CHANGING BUYING BEHAVIOR PATTERNS OF INDIAN CONSUMERS: A STUDY TOWARDS INSTANT FOOD PRODUCTS WITH SPECIAL REFERENCE TO AHMEDABAD CITY

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CHANGING BUYING BEHAVIOR PATTERNS OF INDIAN CONSUMERS: A STUDY TOWARDS INSTANT FOOD PRODUCTS WITH SPECIAL REFERENCE TO AHMEDABAD CITY

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Abstract:

Food related lifestyle is being changed a lot due to various reasons. The high rate of industrialization, growth of service sector and better employment opportunities have increased consumers disposable income, developed new lifestyles and awareness and a drastic change can be seen in their buying behavior. The consumers are very fond of convenience food like instant coffee and noodles. They consider food and drinks as fun. Their preferences have changed from home-cooked food to fast and ready to ready to serve food. The young consumers are passionate about visiting fast food outlets for fun and change. Besides that processed foods are accepted as alternative to the home cooked food because of the convenience it offers.

This paper aims to study the factors affecting changing buying behavior of Indian consumers, awareness of consumers towards branded ready-to-eat and ready–to-cook food products, preference for brand and reasons for preference of Instant Food products (IFP) for which a primary analysis is being carried out.

Keywords: Instant food products, ready to eat products, ready to cook food, food processing industry, processed food

Introduction:

Consumers are the major factors influencing the sales of any product in the market, but now-a-days large scale adoption of latest technology has empowered consumers in an unimagined way. Customer buying behavior is adapting to these new technological advances so rapidly that marketers sometimes cannot keep pace with. Customer expectations have risen; customers expect more relevant, personalized services.

Consumer behavior can be defined as a study of when, why, where & how people buy or do not buy any products & services. Companies are interested in consumer behavior because they can develop marketing strategies to influence consumers to purchase their products based on consumer analysis. Ultimately, this information helps companies compete more effectively in the marketplace and leads to more satisfied customers.

Understanding the Indian consumer market means understanding its individual segments. Three major emerging segments are: Kids, Youth (including young working singles) and the Urban Indian Woman. These segments have shown a tremendous increase in influencing and driving purchase decisions and hence are huge drivers of change in the consumer market. More interestingly, purchases are being driven not by necessity, but to satisfy individual needs.

Food habits of Indian consumers are changing due to higher disposable income, increasing number of working women, development of modern lifestyle, rise in nuclear families, shortage of time, high literacy level among women, increase in consumer awareness and demand of convenience goods. Due to establishment of multi- national companies in India, the number of working women is rising, because of which there is no time to prepare food at home. Hence, this created the need for using ready-to-eat foods. The media, particularly electronic and print media, are also playing an important role in creating awareness of the instant food products. Children are becoming consumers at younger age and because the current generation of young consumers is making more decisions than previous generation of children, they are influencing more family decisions concerning food.

Growth of Indian Consumer Market:

The combination of more income per person, more people, and moderating savings will fuel a quadrupling of India's consumer market over the next two decades. Of these three factors, rising incomes will play the biggest role and will account for 80 percent of consumption growth.

The total annual income of Indian households will increase from approximately 23.5 trillion Indian rupees today to almost 90 trillion Indian rupees in 2025, a 3.8 times rise. The number of people in the deprived income bracket will be reduced by approximately half again over the next two decades, dropping from 54 percent of the population today to 22 percent by 2025, even as the population grows by 29 percent.

After income growth, the second largest factor driving India's development as a consumer market will be its continued population growth. India's strength has always been in numbers and today it is second only to China in this respect. According to UN projections, India will overtake China to become the most populous country in the world by 2030.

Accompanying this population growth will be an increased rate of household formation, and we expect these households to be smaller in size, with the average Indian household size dropping from 5.4 people today to 5.1 by 2025. Three factors are driving this. First, as incomes rise it becomes possible for children to move away from their families, something that they may not have been able to afford to do previously. Second, wealthier, urbanizing families tend to have fewer children. Third, with greater diversity of employment opportunities across the country and greater mobility of the workforce, families will tend increasingly to fragment across multiple cities or locations within cities.

