

# Purchase intentions for ready to eat products



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Research Question: The research focuses on determining the “ consumer preferences and purchase intentions for packaged and ready to eat food products”. Moreover, we also look into how and to what extent factors like relationship of social, demographics, psychographic/ lifestyle, personal and external media influences the purchase decision

### Synthesis and Application

Consumer decision- making styles in short, shopping styles like lifestyles, are a prominent area of interest in consumer behaviour studies. Consumer choice processes vary according to the type of product involved, the timing and the people involved (Burns & Gentry, 1990: 520). Although brand decision-making represents a fair amount of deliberation during consumer decision making, it does not represent the whole consumer decision-making process (Harrel, 1990: 739). (Alet C Erasmus, Elizabeth Boshoff and GG Rousseau, 2001)

Consumers purchasing decisions take place over a period of time. The overall goal during this decision process is to evaluate various alternatives and choose the product that satisfies the consumer in an optimal way. Consumers get influenced by several major factors while they make their decisions. These factors can be grouped as social, cultural, psychological, and personal factors( Kotler & Armstrong, 1997: 141). In addition, increase in the number and variety of goods, stores, and shopping malls, and the availability of multicomponent products and electronic purchasing capabilities have broadened the sphere for consumer choice and led to complicated decision making. (Hafstrom et al., 1992).

One or more specific shopping styles dimensions may influence consumer-shopping choices, and these influences are relatively enduring (Sproles and Kendall, 1986).

Broadly speaking, these are 3 types of approaches in studying consumer decision-making styles:

Psychographic/lifestyle approach, which identifies hundreds of characteristics related to consumer behaviour;

Consumer typology approach, which classifies consumers into several types;

Consumer characteristics approach, which focuses on different cognitive dimensions of consumer decision-making (Fan et al., 1998).

Since ready to eat packaged food has met a stiff resistance on health grounds, the decision maker in the family is also an important aspect. Prior research in this area has found that mothers make the purchasing decisions for monthly food expenditures of the family however, fathers carry out the act of purchasing. Promotional activities such as commercials, new product development efforts, packaging, pricing & distribution strategies all play a significant role in determining the person that makes the purchasing decision in the family (Elif Akagün Ergin, Handan A-zdemir, Bülent A-zsaçmacÄ±, 2005)

Sproles and Kendall (1986) developed a Consumer Style Inventory (CSI) based on the assumption that consumer decision-making behaviour can be explained by eight central decision-making dimensions that influence a consumer's decision making behaviour. The eight decision-making style

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dimensions were: perfectionism/high-quality consciousness, brand consciousness, novelty consciousness, price/value consciousness, impulsive/careless shoppers, recreational and hedonistic shopping consciousness, confused by over-choice shoppers, and habitual and brand/store loyal shoppers. Despite the eight-dimensional structure being confirmed in the original study, there are indications that the eight-factor model does not hold good in real life.

### **Packaged food industry: Consumer behaviour**

Favorable nutrition information presented on a Nutrition Facts panel also led to more positive attitudes toward the product, nutrition, and purchase intentions and reduced perceived disease risk. The effects of the nutrition information on all dependent variables were more pronounced in the menu context than in the package context, even though the nutrient values were identical. (John C. Kozup, Elizabeth H. Creyer, & Scot Burton, 2003).

Moreover, that social class is basically inferior to income as a correlate of buying behavior for the consumer packaged goods. Perhaps some types of packaged foods not covered in this study would have shown greater purchasing relationships with social class; e. g., frozen shrimp and other types of cocktail snacks. (Myers, Stanton and Haug, 1971)

These products tend to be criticized because:-

They typically are high in fat and calorie contents

The reduced time cost and nutritional content associated with these foods is specifically blamed for obesity

Sometimes Genetically Modified Foods are used

Sometimes an irradiation process is used

If heat processing is used the vitamins are lost

Preservatives are always used

### **Packaged food: Indian market**

In developing countries like India, the preferences of the consumers clearly indicate their priority for cleanliness/freshness of food products followed by price, quality, variety, packaging, and non-seasonal availability. The consumers' preference of marketplace largely depends on the convenience in purchasing at the marketplace along with the availability of additional services, attraction for children, basic amenities and affordability (Jabir Ali, Sanjeev Kapoor, Janakiraman Moorthy, 2010)

