

## A Study on the Brand Preference of Consumers for American Food Restaurants in Bengaluru City

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### ABSTRACT

India is home to a large number of restaurants catering different cuisines and meals to varying ethnic groups. Multinational Quick Service Restaurants (QSR)/ American Food Restaurants (AFR's) have bombarded the local markets with their tasty and mouth watering dishes. This study therefore is an attempt to identify the consumers most preferred brand of AFR for eating out, their reasons for preferring a particular brand of AFR and also their preference for vegetarian and non-vegetarian items at AFR's in Bengaluru City. Results obtained from 90 consumers have revealed that McDonald's is the most favoured brand of AFR for eating out followed by KFC, Domino's and Pizza Hut. Nearly two thirds of the consumers expressed their opinion that foods tasted better was the only major reason to patronize a particular brand of AFR followed by quality food, home delivery system and easy access. More than half of the consumers preferred non-vegetarian items at AFR's. The study will be an eye opener as it brings out numerous meaningful findings that restaurateurs can make use of in order to attract swarming crowds towards AFR's.

**Key words:** Multi National Companies, American Food Restaurants, FDI, Brands, Strategies.

### INTRODUCTION

India is home to a large number of restaurants catering different cuisines and meals to varying ethnic groups. Multinational Quick Service Restaurants (QSR)/ American Food Restaurants (AFR's)/ Limited Food Restaurants (LSR) when first launched in India, initially faced protests and non-acceptance from the Indian consumers. This was primarily due to the perception that these MNC's would kill the local firms. In January

2012, the Government of India permitted 100 per cent FDI in single brand retail under the government approval route—i.e., global single brands like Starbucks and Vuitton, could have full ownership of their Indian businesses. Under the old policy, the government required the single brand companies to own 49 per cent of their Indian business and therefore they had to find a local investment partner who would own the remaining 51 per cent of their business.

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As a result of this, many global food caterers and MNC hospitality companies entered India resulting in higher growth rates of AFR's. It is estimated that India's Quick Service Restaurant business will double from Rs.34 bn in 2013 to around Rs.70 bn in 2017. Foreign brands have grabbed 63 per cent share in the Indian QSR market. Within the foreign segment, Domino's Pizza dominates with 20 per cent share, followed by Subway (12%), McDonald's (11%), Kentucky Fried Chicken/KFC (9%) and Pizza Hut (8%) but domestic players are not lagging behind. Nirula's, Pizza Corner, Cafe Coffee Day, Haldiram's and Bikanervala have captured a fair share of the fast food segment<sup>9</sup>. The Plate House, opened in 1870's in USA was the first known AFR. The QSR industry includes about two lakh restaurants. It is a very fast growing industry both in the world as well as in India especially in urban areas, including metropolitan cities, tier one and tier two cities and small towns. Therefore, success of existing QSR outlets and entry of more is inevitable. AFR's initially started with big metros, but are now building their presence in tier two cities. Organized modern formats like malls, multiplexes, food courts, shopping centers, supermarkets and stores have become a favoured destination. There is maximum footfall due to increasing traffic at airports, railway stations, tourist hubs, corporate hubs, universities, hospital cafeterias, petrol/ gas stations and parks<sup>10</sup>. The important reasons for the popularity of AFR's in India are the changing lifestyles or sedentary lifestyles and changing demographics, exposure to other cultures, languages and religions in the world, increase in the number of foreign tourists, rise in the disposable income levels, consumers willingness to experiment, increasing urbanization/ modernization/ westernization/ industrialization and growth in the economy, ever changing consumer trends, divergent food habits and evolving tastes and preferences. Approximately 10 per cent of the customers visited an AFR outlet not out of choice but due to its convenient location. Ninety percent of the customers choose an AFR outlet on the

basis of their past experiences along with the role played by advertising and marketing<sup>8</sup>. The AFR's have gradually introduced healthier lifestyle menu options by innovation thereby responding to social changes. The sheer variety of gastronomic preferences across the regions, hereditary or acquired has bought different modules across the country. This study may therefore benefit the restaurateurs in improving infrastructure facilities, services, quality of foods, restaurant environment, interior design, menu, authenticity and ambience of the restaurant and help them in crafting/ formulating their marketing strategies to cater to the needs of the consumers.