With rising incomes, the creation of a massive middle class, and a growing population, India will become one of world's largest consumer markets by 2025. Consumption will increase at an aggregate rate of 7.3 percent annually over the next 20 years to reach more than 69.5 trillion Indian rupees by 2025, or $1.5 trillion. By 2025 its consumer market will be larger than that of Germany, becoming the fifth largest consumer market in the world, just behind the United States, Japan, China, and the United Kingdom.

Indian Food–Processing Industry:

Food processing industry is of huge significance for India's development as it has linked economy, industry and agriculture in India, efficiently and effectively. The three pillars being together have synergized the development process and promoted the growth of the nation to a great extent.

India is well known as the world’s largest producer of milk; the world’s second largest producer of fruit and vegetables; the third largest producer of food grain; and also as the largest producer, consumer and exporter of spices. These are important sub-sectors of the food processing industry. The food industry in India comprises food production and the food processing industry. The food processing industry is one of the largest in India – it is ranked fifth in terms of production, consumption, export and expected growth. The Indian food industry is projected to grow by US$ 100 billion to US$ 300 billion by 2015.

There are 25, 367 registered food processing units in the country whose total invested capital is Rs 84,094 crore (US$ 17.81 billion), as per a competitiveness report of the National Manufacturing Competitiveness Council. The food processing industries in India has attracted foreign direct investment (FDI) worth US$ 1,273.96 million from April 2000 to June 2011, according to the data provided by Department of Industrial Policy and Promotion (DIPP).The ready-to-eat (RTE) segment stands at US$ 17 million to US$ 22 million and is growing rapidly at 30 per cent per annum.

SWOT Analysis of Food–Processing Industry:

Strength	Weakness
Availability of raw materials.	High requirement of working capital
Support from the central government.	Lack of accurate instruments and equipments (latest technology)
Vast network of manufacturing facilities	Different Preferences
Vast domestic market.	Lack of customization
Quick Service	Unhygienic and unhealthy
Affordable prices	
Attraction of younger generation (future customers)	

Opportunity	Threat
Growing nuclear families	Oppositions from various organizations
Growing urban lifestyle	Location
Export opportunities	Fast obsolescence.
Changing preference of customers	Presence of regional & global competitors
	Price war with competitors

Literature Review:

Puri and Sanghera (1989) conducted a study to know the consumption pattern of processed products in Chandigarh. Jam was found to be most popular, irrespective of income. Orange squash consumption was maximum in high and middle income families. Pineapple juice consumption increased with a rise in the income.

Shivkumar (2004) showed that the consumer, irrespective of income groups, was mainly influenced by the opinions of their family members to purchase. Consumers were also influenced by the dealers' recommendation, followed by advertisement.

Ramasamy et. al. (2005) reported that the buying behaviour is greatly influenced by awareness and attitude towards the product. Commercial advertisements over television was said to be the most important source of information, followed by displays in retail outlets. Consumers build opinion about a brand on the basis of various product features.

Usha V. (July 2007) concluded that major factor considered by the consumers while consuming the Dosa/Idli mix (Instant products) were ready availability and time saved by them in preparation. From the study it was also found that in case of Sambar masala retail shop was the major source of information followed by TV/radio advertisements while in case of in case of Dosa/Idli mix Newspaper/magazine was the source for getting information. Housewives were the major decision makers in all the income groups as the housewives set the consumption pattern of food products in the family.

Renuka Hirekenchanagoudar (August 2008) found that major factors for purchase of biscuits were convenience as snacks followed by liking of the family members and ready availability while in case of chips and fruit juice . Taste was the major influencing factor for ice-cream and it was found that consumers buy ice creams because of satisfaction and influence of friends or relatives.

Need for the study:

The Indian consumer market is expected to have a rapid growth besides that the number of firms producing instant food products has increased considerably. Due to increasing knowledge &

technical advancement consumers have power to choose among various options available to them in large pool of competing firms producing instant food products. This study aims at understanding and analyzing changing buying behavior patterns of Indian consumers for Instant Food Products. Consumer's taste and preference were found to change rapidly and hence consumer behavior and consumption pattern are important aspect for marketer to study. This would help the firms in formulating appropriate marketing strategies to retain & increase there consumer base and thereby increase their market share.

