was captured by unorganized sector, it is still the same case. The International Fast food brands are getting tough competition from local or unorganized sector in Indian fast food market. But the report expected that organized fast food market is growing in Indian and expected to grow at a CAGR of 27 percent by 2020.

II. REVIEW OF LITERATURE

In 1940s, fast food industry was conceived in Southern California and it has altered the food market since then. The alteration was not limited to America but also across the borders. The largest impact can be seen in Asian countries (Minal et al., 2013). The fast food outlets have been creative and innovative with the variety of food offered. They diversify their menus according to the taste of the consumers region wise. Also they always try to force the methods which saves time and deliver the food quickly. In 1994, Cullen stated that the eating out habits have seen a great positive influence of fast food sector. These changes were also noticed in Asian countries (Anand, 2011). The changing demand toward fast food outlets were also largely supported by urbanization and this trend is still going on (Goyal and Singh, 2007).

The fast food sector is also gaining popularity in India. People started eating out instead of cooking at home. There were noticeable change in eating habits and behavior of the Indian consumers. The present study explore the various factors and reasons which facilitates the growth of fast food sector in India.

III. FACTORS FACILITATING GROWTH OF FAST FOOD SECTOR IN INDIA

The introduction of variety of foods in menus has resulted in positive influence of restaurant business. Consequently, restaurants are easily available and accessible which attract more consumers. Indian food market is continuously doing experiments of different cuisine and tries to bring variety in food. Not only these factors but also the trend of eating out in Indian society gave a boost to food service sector. There are various factors which give raise to fast food market in India, some of these factors are discussed below.

i) Changing Gender Roles

The working culture has changed a lot in India from last decade. Now females have started working outside and they have very less time to cook food for their family too. Fast food is the easiest way out to save time (Senauer, Sahn, and Alderman, 1986). The paucity of time and affordability of eating out also a reason behind the growth of food service sector in India.

ii) Youngsters' inclination toward fast food

India is the second largest host of people which also means there is a huge potential market for products and service. Moreover, Indian young generation is more inclined towards fast food. According to FICCI report (2015), near about 60 percent of consumers eating out are in the age group of 18-30 years. Further, the fast food outlets have become a social place for mingling with other people and friends. This change can be easily spotted out in urban areas across India which facilitate the growth of fast food market.

iii) Increase in disposable income and confidence building

The working of women outside has increased the economic level of families which led to emergence of double family income. The people have more disposable income and affordability for eating out. It has made consumers more sophisticated and they do not want to cook at home or waste their time (Qin, Zhao (2010). The younger generation easily gets part time jobs which adds extra disposable income and boost their confidence and more on push towards ready to eat and easy to serve food. From various studies it has been observed that households with extra income are the ones who frequently visits fast food outlets (McCracken & Brandt, 1987; Byrne et. al., 1998). Not only this, the multinational brands are also focusing on boosting customers' confidence in their product by advertising healthy and hygienic food.

iv) Paucity of Time

With increasing work pressure and job opportunities for every individual in family irrespective of gender and age group, individual have no time for cooking food at home. Because of emergence of women from the role of housewife to working professional and part time jobs for youngster has also been the major factor for rise in eating outs. Due to paucity of time fast food restaurants are approached to satisfy their appetite quick and fast and also fast food is cheap as compared to other foods. The concept of quick service in fast food restaurants is considered to be one of the major cause for rise in fast food sector (Anitharaj, 2018).

v) Menu diversification

The menu offered by fast food outlets has lot of variety according to the mood and culture of particular region. The menu diversification has been widely accepted and gained popularity in Indian plate. Even the multinational brands such as McDonalds, Dominos, KFC etc. customize their food product offering to suit the taste of Indians. The menus are so much flexible and customers can even ask to customize their food according to his/her liking. The innovation of creative menu and theme inclusion are also eye catching. The catchy offers are separately mentioned in menu with specialty. The variety of food items offered in menu has made fast food outlets indispensable in the lives of people across societies (Anitharaj, 2018).

vi) Economic liberalization

The introduction of FDI and economic liberalization by Indian government in 1991, has opened the new doors for Indian market. Now the multinational brands started opening their franchise outlets in India too. It helped the investment from multinational companies to enter in Indian market. This liberalization has brought not only the investment but also the job opportunities for locals. The introduction of MNCs also promotes healthy and hygienic food.

vii) Increasing Urbanization

The per capita income of the tier I and tier II cities has witnessed a sustainable growth. People from rural areas are also shifting toward urban areas for various reasons. Not only this, the economic growth is also reaching beyond urban areas. This shift helps in boosting fast food sector. The increasing urbanization also induced a shift in eating habits and shift towards fast food sector.

viii) Varying consumer behavior

The changing lifestyle, education system and change in family structure has led to the change in food habits of consumers too. The changing society has increased the inclination towards fast food culture which in turn increase the frequency of visit to these outlets. The change in consumer behavior made them more sophisticated and they don't want to prepare food on their own. Further the consumers are also influenced by western culture, they are moving out to accept the variety of cuisine offered from all over the world.

ix) Marketing and Promotion

Fast food brands are also more focused towards marketing and promotion of their products and services. With special promotional offer they target the mass consumers and with flashy and colored ads on television capture the attention of children too. Children also forces their parents to visit these outlets. The promotional offers like buy1 get 1, additional discounts, celebrity promotion, gift hampers etc. also affect the revisit intention of a customer (Kannammal and Suvakkin (2016). Moreover the increased use of internet has broadened their marketing possibilities and potential.

x) Change in Lifestyle

Over the last decade, the lifestyle of the consumers have been changed a lot. Eating out has also become a trend and part of leisure. Fast foods are not only for satisfying appetite but also becomes a place for social gathering and meeting with friends (French et al. 2001). The concept of nuclear family and both parents working has also changed the lifestyle and food habits of Indian consumers. The choice of fast food has become a part of lifestyle and also an option to save time and affordable (Schroder & McEachern, 2005).

IV. CONCLUSION

With the introduction of liberalization policy and 100 percent FDI, the fast food sector has flourished and dominated the food service market. The introduction of international brands in fast food market such as Dominos, McDonalds, Pizza Hut, and KFC etc. has gained an insightful reputation in India. Consequently, the market has become competitive and even international brands have to compete to sustain their growth in the market. The FICCI report (2015) showed that there is a huge potential for fast food market in India.

The present research paper focused on the growth drivers of fast food market in India. It has been observed that market is more fascinated towards western culture and consumers prefers eating outs. The growing number of women working professionally, increased disposable income, paucity of time and marketing and promotion of fast food on various social

media channels also help in growth of fast food market in India. It was also been observed that the increased in facilities provided in outlets and food variety are also one of the major factor which attracts consumers.

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