#### **OBJECTIVES OF THE STUDY**

The available literature shows that not much of work has been carried out in this area. This study is therefore an attempt to bridge the gap that exists in literature. Accordingly, the study deals with the consumers most preferred brand of AFR for eating out, their reasons for preferring a particular brand of AFR and also their preference for vegetarian and non-vegetarian items at AFR's.

#### **MATERIAL AND METHODS**

Bengaluru popular for a large number of AFR's and also other restaurants of varying country origin has been chosen for the study. Here, data was collected from consumers mainly consuming American style foods totalling upto a sample size of 90 by using a schedule during the year 2015. Popular AFR's like McDonald's, Pizza Hut, Domino's, KFC, Papa Johns, Subway and Taco Bell were selected for the study. The data collected was analysed using tabular analysis and percentages were calculated to draw suitable conclusions. Also Garrett's Ranking Technique was adopted for ranking the preference indicated by the consumers for the different brands of AFR's. Respondents were asked to rank the various brands in the order of the importance after which ranks were converted into per cent position value that was later on converted into scores and finally the mean scores were calculated. The mean scores were then arranged in descending order and

ranks were assigned accordingly. Graphical representations highlighting where the marketing managers of the AFR's can focus on is also indicated.

## RESULTS

In consistence with the specific objectives of the study, the data collected from the sample consumers was analyzed and interpreted and the results of such analysis are presented below under the following headings.

### **Consumers most preferred brand of AFR for eating out**

The significant findings regarding the consumers most preferred brand of AFR for eating out indicates that McDonald's is the most favoured brand and also the most familiar brand among all the age groups as it is a very popular and age old brand of AFR for eating out with a mean score of 65.65. It was ranked first as nearly one third of the consumers (33.33%) preferred McDonald's. KFC, Domino's and Pizza Hut were the subsequently preferred AFR's by the consumers which were ranked second, third and fourth with mean scores of 63.93, 62.14 and 59.95 with 22.22 per cent, 18.89 per cent and 17.78 per cent of the consumers preferring them respectively. Taco Bell, Subway and Papa Johns were among the least preferred brand of AFR's for eating out by the consumers as they were ranked fifth, sixth and seventh with mean scores of 46.65, 42.42 and 38.38 and only 4.45 per cent, 2.22 per cent and 1.11 per cent of the consumers preferring them. The ranking was done as per Garrett's ranking method. This is also presented in Table 1 and Fig.1. The foreign brands have dominated the market in the Quick Service Restaurant sector particularly in the non-vegetarian dishes segment. McDonald's brings new innovative techniques to understand the consumers and they know how to understand the consumer better. McDonald's with their ready to eat strategy (fun and leisure time with family and kids), use of customer relationship management, new "formats" like McCafe,

having wifi internet links and database marketing have attracted different segments of consumer target groups. As McDonald's have the facility for celebration of birthday parties and kitty parties, the variety of combo meals like personalised menus at customised costs, the consumers preferred it. McDonald's philosophy of QSCV (Quality, Service, Cleanliness and Value) is the guiding force behind its service to the customers in India. More than 70percent of the menu in India has been locally developed with the complete segregation of vegetarian and non-vegetarian products right from the food processing plants to the point of serving the customers, the availability of many healthy menu options, such as wheat breads and veggie choices, also the meals containing low calories, light, low fat contents and healthy ingredients. The quality standards in these AFR's as measured against other competitors through the eyes of the consumers show that McDonald's is highly rated and its brand name tends to have a very strong influence on the consumers buying decision. The findings support the idea that global brands or brands that have international acceptance are often perceived to be of superior quality, which creates higher level of perceived value in consumer minds. Notably, more international food menu options (pizza, burgers etc.) are not widely available or not properly done in most of the local food restaurants, perhaps such gap might be responsible for international brands patronage. International brands imply a high level of pleasure and expectation fulfilment among the customers and it shows that the restaurants have kept a promise of what its customers value, which is indeed a good sign that impacts the odds of customers coming back for more. This indicates that brand building activities or strategies of AFR's are very strong and are long term oriented programmes. Hwang and Cranage<sup>3</sup>, Priyadharsini<sup>5</sup> and Shoyemi<sup>7</sup> also reported similar results in their studies.

