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## Consumer perception towards MNC fast food outlets in Coimbatore

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### Abstract

India's fast food market is expected to grow due to changing consumer preferences and the largest youth population on earth. India's population stands at 1.2 billion, but it has only a little over 2,700 chain fast food outlets, leaving most people unreached, according to Euro monitor International. And demographic trends mean it could become the next mega-market for international fast food players. Fast food has yet to broadly expand beyond the largest cities.

The fast food business is growing at a brisk pace of over 20 per cent annually and most of the top chains are planning an aggressive expansion, not just in semi-urban India, but even in Tier-2 and Tier-3 cities. Fast food players, including multinationals, are witnessing rapid growth, as millions of Indians go out for a bite of their favourite burger or pizza. Hence a study is attempted to study the consumer perception and their preference for MNC Fast food outlets in Tier II city Coimbatore.

**Keywords:** Fast food, Consumer perception, MNC Fast Food outlet

### 1. Introduction

Globalization has created many opportunities and posed many challenges for MNCs who are dealing with dynamic cultural elements in extremely diverse markets. The fast food industry in post liberalized India has grown significantly due to the addition of MNC-operated fast food outlets to the existing Indian operated fast food outlets. The Indian fast food industry has witnessed about 40% growth year after year for more than a decade. MNC giants such as McDonalds, KFC, Pizza Hut, Dominos Pizza and Subway have established their presence in the Indian market since India liberalized its economic policies in the early 1990's.

Fast-food industry is expected to double in size between 2013 and 2016, to \$1.12 billion, according to the Economist Intelligence Unit. And demographic trends mean it could become the next mega-market for international fast food players. Fast food culture in India has particularly grown over the last ten-fifteen years. Be it burgers or doughnuts, pasta or pizza, the fast food industry of India is one of the ever growing, booming businesses. In India, there are millions of fast food restaurants around, but they never seem to be sufficient and there is always a room for improvement.

India's population stands at 1.2 billion, but it has only a little over 2,700 chain fast food outlets, leaving most people unreached, according to Euromonitor International. Fast food has yet to broadly expand beyond the largest cities. The country has 356 million people between the ages of 10 and 24, giving it the world's largest youth population, according to a United Nations report. With more young people entering the workforce daily, growth in the economy, a rising female work force, and increased mobility among consumers, the traditionally difficult Indian market has become hungry for a more diverse menu.

The country's fast-food market today is only one tenth the size of China's, said Ajay Kaul, CEO of Jubilant Food Works, a company that grants franchises in India for Domino's Pizza and Dunkin Donuts. But unlike China, which saw a decline in fast-food sales last year, India's market is expected to grow, thanks to changing consumer preferences and the largest youth population on earth. Multinational companies, by and large, have similar products across markets. However, international fast-food chains have had to change this business model completely, to adapt to Indian preferences.

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**2. Statement of the problem**

In the past few years a number of MNC fast food outlets have opened up in India. A huge number of them are widely spread over the metro cities like Chennai, Mumbai, Delhi, Kolkatta, Hyderabad, Pune etc. The increasing population, influence of western culture, growing economy in India have resulted in the growth of such MNC fast food chains. But in recent years a number of MNC fast food outlets are opening up in II tier cities such as Coimbatore, Trichy, Madurai etc. For this purpose the customer’s perception towards MNC fast food out lets in non metro city, Coimbatore and the prospects for future growth of these MNC outlets is studied.

**3. Scope of the Study**

The study aims especially at MNC fast food joints in Coimbatore city. This study will bring out a better view of the customers preference towards MNC fast food outlets in Coimbatore and their potential for future growth.

**4. Objective of the study**

1. To study the customers perception towards MNC fast food outlets.

2. To study the customers preferences towards MNC fast food outlets when compared to local fast food outlets.
3. To identify the opportunities for other MNC fast food brands to have their presence in Coimbatore.
4. To study the future prospects for the MNC fast food outlets in Coimbatore.

**5. Research Methodology**

- A. Area of study: Study is conducted in Coimbatore City.
- B. Sample size: Sample size is 200.
- C. Research Instrument: Questionnaire method
- D. Sample Design: Convenient sampling method.
- E. Sources of Data: Primary data were collected from respondents living in Coimbatore city. Secondary data were collected from books, journals, internet and magazines.
- F. Statistical Tools used: percentage analysis.

**6. Results & Discussions**

The results have been discussed in two parts. Part I discusses the socio economic factors and Part II deals with the consumer perception related information.

