A Study on Consumer Service Quality Perception of Fast Food Industry in Bangalore City.

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Abstract

The fast food industry is one of the most important and rapidly growing segments of the overall restaurant industry. At the same time, it is a very dynamic and competitive business where too many food chains are chasing few consumers. This has become a million dollar questions-"what is youth's choice of fast food restaurant?" .This present study is an attempt to understand the perception of Indian young consumers, majorly focused on the key players like Mc Donalds, KFC, Pizza Hut, Dominos, Taco Bell, Subway, and Papa John's. This empirical study was conducted based on primary data collected from 275 respondents in Bangalore city through a structured questionnaire. Various attributes like taste, variety, price, location, service etc were examined. Several statistical tools were applied to screen the richness of attributes affecting the choice of fast food outlets by Indian young consumers and to analyse the best perceived attribute by them. The study unveiled that McDonald and Dominos are the most preferred fast food outlets followed by Subway, Pizza Hut and KFC etc. Further, comparative study was also fared between McDonalds and Dominos to dissect the attributes influencing quality perception of these two outlets.

Keywords : Service quality, perceived attributes, restaurant industry, fast food outlet.

Introduction:

Fast food is the term used for limited food menu added to the production-line techniques; specialised suppliers with products like chicken, burgers, pizzas or sandwiches were involved. The term fast-food was first popularized around 1950s in US. Fast-food in specific refers to food sold with preheated or precooked ingredients, served to consumers in package in the form of take away or take outs (Nondzor & Tawiah, 2015).

In recent times, immense change in dynamics of fast-foods was observed. Absolute explosion of diversity in the choice of menu and restaurant styles were encountered in last two decades. This developed the restaurant industry responsive to evolving consumer preference and tastes. Entrepreneurs of this industry find niche opportunities to profit in this way. These opportunities still exist in abundance in the fast food industry.

These fast-food restaurants are majorly known for its consistent, simple look, feel and even music in each store location. Customers order and pay at the counter or window and then enjoy the take-away or grab a tray to sit and eat at the store. Meals are generally short and there may or may not be table service. Condiments are often located centrally rather on each table.

Indian Fast Food Industry

The fast food market in India is witnessing rapid growth in alignment with massive investments and positive developments. At present, the hectic work schedules, working women, rising young population and increasing disposable income of the middle-class households are driving market growth in Indian fast-food industry. Quick service, cost advantages are unique highlights of the fast food industry which made it highly acceptable in the masses. Thus, tremendous opportunities for both domestic as well as international players are open in Indian fast-food industry.

An implicit characteristic of India is food diversity, which is in account of diversified culture dwelling in various states and regions within the country. Traditionally, home-cooked meals were majorly preferred by Indians strengthening religious beliefs and values.

Indian economy stepped into liberalization in the 1991 and resulted in the entry of new international players. Subsequently, significant change in Indian consumer in their food preferences and lifestyles were witnessed. The adoption of Indian food requirements by the multinational fast food players gained the acceptance of Indian palate in the fast food industry. The introduction of a pure vegetarian restaurant by Mc Donald's in the city of Ahmadabad can be considered as an illustration for the same. Avoidance of pork and beef from the menu by all multinational chains in the non-vegetarian segment is other such example (Goyal and Singh, 2007).

Diversification in menus was commonly seen across fast food operators, particularly among the biggest areas such as burger, pizzas and chicken, with several companies increasing their food options. Consumers are increasingly looking for different alternatives when eating out, which has resulted in operators expanding from their core ingredients and adding numerous alternatives.

The burgeoning middle class, rise in demographic dividend, urbanization and increasing Indian young population spending contributed to the enormous growth rate of fast-food industry in India. This huge growth in the Indian fast-food industry contributes to world food trade year on year. Indian fast-food industry poised for high profit and high growth sector referable to its vast potential for value addition in the food processing industry.

Literature Review

Worldwide, Fast food yields revenue of over $570 billion which is scales high than most country's economic value. In US, the revenue was a whopping $200 billion in 2015. It is identified remarkable growth since 1970 when the revenue was of $6 billion (FH, 2017).

Consumer behaviour changes and buying patterns with favourable demographics made India experience magnificent growth in its own fast food industry (Shankar et al, 2010).

EMI (2016) report contends that 12 percent was the growth rate of Indian fast food industry in terms of current value as per 2016. This growth is fuelled by attributes like fast-paced lifestyles of consumers which forced them to fix requirements of meals. This is supported by the demographics of Indian consumers who are below 30 years. However, the increase in health awareness and its consequences is not impacting the fast-food industry growth.