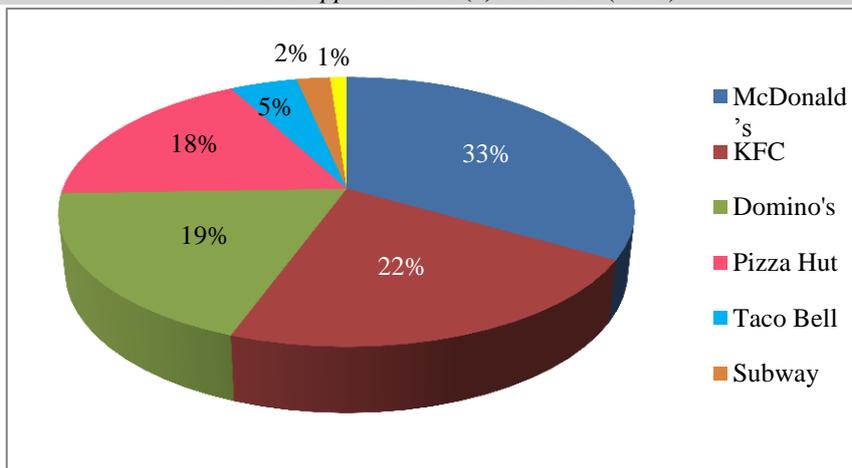


Fig. 1: Consumers most preferred brand of AFR for eating out

Table 1: Consumers most preferred brand of AFR for eating out (n=90)

Sl. No.	American Food Restaurants	Number of consumers	Percentage to the total	Mean score	Rank
1.	McDonald's	30	33.33	65.65	I
2.	KFC	20	22.22	63.93	II
3.	Domino's	17	18.89	62.14	III
4.	Pizza Hut	16	17.78	59.95	IV
5.	Taco Bell	4	4.45	46.65	V
6.	Subway	2	2.22	42.42	VI
7.	Papa Johns	1	1.11	38.38	VII
<b>Total</b>		<b>90</b>	<b>100.00</b>		

**Reasons for preferring a particular brand of AFR by the consumers**

The major reasons for preferring a particular brand of AFR by the consumers was analysed and the results are presented in Table 2 and graphically represented in Fig. 2. It can be inferred that nearly two thirds of the consumers (61.11%) expressed their opinion that foods tasted better was the major reason to patronize a particular brand of AFR. Nearly half of the consumers (43.33%) reasoned that quality food was another attribute that made them prefer a particular brand of AFR followed by home delivery system (37.77%) and easy access (33.33%). This could be explained by the fact that consumers enjoy the taste of American food items and few are willing to sacrifice palatability in the pursuit of a healthy diet. So, boring the consumers with the same old menu would be a bad option. The AFR's should keep their menu novel and dynamic, should concentrate on introducing new and more variety of American food menus with different flavours to attract young

consumers, so that the tastes of consumers are satisfied. If a person gets the added benefits of quick service on site or home delivery within half-an-hour or a drive-through order and delivery process, it would completely complement his hectic, modern and urban lifestyle. The aim of an AFR is to serve the food cravings of busy consumers, with the accessibility and ease of quick service. Consumer decision making and buying behaviour towards these foods is influenced by individual, social and personal factors, as for any other product or services. Indian consumers attach a large degree of importance to taste unlike that of western consumers who mainly focus on nutrition and health aspects (example, different flavours and spices added to food items which is absent in the menu of other countries). The health consciousness among the urban consumers is increasing and this may be the reason for half of the consumers preferring AFR's given that these restaurants are a symbol of purity and hygiene as they prepare their foods in the most