Objectives of the Study:

- To study the factors affecting changing buying behavior of Indian consumers.
- To find out the awareness of consumers towards branded ready-to-eat and ready–to-cook food products.
- To ascertain the brand preference for Instant Food Products (IFP).
- To analyze the influence of commercialization on the food purchasing behavior.
- To suggest various strategies for developing the instant food market segment in India.

Classification of Instant Food Product (IFP) for this research:

1. RTE (Ready-to-Eat) - Wafer and Readymade-food (rice/ Paratha/ Dal / mutter Paneer etc)

2. RTC (Ready-to-Cook) - Noodles and Instant food mix (Idlis/dosas mix/ Gulab jamun mix/Dhokla)

Research Methodology:

The study is based on primary data collected through a sample survey using a questionnaire. Questionnaire was designed with close ended questions consisting of Likert scale, constant sum scale, check list, dichotomous scale and Rank method. Total 200 respondents were selected from Ahmedabad city based on a convenience sampling for study representing consumers of various age groups across various income groups as the purpose was to have representation from all. 20 questionnaires were rejected in which 16 were incomplete and 4 were filled with wrong information (evident from cross checking). Thus, for this study we were left with 180 respondents. Analysis was done with Ms Excel.

Data Analysis:

Demographic Profile of Respondents:

The data on age, gender, family type, marital status, number of family members and monthly income of consumers were collected in part 'A' of questionnaire to know the background information of respondents. The result has been depicted in the Table below:

Table 1: Demographic profile of the respondents

Factors	**Sample size 180 respondents**	**Percentage**
Gender		
Male	72	40%
Female	108	60%
Age		
15-25	48	27%
25-35	36	20%
35-45	30	17%
45-55	24	13%
55 & above	42	23%
Family Type		
Nuclear	114	63%
Joint Family	66	37%
Marital Status		
Married	120	67%
Unmarried	60	33%
Monthly Income		
Less than 15000	60	33%
15000-30000	72	40%
30000-45000	30	17%
More than 45000	18	10%
Family Members		
2 to 3	66	37%
4 to 5	90	50%
more than 5	24	13%

(1) Awareness about the Instant Food Products (IFP): First question asked was to know the awareness regarding IFP. Data shows that all customers are aware about Instant Food Products (IFP)/ Ready-to-Eat / Ready-to-Cook products.

(2) Purchase decision of Instant food products by Indian consumers: 63% respondents purchase these products on regular basis while 37% people don't use these items regularly.

Reasons for not purchasing IFP: The second question asked was to indicate the reasons for not purchasing IFP. Most of them don't buy IFP because they are health conscious. Homemade food is still their first preference. Some of them don't like taste.

Graph 1: Reasons for not purchasing IFP

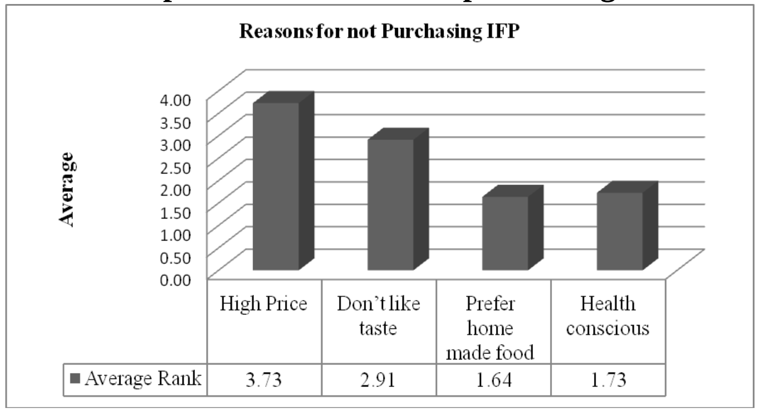


Table 2: Usage of Instant Food Products				
Usage of Instant Food Products (IFP) by respondents No of Respondents				
	Wafers	Readymade-food	Noodles	Instant food mix
Daily	12	30	6	6
Once in a week	72	18	42	24
Twice in a month	12	36	36	36
Whenever needed	84	96	96	114

(3) Usage frequency of various Instant Food Products: The third question was to find out the monthly usage of IFP. The result has been depicted in the table no. 2.