Consumer demand for detailed information regarding content and nutrition of packaged food products is likely to increase due to booming organized retail sector in India. There is awareness about different types of information on the food labels displayed on packaged food products, however, usage of such information as one of the criteria while purchasing packaged food product is relatively low. Indian consumers assign very high importance to information about food ingredients and nutritional contents of the food. They also have very strong preference for brand and the taste of the product. This preference makes them purchase a packaged food item even though it may not meet their criteria of healthy food or may contain some harmful ingredients. Most lifestyle products such as breakfast cereals, readymade

dressings etc. that would mostly be used by people who have relatively higher levels of income and education would pay more attention to various kinds of label information. Moreover, the awareness regarding label information is dependent on the consumer's level of education, income and kind of occupation. (Sushil Kumar and Anuttera Pandit, 2005)

Additionally, researchers have also shown that as convenience becomes the goal for households, with an increase in the number of urban population, working women and income levels, RTE has become the fastest growing sub-segment in the packaged food category. However, in India home cooked food is the first choice. At the moment, regional and non-vegetarian cuisines are relatively under-serviced, with concentration on the vegetarian.

## **RESEARCH METHODOLOGY**

The Research Design chosen is:

Exploratory Research: Secondary Data – Articles, Journals , Depth Interviews, Focus Group Discussions

Conclusive Research: Descriptive – Survey and Observation

Firstly an exploratory research was conducted to gain insights and understanding about consumer buying behavior and customer preferences vis a vis RTE food products. This was done through the review of academic literature and depth interviews of retailers to identify relevant psychographic factors influencing customer purchase decisions.

Secondly descriptive research has been undertaken in order to

Profile the heavy users( frequent shoppers) of RTE products

Quantitatively analyze the specified population exhibiting certain behavior regarding customer preferences

Understand the degree of association of marketing variables with respect to packaged food products

Make suitable recommendations.

Data will be collected through structured questionnaires designed for the consumers. Depth interviews will be conducted for Retailers in Kozhikode. These responses have been analyzed by various statistical methods.

Pretesting: Since our questionnaire has a majority of multiple choice questions there was a possibility of encountering order/position bias. This was done away with by having various sample forms filled with orders of questions as well as choices changed and finally the present form was frozen. The wording of certain questions was also changed after some rounds to pretesting making them more effective for understanding. For example Question 9 in the questionnaire has been changed from

e. g. Before Pretesting: Q8. What influences your decision for the food products that you consume?

After Pretesting: Q8. What influences your (as an individual) decision on choice of food products you purchase?

## **Sampling technique**

Sampling methods are classified as either probability or non-probability. In probability samples, each member of the population has a known non-zero probability of being selected. Probability methods include random sampling, systematic sampling, and stratified sampling. In non-probability sampling, members are selected from the population in some nonrandom manner. These include convenience sampling, judgment sampling, quota sampling, and snowball sampling

Random sampling is the purest form of probability sampling. Each member of the population has an equal and known chance of being selected.

Systematic sampling is often used instead of random sampling. It is also called an Nth name selection technique. After the required sample size has been calculated, every Nth record is selected from a list of population members.

Stratified sampling is commonly used probability method that is superior to random sampling because it reduces sampling error. A stratum is a subset of the population that share at least one common characteristic.

Convenience sampling is used in exploratory research where the researcher is interested in getting an inexpensive approximation of the truth.

Judgment sampling is a common non-probability method. The researcher selects the sample based on judgment. This is usually an extension of convenience sampling.



Quota sampling is the non-probability equivalent of stratified sampling. Like stratified sampling, the researcher first identifies the strata and their proportions as they are represented in the population. Then convenience or judgment sampling is used to select the required number of subjects from each stratum.

Snowball sampling is a non-probability method used when the desired sample characteristic is rare. It may be extremely difficult or cost prohibitive to locate respondents in these situations. Snowball sampling relies on referrals from initial subjects to generate additional subjects.

Sampling technique that we will use in our research will be the Convenient Sampling. The data will be collected through soliciting responses to the questionnaire designed for the study. The respondents will be contacted either in person or through e-mail.