Prabhavathi et al.(2014) exposed that India youth population attain satisfaction in sharing time with friends while eating fast food. Therefore, strategies like birthday parties, treat parties, fun, weekend, entertainment week will increase the total service perception of consumers in fast food chains.The author also revealed that youth consumers favour fast-food which resembles the home food. This is considered as an opportunity for organised fast food markets. To conduct it is also very essential to the fast food industry players to understand the young Indian consumer's desired home foods to improve the service quality of fast-food outlets. Hence it is suggested that customised menu in fast food outlets will enhance the consumer satisfaction and also helpful to tap the market potential.

Tiwari and Verma(2008) identified attributes of consumers for choosing fast food restaurants as taste of the food, convenience, variety in menu, to save time. These results also match with other research work of how consumers patronise fast-food by uncovering the factors like variety and taste, quality, ambience, service speed, price, parking space.

Drewnowski and Spectre (2014) suggested that the other attribute influencing consumer service in fast-food industry is the socio-economic status. In India the parity between high income and low income is vast. People with less income tend to favour unorganised fast food and on the other hand consumers with high income levels tend to favour branded fast food chain for hygiene and nutritional factors fast-food restaurants.

Thakkarand Thatte (2014) commented that ambiance is also an equally essential attribute for consumer service quality decisions in India along with the functionality and price. The study also concludes that the intrinsic factors are more significant to the consumer service quality decisions than the extrinsic factors.

The multinational fast-food players in Indian markets reframed the marketing strategies, visual aesthetics in specific to Indian market conditions and to sync with consumer tastes, preferences etc. McDonalds as a multinational chain, its strategy globally includes consistency, fun, quality, speed in service and convenience. But when entering Indian markets its success is paved by including local culture by changing the marketing strategies as family restaurants in their rating proposition. This can also be noticed in their promotional activities. Other fast-food players in this industry like Subway, Pizza Hut and Dominos offer different menu lists based on the target consumers of that locality. Menu is changed from location to location. Localization is the key for success of dominos where it introduced topping like paneer, chettinad chicken, channa etc. as per the Indian consumer taste requirements (Tiwari and Verma, 2008).

IBEF (2017) report stated that Government of India was instrumental in the growth and development of Indian FPI(Food processing Industry) and it accounts to about 32 percent of India's total food market. Through the Ministry of Food Processing Industries (MOFPI), Government of India is making all attempts to boost investments in Indian business. Sanctions for joint ventures, industrial licenses, foreign collaborations and hundred percent

export units are laid down to ordinate the same.

Problem statement

The Indian consumption of fast food is driven majorly by young consumers between the age group of 18 to 24. The appetite of the young Indian population and more women spending a substantial number of hours at work are the key drivers in fast food industry growth. This increased the ambiguity of consumer purchase decisions in fast food industry.

Objectives of the study

i) To identify the most impactful attribute affecting consumer service quality perception in fast food industry.

ii) To analyze the most preferred outlet by Indian young consumers of fast food industry.

iii) To compare the top two favored fast food outlets of Bangalore city.

Hypothesis of the study

H_0: There is no significant association between the variables (variety, service speed, taste etc) and satisfaction level of customers of Mc Donalds and Dominos.

H_1: There is a significant association between the variables (variety, service speed, taste etc) and satisfaction level of customers of Mc Donalds and Dominos.

Methodology

This study conducted was empirical in nature. The area chosen for this study was Bangalore city, South India. The sampling frame comprises the Young Indian consumers between the age group of 18-24. This primary data was collected from various college students of Bangalore city at different fast food outlets like Mc Donald's, KFC, Dominos, Pizza hut, Taco Bell, Subway, Papa John's. Sampling technique used was convenience sampling. The data was collected through close ended questionnaire to explore the perception of 272 young Indian respondents. The sample size was 250 after excluding the void data. The data was analyzed interpreted using SPSS 20 software.

This study investigated the youth perception on service quality perception based on the attributes like Varity, taste and quality, ambience, service speed, price, location and ingredients, packing, accuracy of service, attitude of staff, opening hours, hygiene from a similar study conducted in 2008 by Tiwari and Verma and in 2014 by Thakkar and Thatte.

Analysis of data

As mentioned above, the data were collected with respect to two demographics of the youngsters, i.e., educational background (undergraduate to postgraduate), and age (18 to 24 and above). All visitors of fast food are from the students' category (shown in Table-1).

Table-1

Consumer Perception with Respect to Timing of Visits, Preference of a Particular Fast Food Outlet, Purpose of Visit and Factors Influencing the Visits.