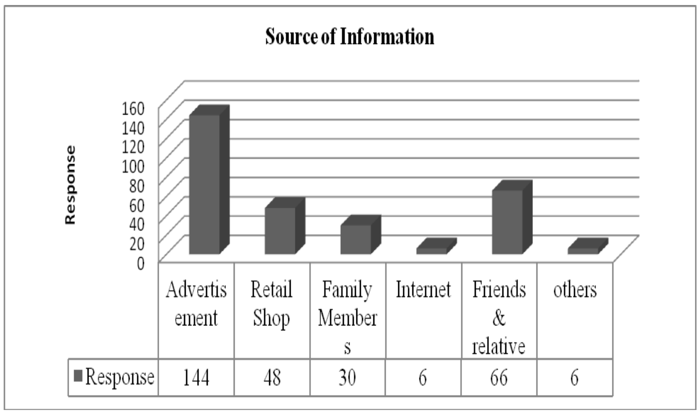
(4) Brand preference for IFP: The data depicts (in table no. 3) that Balaji is most preferable brand for wafers. There are more users of Maggi noodles and Ramdev instant food mix. MTR readymade food is the first choice of customers.

Table 3: Brand Preference				
Products	**Brand Preference (No of respondents)**			
Wafers	Balaji - 114	Samrat - 24	Lays - 42	Other - 0
Readymade-food	Kohinoor - 30	MTR - 54	ITC - 42	Other - 54
Noodles	Maggi - 156	Top Ramen - 24	Reliance - 0	Other - 0
Instant food mix	Ramdev - 66	MTR - 60	Milkmade - 36	Other - 18

(5) Various reasons for purchasing IFP: From the analysis (table no. 4) it can be said that most of the respondents agree with the fact that these products are fairly priced and easily available in the market. They also agree about the fact that the products are tasty, of good quality and convenient to use, so many people prefer IFP over homemade food.

Table 4: Reasons for purchasing Instant Food Products					
Reasons for purchasing Instant Food Products (IFP) (No of Respondents)					
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Affordable Price	24	102	54	0	0
Promotional offers	0	36	114	30	0
Easy availability near your residential area	72	66	24	12	6
Instant food products are qualitative & tasty	18	54	78	30	0
Convenient to use	36	78	60	0	6
Influenced by dealers recommendation	6	12	66	84	12

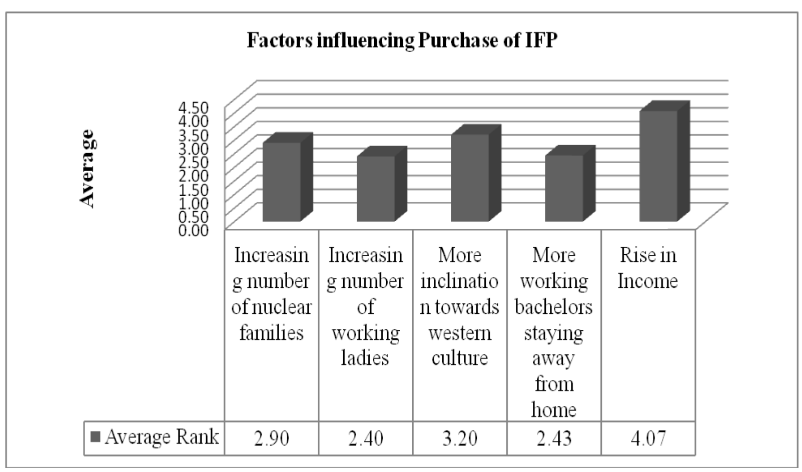
Graph 2: Sources of information



(6) Sources of Information about Instant Food Products : From graph 2 it is clear that commercialization plays a major role in changing the buying behavior of consumers. Respondents were allowed to tick more than one option. Advertisement and friends' recommendation are key sources of information while internet is not having significant role.

