Comparative Analysis of Buying Behaviour towards Ready-to-eat food products among Indian & American Consumers

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Abstract

Purpose:

The purpose of this paper is to examine the various factors which affect the purchasing decision of consumers individually (on Indian & American consumers) towards ready-to-eat food products.

Research Design:

Descriptive research design is used to arrive at systematized data collection.

Sample size:

100 respondents have been taken for the study. 50 Indian and 50 American consumers are surveyed who are the residents of Plano city, Texas.

Independent sample T-test is used to analyze the data.

Findings:

It is found from the study that convenience is the most important factor behind the purchasing of ready-to-eat food products followed by increasing number of working population who do not have enough time and energy to cook food opt to go in for ready-to-eat/packaged food products.

Keywords:- Ready-to-eat food products, Convenience food, Indian and American consumers

Definition of Ready-to-Eat food

The Food and Drug Administration (FDA) defines ready-to-eat as animal or plant derived food that is cooked, frozen, washed, cooked for hot holding, cooled and processed to be consumed directly or after heating.

Ready-to-Eat is defined as the status of the food being ready for immediate consumption at the point of sale. It could be raw or cooked, hot or chilled, and can be consumed without further heat-treatment including re-heating.

The global ready-to-eat food products market is segmented on the basis of **Product type** (Meat/Poultry, Cereal based, vegetable based, others), **Packaging** (Canned, Frozen or Chilled, Retort, others) and **Distribution channel** (Hypermarket/Supermarket, convenience/ departmental store, speciality store, online store, others).

The RTE(Ready-to-eat) Industry in United States

A large number of innovations in packaging technology such as introduction of advanced microwave technology have shifted the focus towards consumption of packaged foods in developed countries such as the U.S., Germany, and Russia, and this in turn has led to a significant increase in the demand for ready-to-eat food products globally.

Factors such as increasing population of working women, growing millennial population, busy work schedules, and on-the-go consumption habits are expected to fuel revenue growth of the global ready-to-eat products market. Also, the increase in disposable income and consumer preferences for healthy and convenient food coupled with the rising demand for snacks and fried food products are expected to further boost the demand for ready-to-eat food products.

Need of RTE food products

Increasing number of nuclear families, rising employment opportunities coupled with increasing number of working woman are some of the major factors that will fuel the growth of global ready to eat food market over the forecast period.

Rapid urbanization has reduced the time to cook food at home, innovative ready to eat food product offering such as nutritional and rich ingredient products resulted in to the inclination of consumer behaviour towards the use of ready to eat food further boosting the global ready to eat food market across the globe.

By Region

Global Ready to Eat Food Market is further classified on the basis of region as follows:

- ✓ North America (U.S. & Canada)
- ✓ Latin America (Brazil, Mexico, Rest of Latin America)
- ✓ Western and Eastern Europe (U.K., Germany, France, Italy, Spain, Hungary, Belgium, Netherlands & Luxembourg, Rest of Western Europe)

- ✓ Asia-Pacific (China, India, Japan, Singapore, Australia, New Zealand, Rest of Asia)
- ✓ Middle East and Africa

Some major key players in the ready-to-eat food industry in United States of America are as follow:-

- American Frozen Foods Inc
- Conagra Brands Inc (CAC)
- Fred's Inc
- Global Food Industry
- Hot Pockets
- Kellogg Co.
- Mrs Smith's
- Mccan Food
- The Schwan Food Company

Major Indian key players in the ready-to-eat food industry available in United States of America are as follow:-

- Amul
- Gits
- Haldirams
- ITC
- MTR
- Priyafoods
- Rajbhog Foods Inc.
- Rainbow Foods India

<u>Reasons of opting ready-to-eat food products-</u>

- ✓ **Time Scarcity:** Many consumers are feeling overwhelmed by their lifestyle obligations. Time-pressured consumers express strong preferences for quick, efficiency-driven products that allow them to feel in more control of their time. For instance, time scarcity is a common reason for consumers failing to maintain a healthy lifestyle, including, skipping meals, eating-on-the go, cooking from scratch less often, and failing to exercise regularly. As a result, consumers are looking to simplify and reduce time in the kitchen. (Datamonitor 2009)

- ✓ **Cooking Skills:** Basic cooking knowledge and skills hand eroded from generation to generation. Today, consumers' choices are defined by the increased sophistication of convenience food options and a lifestyle characterized by multiple time demands, including work. Europeans and Americans experience similar difficulties and concerns in preparing food cooked from scratch, the leading issues being cleaning-up afterwards, long cooking times and having room to prepare and cook such meals. (Datamonitor 2006)

- ✓ **Basic cooking is perceived as difficult:** Culinary skills are most being passed down from one generation to the next because young people are not involved in the cooking process from an early age and do not have the opportunity to learn through participation. As a result, some younger consumers view cooking skills as a status symbol. Consumers are technology literate and opt for advanced appliances (particularly microwaves) to facilitate meal production. They use the internet to seek guidance on food production and to source recipes, but are unfamiliar with basic cooking terminology and how to properly use many common kitchen items.

Review of Literature

Soley (2015), in his study reports that there is significant rise in the share of sales of snack food market in 2015, according to Chicago, Illinois based research firm IRI. The reason behind the hike in sales of snack food market is the busy life style of consumers where they don't get time to cook or prepare meal at home. Consumers are looking for healthier snack options, as well as products that meet special dietary needs on preference including gluten-free and non-GMO ingredients.