Variables	Frequency	Percent
Gender		
Male	142	56.8
Female	108	43.2
Total	250	100.0

Variables	Frequency	Percent
Influence on Decision Regarding Selection of the Fast Food Outlet		
Friends	93	37.2
Family	41	16.4
Relatives	38	15.2
None	78	31.2
Frequency of Visits to Fast Food Restaurant		
Once in a week	84	33.6
Weekends	52	20.8
Once in a month	44	17.6
Once every three months	43	17.2
Sometimes	27	10.8
Particular Fast Food Outlet		
Mc Donald's	69	27.6
KFC	21	8.4
Pizza Hut	58	23.2
Dominos	65	26.0
Taco Bell	24	9.6
Subway	5	2.0
Papa John's	5	2.0
Any Other	3	1.2
Prefer to buy fast food from the local shops		
Yes	61	24.4
No	189	75.6
Variables	Frequency	Percent
Attributes		
Variety	114	45.6
Taste & Quality	63	25.2
Ambience	15	6.0
Service Speed	9	3.6
Price	3	1.2
Location	1	0.4
Ingredients	45	18.0
Total	250	100.0

Frequency distribution presented in Table-1 indicated that out of 250 consumers, 142 were male and 108 were females. From the following table, it can be inferred that consumers of fast food visit fast food outlets once in a week or in weekends for taking snacks or lunch. Based on the question regarding the frequency of visit to a particular fast food outlet it can also be inferred that McDonald is the most favoured fast food outlet followed by Pizza Hut and Dominos. Further, based on multiple answer questions, it is inferred that their preference to visit a particular fast food outlet is influenced by friends in 93% of the cases (Table-1), which is followed by family and relatives. From the analysis, it can also be infer that majority of the consumers don't prefer to buy fast food from the local shops.

Rating of fast food outlets' attributes

With a view to identify major attributes for choosing eating outlets, the data was collected on seven attributes. These attributes were taken from a similar study conducted in 2007 (Goyal and Singh, 2007). The attributes are as follow:

• Variety of food;

• Food taste and quality;

• Ambience and hygiene;

• Service speed;

• Price;

• Location and

• Parking space.

Data was collected using five-point Likert type scale (1 stands for 'Not at all important' and 5 stands for 'Extremely important'). For the purpose of ranking, the attributes mean score were calculated along with standard error and presented in Table-2.

It can be inferred that the mean score of food quality, variety and service speed is higher than the rest of the attributes followed by ambience, price, location and ingredients. Also, variation in perceptions is less in case of responses for factors like food quality, ambience, service and variety unlike rest of the factors, where ratings have more dispersion. This clearly indicates that young consumers are more attracted to quality, ambience and hygienic conditions. It is in the line of findings of other surveys (Nichani, 2005 and ANI, 2006).

Table-2

Attributes	Rating Score (Mean)	Std. Deviation
Variety	3.71	0.997
Service speed	3.72	0.994
Price	3.6	1.014
Location	3.55	1.033
Ingredients	3.6	1.014
Taste & Food Quality	3.76	1.078
Ambience	3.63	1.087

Comparative analysis of McDonalds and Dominos

With a view to compare and identify major attributes for choosing the two identified fast food outlets i.e. (Mc Donald's and Dominos), the data were collected on twelve attributes (Goyal and Singh, 2007) of fast food outlets as under:

• Service speed

• Price

• Hygiene

• Ambience

• Food quality

• Variety

• Packaging

• Accuracy in service

• Attitude of staff

• Opening hours

• Location

• Ingredients

The data was analysed using paired sample statistics at 5 percent level of significance. It was found that variety, Speed, ingredients, location, attitude of staff and hygiene are having equal satisfaction level when compared between McDonalds and Dominos. Whereas for accuracy in service, price, taste, ambience, packaging and opening hours don't have equal level of satisfaction for the both. The average ranks of these 12 criteria showed that Dominos have better level of satisfaction for accuracy in service, price, taste, ingredients, service speed and variety shown in Table-6.

Table-3
Paired Sample Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Variety McDonalds	3.71	250	.997	.063
	Variety Dominos	3.66	250	1.010	.064
Pair 2	Taste McDonalds	3.53	250	1.098	.069
	Taste dominos	3.76	250	1.078	.068
Pair 3	Service speed McDonalds	3.72	250	.994	.063
	Service speed Dominos	3.64	250	1.075	.068
Pair 4	Ingredients McDonalds	3.60	250	1.014	.064
	Ingredients Dominos	3.70	250	1.010	.064
Pair 5	Ambience McDonalds	3.89	250	1.090	.069
	Ambience Dominos	3.63	250	1.087	.069
Pair 6	Price McDonalds	3.60	250	1.014	.064
	Price Dominos	3.79	250	1.125	.071
Pair 7	Location McDonalds	3.55	250	1.033	.065
	Location Dominos	3.56	250	1.075	.068
Pair 8	Packing McDonalds	3.66	250	1.010	.064
	Packing Dominos	3.90	250	1.093	.069
Pair 9	Accuracy Services	3.52	250	1.095	.069
	Accuracy Dominos	4.03	250	1.004	.063
Pair 10	Attitude of Staff	3.89	250	1.090	.069
	Attitude of Staff	3.80	250	1.128	.071
Pair 11	Opening Hrs McDonalds	4.03	250	1.005	.064
	Opening hrs Dominos	3.56	250	1.075	.068
Pair 12	Hygiene McDonalds	3.79	250	1.125	.071
	Hygiene dominos	3.70	250	1.007	.064