(7) Factors influencing the purchase decision: Since the numbers of working women are increasing, use of ready-to-eat products and ready-to-cook food products has also increased. Increasing number of nuclear families and urbanization has emerged as significant factors for buying the IFP. Impact of western culture and rise in income got the fourth and fifth ranking respectively. (Graph 3)

Graph 3: Factors influencing the purchase decision of IFP

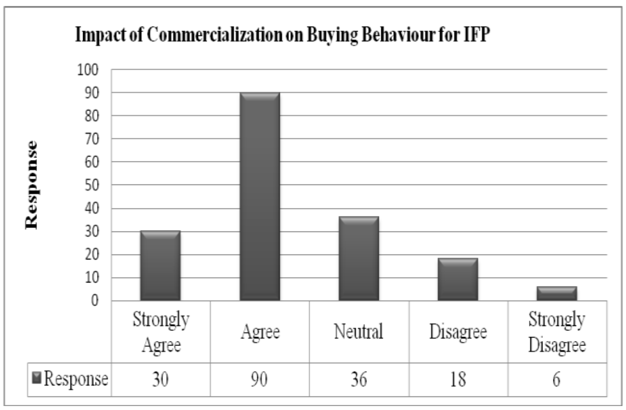


(8) Influencing factors of food related lifestyle: The next question was included to identify the factors which influence food related lifestyle of IFP. The result has been depicted in the table no. 5.

Table 5: Factors which influence food related lifestyle

Factors influence Food Related Lifestyle (No of Respondents)				
	Orientation			
	Health	Taste	Convenience	Tradition
Wafers	48	108	24	0
Readymade Food	30	66	78	6
Noodels	12	72	72	24
Instant Food Mix	30	30	72	48

Graph 4: Impact of Commercialization



(9) Impact of Commercialization on buying behaviour for IFP: Most of the respondents accepted that there is impact of commercialization on buying behavior of IFP. Only 24 respondents are not in agreement that huge amount of advertisements & Sales promotions (commercialization) of the products have an impact on the buying behavior for IFP.

(10) Strategies for developing IFP market share: Suggestions were asked from the respondents to develop Instant Food Product market share. The responses have been included in the study as a part of their opinion regarding readymade food items

Table 6: Strategies for developing IFP

Strategies for developing instant food products/brands in India (Response in Percentage)				
	Wafers	**Readymade-food**	**Noodles**	**Instant food mix**
More importance to healthy food	15	23	26	18
Homemade taste	15	33	14	26
price reduction	28	18	29	18
Increasing awareness	10	18	14	26
Small sachets/packing	23	10	14	10
Any other	8	0	3	3

Conclusion:

From the analysis it was found that all respondents were aware about the instant food products. Among the wafers category most preferred brand was Balaji, in Noodles it was Maggi, in Readymade food category it was MTR and in Instant food Mix it was Ramdev. Maximum number of respondents believed that commercialization had impact on their food purchasing behavior. The highest ranked factor affecting the purchase decision of IFP was increasing number of working ladies followed by bachelors staying away from home and nuclear families. More number of respondents considered that in case of Instant food mix and readymade food increasing the home made taste of the product will be helpful.

Government Initiatives:

The Government of India had also announced Vision 2015, which lays focus on enhancing the competitiveness of food processing industry in both domestic as well as international markets along with ensuring stable income levels to farmers.

1. The Centre plans to set up 30 food parks in various States with the aim of helping small and medium industries engaged in the manufacturing and processing of food products every year.
2. The Ministry of Food Processing Industries has allocated Rs 595 crore (US$ 126 million) for different schemes to be implemented in the food processing sector during 2011-12.
3. The Union budget 2011-12 has also allocated US$ 135 million to the Food Processing Ministry from the previous US$ 90 million.

Limitation of the study:

1. The study area was restricted to Ahmedabad city only and may not give similar results when generalized to other regions.
2. The research was based on the primary data collected from the consumers and they may not follow what they have stated in their answers. Thus, the degree of reliability is not always correct.
3. The study was limited to consumers classified on the basis of income levels, gender, and age. Besides that sample size was too small and findings of the research cannot be generalized.

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