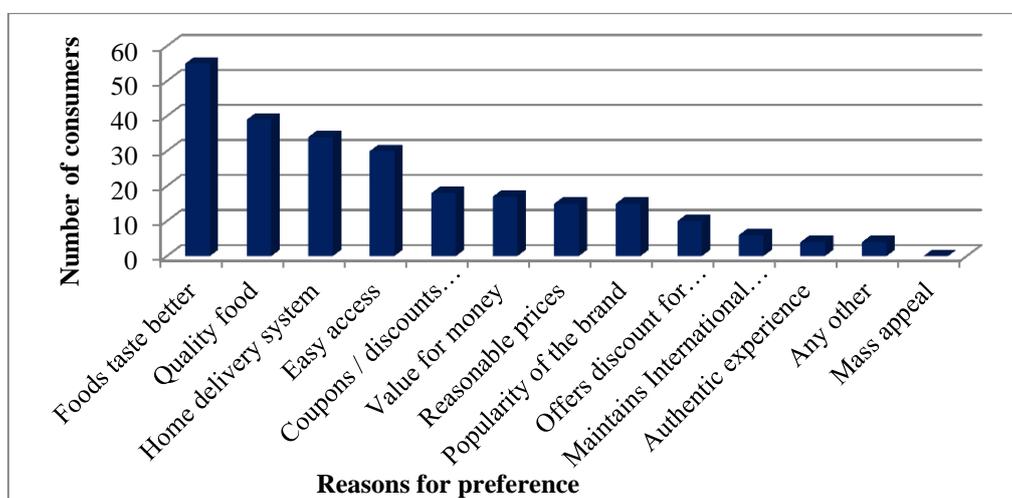
hygienic conditions. Moreover, AFR's offering coupons/ discounts (lunch specials/ happy hour), value for money, reasonable prices and popularity of the brand were the other reasons for preferring a particular brand of AFR by the consumers. Only 11.11 per cent of the consumers preferred AFR's for their offers and discount for repeat customers. Other minor reasons for liking a particular brand of AFR by the consumers include maintaining international standards (6.66%), authentic experience (4.44%) and others (4.44%). Contrary to the popular belief that AFR's were preferred for reasons like mass appeal, it was found that there was not a single consumer who preferred AFR's for their mass appeal. This indicates that eating at AFR's continues to be mainly associated with taste, pleasure

and convenience. Although AFR convenience is generally related to the service promptness, consumers emphasized the at hand location of AFR's and the absence of the need to carry out culinary tasks as the major reasons for preferring a particular brand of AFR. Consumers also reported that the time spent at home had decreased due to changes in lifestyle with little or no time for the preparation of home-made meals. This coupled with the availability of AFR's at every nook and cranny of schools and campuses, a trend that had further reduced the intention of the consumers to cook meals at home. Cunha *et al.*<sup>2</sup>, Hwang and Cranage<sup>3</sup>, Shaikh<sup>6</sup>, Arulogun and Owolabi<sup>1</sup>, Prabhavathi *et al.*<sup>4</sup>, and Shoyemi<sup>7</sup> reported similar results.

**Table 2: Reasons for preferring a particular brand of AFR by the consumers (n=90)**

Sl. No.	Reasons for preference	Number of consumers	Percentage
1.	Foods taste better	55	61.11
2.	Quality food	39	43.33
3.	Home delivery system	34	37.77
4.	Easy access	30	33.33
5.	Coupons / discounts (lunch specials/ happy hour)	18	20.00
6.	Value for money	17	18.88
7.	Reasonable prices	15	16.66
8.	Popularity of the brand	15	16.66
9.	Offers discount for repeat customers	10	11.11
10.	Maintains International standards	6	6.66
11.	Authentic experience	4	4.44
12.	Any other	4	4.44