Table 4
Paired Sample Correlation

		N		Correlation	Sig.
Pair 1	Variety McDonalds & Variety Dominos	250		.235	.000
Pair 2	Taste McDonalds & Taste dominos	250		.155	.014
Pair 3	Service speed McDonalds & Service speed Dominos	250		.343	.000
Pair 4	Ingredients McDonalds & Ingredients Dominos	250		.225	.000
Pair 5	Ambience McDonalds & Ambience Dominos	250		.210	.001
Pair 6	Price McDonalds & Price Dominos	250		.275	.000
Pair 7	Location McDonalds & Location Dominos	250		.350	.000
Pair 8	Packing McDonalds & Packing Dominos	250		.340	.000
Pair 9	Accuracy Services & Accuracy Dominos	250		.323	.000
Pair 10	Attitude of Staff & Attitude of Staff	250		.328	.000
Pair 11	Opening hrs McDonalds & Opening hrs Dominos	250		.340	.000
Pair 12	Hygiene McDonalds & Hygiene dominos	250		.367	.000

Table 5
Paired Sample Test

		Paired Differences								Null Hypothesis Result
					95% Confidence Interval of the Difference				Sig. (2-tailed)	
		Mean	Std. Deviation	Std. Error Mean	Lower	Upper	t	df		
Pair 1	Variety	.048	1.241	.078	-.107	.203	.612	249	.541	Accept
Pair 2	Taste	-.232	1.415	.089	-.408	-.056	-2.592	249	.010	Reject
Pair 3	Service speed	.084	1.188	.075	-.064	.232	1.118	249	.265	Accept
Pair 4	Ingredients	-.104	1.260	.080	-.261	.053	-1.305	249	.193	Accept
Pair 5	Ambience	.264	1.369	.087	.093	.435	3.049	249	.003	Reject
Pair 6	Price	-.192	1.291	.082	-.353	-.031	-2.352	249	.019	Reject
Pair 7	Location	-.008	1.202	.076	-.158	.142	-.105	249	.916	Accept
Pair 8	Packaging	-.232	1.210	.077	-.383	-.081	-3.032	249	.003	Reject
Pair 9	Accuracy	-.504	1.223	.077	-.656	-.352	-6.515	249	.000	Reject
Pair 10	Attitude of Staff	.096	1.286	.081	-.064	.256	1.180	249	.239	Accept
Pair 11	Opening hours	.476	1.196	.076	.327	.625	6.291	249	.000	Reject
Pair 12	Hygiene	.092	1.204	.076	-.058	.242	1.208	249	.228	Accept

Table 6
Average ranks by customers for the satisfaction level for the 12 criterions

Criterion	Variety	Taste	Service speed	Ingredients	Ambience	Price	Location	Packaging	Accuracy	Attitude of Staff	Opening hours	Hygiene
McDonalds	3.4	3.2	3.64	3.31	4.14	3.7	3.5	3.4	3.47	3.4	3.7	3.99
Dominos	3.7	3.48	3.71	4.1	4.11	3.87	3.5	3.44	3.8	3.5	3.5	3.57

Conclusion

• The results revealed that the consumer more prefers on food and taste quality as the most impactful attribute when compared to Ambience, hygiene, Service speed, Price, Location andParking space available.

• This study also disclosed that Indian youth consumers identified McDonalds and Dominos as the most visited and favoured fast food outlets when compared to KFC, Pizza Hut, Taco Bell, Subway and Papa John's.

• Further, a comparative analysis between top most preferred fast food outlets exposed that present young Indian consumers are more preferring Dominos over McDonalds.

• When further analysed, discriminating pricing strategies like Discounts and coupons are pulling young consumer crowd to Dominos than McDonalds.

• Subsequently, variety of the products available in Dominos' menu when compared to McDonalds-with both healthier and indulgent options and unique flavour profiles inclined youth population interest towards Dominos.

• In India, to attract the young consumers, innovative-nutritional menu options and the price promotions like offers can be the idealistic ways of local and international players to compete with the top chains like Dominos and McDonalds.

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