Sampling frame: Sampling frame is the actual set of units from which a sample has been drawn. In the ideal case, the sampling frame should coincide with the population of interest. For our research, the sampling frame that we will use consists of retail shops, groceries stores and malls. This sampling frame will ensure that the respondents chosen for the survey are the actual consumers/customers of the ready to eat food. E-mail will also be used to as a medium of data gathering. Since the people who usually consume the ready to eat food belongs to the relatively younger age group, the use of e-mail to invite the response will make sure that the survey is directed to the right target population.

Sample size: The sample size of a statistical sample is the number of observations that constitute it. A larger sample size leads to increased precision in estimates of various properties of the population. The sample size of 200 has been chosen for the survey.

As according to central limit theorem, a sample of size of minimum 30 observations is required to perform statistical analysis. This sample was large enough to provide the data which could be further used for analysis and interpretation.

Data Collection: The data will be collected through the questionnaires. The questionnaires will be filled either through soliciting replies through e-mails or contacting respondents personally. Thus the primary source of the data will be used in the analysis.

## **Data Analysis**

We have designed our questionnaire such that the responses would give us nominal and interval data. We will be using the following techniques to analyze this data

Univariate/ Bivariate Analysis

Correlation and regression

Multivariate Techniques such as cluster analysis, factor analysis (as applicable)

## **ANNEXURE**

### **FOCUS GROUP DISCUSSION (FGD)**

#### **Introduction**

The purpose of the discussion was to conduct evaluative research to determine (in order of priority)

Understand the perception of the target audience about Packaged & Ready to eat food

Identify the main factors that influence a buyer to buy the products

Understand the need of getting varieties in the ready to eat food material

Identify the consumer preference of ready to eat food products

#### **Target Audience**

As per our understanding, ready to eat food would be generally preferred by

Married women who don't get time to cook food

Young working professionals and college students who stay in flats as bachelors

Working population who travel a lot

#### **Focus Group Attributes**

There were 6 participants and discussion was moderated by a moderator.

We selected participants from the PGP13 and PGP14 batches of IIM

Kozhikode such that there were

2 female students who got married and were working before joining IIM K shared their past experiences

2 students (1 male and 1 female) who joined as freshers shared their experiences as graduation students and also as MBA students

2 students (both males) shared their experiences while they were working in jobs that involved a lot of travelling, before joining IIM K

Seating pattern was as shown in the figure

**P3**

**P4**

**P22 P- Focused Group participants**

**P5**

**P6**

**P1 M- Moderator**

**M**

### **Beginning the Focus Group Discussion:**

The moderator welcomed the group with his introduction and facilitated introduction of the group too

Moderator gave an overview of the topic – “ This is an attempt to know the preferences regarding Packaged & Ready to Eat foods from the young bachelors, from working women as they have to take care of the food at home and manage time also and from college going students who have scarcity of time and also look for variety and different taste in the products

Subsequently the moderator set the ground rules. The moderator used predetermined questions and an assistant moderator took careful notes.

## **Topics Discussed in the group**

Question: If ready to eat products are easily available in the market how many of you would like to purchase?

Discussion: The group members had different preferences. Some members were concerned about the variety of products available and the price for the quantity. There was a small discussion around the usage of the pack and time factor. One member talked about how he started buying RTE as he stayed alone and this was very convenient to make and it gets ready in few minutes. It saves a lot of time and energy. Ranking was given to different attributes and the final rankings are as follows

Taste

Time saving activity

Easier availability

Increased convenience

Food variety

Price

Question: What kind of options should be present in packaged food that you would plan to purchase?

Discussion: Everyone was of the opinion that instant mix and packaged snacks like pasta, vermicelli, noodles and ready to cook Indian curries are essential. The final ranking was as follows:

Confectionary (preferred across the group)

Instant open and eat (preferred by young population)

Instant mix to cook like dosa powder, gulab jamun mix (preferred by female users)

Frozen food like peas, sweet corn (used for quick preparation of food by married women)

Question: Are you brand loyal or would you be ready to switch to a different brand?

Discussion: The group was split between brand-loyal and non brand-loyal customers. Brand loyal customers specified major brands like MTR, Kellogg's, ITC when they went for buying RTE foods. And the non brand-loyal customers switched among products whichever they found the best in taste or always looked for a change or went for trials of new products. However, even the brand loyal customers showed inclination to change brand if variety and better taste is available in novelty products.

Question: Are you too particular about the cuisine in RTE foods?

Discussion: The group consensually came to a conclusion that it preferred different cuisines depending on the time of the day.