Note: Multiple responses were given by the respondent / consumer



**Fig. 2: Reasons for preferring a particular brand of AFR by the consumers**

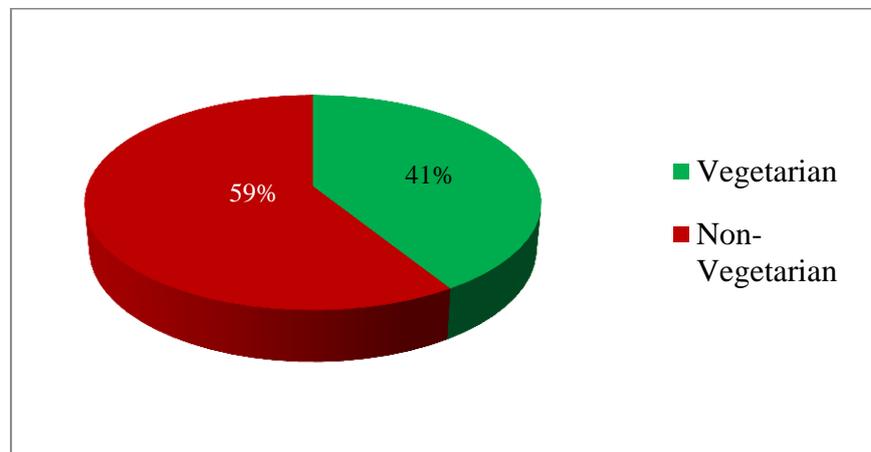
### Consumer's preference for vegetarian and non-vegetarian items at AFR's

The preference of consumers for vegetarian and non-vegetarian items at AFR's is indicated in Table 3 and presented in Fig.3. More than half of the consumers (58.89%) preferred non-vegetarian items at AFR's followed by 41.11

per cent of the consumers who preferred vegetarian items at AFR's. The high percentage of consumers preferring non-vegetarian foods could be attributed to the reason that 70 per cent of India's population is non-vegetarian by birth and practice<sup>8</sup>.

**Table 3: Consumer's preference for vegetarian and non-vegetarian items at AFR's (n=90)**

Sl. No.	Menu item	Number of consumers	Percentage to the total
1.	Vegetarian	37	41.11
2.	Non-Vegetarian	53	58.89
<b>Total</b>		<b>90</b>	<b>100.00</b>



**Fig. 3: Consumer's preference for vegetarian and non-vegetarian items at AFR's**

### CONCLUSION

The study will be an eye opener as it brings out numerous meaningful findings that restaurateurs can make use of in order to attract swarming crowds towards AFR's. McDonald's is the most favoured brand of AFR for eating out. KFC, Domino's and Pizza Hut were the subsequently preferred AFR by the consumers. Nearly two thirds of the consumers (61.11%) expressed their opinion that foods tasted better was the only major reason to patronize a particular brand of AFR. Nearly half of the consumers (43.33%) reasoned that quality food was another attribute that made them prefer a particular brand of AFR followed by home delivery system (37.77%) and easy access (33.33%). More than half of the consumers (58.89%) preferred non-vegetarian items at AFR's followed by 41.11 per cent of the

consumers who preferred vegetarian items at AFR's.

### PRACTICAL UTILITY

The study is a valuable managerial and operational tool, affording operators the opportunity to improve their competitiveness and service quality. The AFR's should concentrate on delivering healthy foods that are convenient and that provide an enjoyable dining experience. Today's hectic lifestyle has resulted in increased demand for American foods. People do not want to spend a lot of time preparing meals, travelling to pick up meals or waiting for meals in restaurants. Hence, it is necessary for AFR's to reduce the waiting time for meals in the restaurants. The AFR's can look beyond big cities and think of moving to tier two and tier three cities as the demonstration effect in the metropolitan cities

will have its effect on tier two and tier three cities and companies can concentrate on expanding in these cities as well. AFR's can stand out in the market by differentiating themselves and adding value by customizing the products to the needs of the different consumers by concentrating on new product designs.

### RECOMMENDATIONS AND SUGGESTIONS

The number of restaurants offering foods of other countries is increasing and in particular, the number of AFR's are increasing. Accordingly, certain suggestions and recommendations have been formulated for the benefit of the AFR's.

- ✓ There is a need to launch good quality organic dishes in the non-vegetarian menu as preferred by the consumers.
- ✓ It is recommended that AFR's improve the taste and other organoleptic quality aspects of American foods with Indian flavours.
- ✓ Stiff competition is noticed among AFR's. McDonald's is closely followed by KFC in terms of brand patronage of the restaurants by the consumers. The AFR's must be aware of and keep at least the latest knowledge of their primary competitors in the market and try to make perfect anticipated efforts to meet the same. More importantly, they need to draw competitive strategies to increase their market share.

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