**Table 1: Social Profile**

Social profile		No. of respondents	Percentage
Age	Less than 15	5	2.5
	15-25	136	68.0
	26-35	41	20.5
	36-45	8	4.0
	Above 45	10	5.0
	Total	200	100
Gender	Male	101	50.5
	Female	99	49.5
	Total	200	100
Education	10 <sup>th</sup>	3	1.5
	12 <sup>th</sup>	30	15.0
	UG	69	34.5
	PG	73	36.5
	Professional	25	12.5
	Total	200	100
Occupation	Business	15	7.5
	Govt employee	5	2.5
	Private employee	48	24.0
	Self employed	6	3.0
	Student	108	54.0
	Un employed	18	9.0
	Total	200	100
No. of Members in the family	2	10	5.0
	3	37	18.5
	4	104	52.0
	5	35	17.5
	More than 5	14	7.0
	Total	200	100
Earnings Per Month	Upto Rs.25,000	50	25.0
	Rs.25,001 – 50,000	42	21.0
	Rs.50,001 – 75,000	35	17.5
	75,001 – 1,00,000	23	11.5
	Above Rs.1,00,000	50	25.0
	Total	200	100
<b>Consumer perception related information</b>			
<b>Consumer perception related information</b>		<b>No. of respondents</b>	<b>Percentage</b>
Visit to MNC Fast food outlets	Yes	174	87
	No	26	13
	Total	200	100
	Family	39	19.5

Accompanying persons	Friends	114	57.0
	Business associates	3	1.5
	Alone	1	0.5
	All the above	43	21.5
	Total	200	100
Preferable time of visit	Week days	8	4.0
	Week ends	95	47.5
	On special occasions	53	26.5
	Both weekends and on special occasions	44	22.0
	Total	200	100
Preference towards MNC Fast food outlets to Local outlets	Yes	149	74.5
	No	51	25.5
	Total	200	100
Reasons for preferring MNC Fast food outlets to Local outlets	Quality	25	16.8
	Service	15	10
	Brand Name	11	7.4
	Ambience	12	8
	Promotional Offers	10	6.8
	All the above	76	51
	Total	149	100
Areas to improve for MNC Fast food outlets in Coimbatore	Quality	48	24
	Service	66	33
	Ambience	45	22.5
	Floor space	20	10
	Others	21	10.5
	Total	200	100
Respondents interest to visit MNC Fast food outlets in future	Yes	185	92.5
	No	15	7.5
	Total	200	100

### 7. Findings of the Study

- 87% of the respondents visit the MNC fast food outlets. This indicates that MNC fast food outlets have gained much popularity in Coimbatore.
- 68% of the respondents who visit MNC fast food outlets are in the age group of 15 – 25 years and 54% are students.
- 50.5% of the respondents are male and 49.5% are female which shows that both men and women visit the MNC fast food outlets equally.
- It is found that 36.5% of the respondents are post graduates and 34.5% are undergraduates.
- 47.5% of the respondents visit during the weekends.
- It is found from the study that 74.5% of the respondents prefer MNC fast food outlets to local outlets. This is due to the service, quality, brand name, ambience and promotional offers offered by these outlets.
- 75.5% of the respondents have visited the MNC fast food outlets in metros and 54% feel that the outlets in Coimbatore does not match with that of metro cities in the quality and services offered.
- Majority of the respondents find the service, quality, location, prices charged and the ambience to be satisfactory and the parking facilities are moderate.
- 92% are interested in visiting the MNC fast food outlets in future. This clearly indicated there is huge potential for growth in Coimbatore.

### 8. Suggestions

- Since the student crowd is more and they visit mainly during the weekends, special promotional offers can be given during the weekends to face competition from different fast food outlets and to attract more customers.

- Special offers such as 'happy' hours can be given during the weekdays to increase the sales in weekdays also.
- Currently most of the customers to MNC fast food outlets in Coimbatore are students. In order to attract the corporate crowd, special corporate offers can be given as in metro cities.
- MNC fast food joints in Coimbatore can improve on service, floor space, parking facilities and variety in food products to match with the MNC fast food joints in metros.
- Proper training can be given to stewards to meet international standards.
- Increase in the area of home delivery can also increase the customer base.
- Most of the visitors to the MNC fast food outlets are people in the age group of 15 -25. Promotional activities can be undertaken to attract customers in other age groups also.
- Products introduced across global fast food outlets can be introduced at the same time in the Indian outlets too.

### 9. Conclusion

India has more people between the ages of 10 and 24, making it the world's largest youth population. With more young people entering the workforce daily, growth in the economy, a rising female work force, and increased mobility among consumers, the traditionally difficult Indian market has changed and is wanting for a more diverse menu. A challenge for MNC fast-food joints in India is to maintain the cohesion of the global brand while still appealing to the local market. There is also an extent for localization and it can't affect the global brand, it has to be same as anywhere else in the world.

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