1. Chinese- cup noodles, noodles, soups (evening snacks)
2. Mexican- cornmeal (in the morning hours)
3. Italian- Pasta, Bread
4. Indian- gravy, ready mix (main course)

Question: Where do you usually shop for Ready to eat foods?

Discussion: People had different options for shopping since RTE foods are easily available in the market. They mentioned the following options available whichever was closer to their residence

Retail outlet

Shopping malls

' Kirana' stores

Confectionary stores

Question: What influences your decision on choice of food you purchase?

Discussion: The group members were influenced by several factors while making a decision to buy a particular product from the various options available in the market of RTE foods. A list of influential factors which they specified is as follows:

Advertisements

Prior usage experience

Friends/ neighbors

Retailer on the shop

Question: Do you consider price as a major criterion to choose among the products available?

Discussion: Most of the group members said that price was not as important a criterion as taste and quality. Moreover the price range of these kinds of products was within range of Rs 50-100, it didn't play a very big role in buying decision process.

## **Inference**

From the following inferences of the focus group discussion, we designed our questionnaire

People do take cuisine into consideration while purchasing packaged food.

Taste was the most important criterion followed by ease in making and time consumed.

Time was a major factor too as the target segment was young and working population and for them time is always scarce and critical.

'Word of mouth' also played an important role in considering new products for consumption.

Value for money in terms of quality and variety was considered to a certain extent before buying a packaged food product.



## **QUESTIONNAIRE**

### **Questionnaire instructions**

Please answer all the questions

Unless specified, please select only one option as a response for each question

### **Questionnaire design**

Q1. Do you buy ready-to-eat (Packaged) food?

1 = Yes

2 = No

Q2. In a typical week, how often do you buy packaged food?

1 = Less than once

2 = 1 to 3 times

3 = 4 to 6 times

4 = More than 6 times

Q3. Why do you buy packaged food? (More than one option can be chosen)

1 = Convenience

2 = Taste

3 = Nutrition

4 = Quality

5= Price

6 = any other reason, please specify \_\_\_\_\_

Q4. Please indicate your food preference.

1 = Vegetarian

2 = Non-vegetarian

3 = Both

Q5. What cuisine do you prefer? (More than one option can be chosen)

1= Indian

2 = Chinese

3 = Italian

4 = Mexican

5 = Others, please specify \_\_\_\_\_

Q6. Generally during which phase of week do you consume packaged food?

1= Monday to Friday

2= Saturday to Sunday

= All days

Q7. From where do you buy processed food? (More than one option can be chosen)

1= Retail outlet

2= Shopping malls

3='Kirana' stores

4= Confectionary stores,

5= Others, please specify \_\_\_\_\_

Q8. What influences your (as an individual) decision on choice of food products you purchase? (More than one option can be chosen)

1 = Children

2 = Advertisements

3 = Spouse

4 = Friends

5 = Retailer on the shop

6 = Others

Q9. What is your age group?

1 = 15 to 25 years

2 = 25 to 35 years

3 = 35 to 45 years

4 = Above 45 years

Q10. What is your occupation?

1 = Student

2 = Public Service

3 = Private Service

4 = Self-employed

5 = Homemaker

6 = Other, please specify \_\_\_\_\_

Q11. Do you live with your family?

1 = Yes

2 = No

Q12. What is your monthly income (in Rs.)?

1 = Below 15000

2 = 15000-25000

3 = 25000-35000

4 = Above 35000

5 = cannot disclose

Q13. Usually, where do you consume packaged food?

1 = Home

2 = Workplace

3 = Both

4 = Other

Q14. On a scale of 5, how satisfied are you with the packaged food, where 1 is least satisfied and 5 is highly satisfied?

1 2 3 4 5

Q15. On a scale of 5, how likely are you to recommend packaged food to others, where 1 is least likely and 5 is highly likely?

1 2 3 4 5

## **DEPTH INTERVIEW OF RETAILERS**

We plan to have depth interviews with 1-2 retailers and ask them following questions:

Which category of food sells more?

Which type of packaged food is preferred?

Do you have refrigeration facilities?

For how many years you have been in the retail business?

How many customers visit your shop every day?

Which is the peak hour of your business?

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What age group of customers visits your shop?

Which type of customers prefers packaged food?

Has the sales of packaged food changed over the last three years?