Sheely (2008), opined that convenience is compose of three components: time, physical energy and mental energy. Certain lifestyle issues were identified that drive the demand for convenience foods: an aging population, the changing of household structures, female participation in labor force and longer working hours, consumer prosperity & technology ownership, a move toward healthier eating, a desire for new experiences, individualism, declining cooking skills, breakdown of traditional mealtimes and value for the money.

Steve Gotham (2008), suggests that busier lifestyles, more work pressure, absenteeism of culinary skills lead to the growth of convenience or ready-to-eat (packaged) food products. Classification of convenience food has been done in four categories: Chilled Processed Food

(Chilled), Meal Replacement Products (MRP), Sweet & Savory Snacks (Snacks), and Frozen Processed Food (Frozen). Findings of the study revealed that majority of the consumers accept that they are responsible about their buying and consumption habits.

In 2008, a Datamonitor survey found that 44% citizens across 15 countries feel it is difficult to manage their daily obligations and find time to relax. A Yankelovich study conducted in 2008 discovered 70% of Americans aged 16 years or older feel that they do not have the time to do all the things they need to do. In addition, 50% of Americans believe the lack of time is bigger problem than money. This trend is having a dramatic influence on food preparation and consumption.

Buckley and Cowan (2007), states that convenience options have been influenced by increased female participation in workforce, more use of household technologies, longer working hours and rising consumer incomes. The increased use of appliances has been particularly influential. Microwave ovens, for example, save preparation and cooking time, Freezers make food available for later consumption, Food Processors shorten preparation time, and dishwashers speed clean up.

This study was done by Marketing-Consulting & Consumer research firm Yankelovich Inc in (2006), title of the study is "Food for Life". Results of this study shows that 60% of the foods people buy for at-home meals are frozen, packaged, processed or prepared. In a convenience-driven, time constrained society, personal accountability for health is at an all time low. Consumers accept that they are obsessed with processed food, junk food, and quick-service restaurants. With over one-third of the population saying, "If it takes a lot of extra work to prepare it, I won't eat it". Consumers accept that due to their busy life schedule they preferred to purchase food that is fast, cheap and easy to cook; or in other words it can be said that consumers often prefer ready-to-eat food products due to their busy life schedule.

Margaret & Richard (2005), opined the various efforts which have been undertaken by grocery and convenience stores to control the wholesomeness of HMR (Home Meal Replacement) food items. As Americans have become more pressed for time, the use of convenient, simplified meals has become a way of life. One aspect of this trend, known as HMR food products.

Cyndee Miller (1997), recognizing that consumers don't always have time to whip up a home-cooked meal, supermarkets have introduced a variety of choices in ready-to-eat food products. 22% of consumers said that supermarkets were their main source for buying packaged food items/products. Results of the study estimated that ready-to-eat represents 25% of the $80 billion- $ 110 billion, while ready-to-heat accounts for 35%. Another 40% belongs to fresh perishables (including fresh pre-packed products). Consumers want their meals to be ready in within few seconds but they want it fresh.

RESEARCH METHODOLOGY

Research is nothing but the search of knowledge. It is a systematic and scientific search for information on a specific topic.

"Research is a process of steps used to collect & analyze information to increase our understanding of a topic or issue."

- Creswell

OBJECTIVES

- ✓ To study the buying behaviour of consumers towards ready-to-eat (packaged) food products.
- ✓ To identify the various factors which affects the purchasing decision of consumers towards ready-to-eat (packaged) food products.

HYPOTHESIS

$H_{0:}$ There is no significant difference between the buying behaviour of consumers towards ready-to-eat food products on the basis of nationality (Mean score of American consumers = Mean score of Indian consumers)

$H_{1:}$ There is a significant difference between the buying behaviour of consumers towards ready-to-eat food products on the basis of nationality (Mean score of American consumers ≠ Mean score of Indian consumers)

RESEARCH DESIGN:

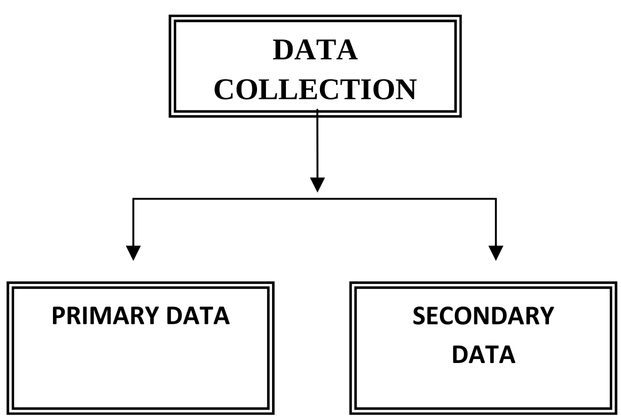
It is Descriptive study because systematized data collection has been done to arrive at conclusions that can be taken for improvement.

SAMPLE DESIGN:

The study is based on Primary Data & Secondary Data

- Sample Area – Plano, Texas
- Sample Size – 100 (50 Indians and Americans each who resides in Plano, U.S.A)
- Sample Technique – Simple Random Sampling

COLLECTION OF DATA



1. Primary data: It is obtained by getting the questionnaire filled up by consumers of Plano.

2. Secondary data: Secondary data is collected through authorized Websites, Journals, magazines & Research papers.

LIMITATIONS

- This study is confined only to the selected consumers of Plano.
- There was limitation of time to conduct such a big survey in limited available time.
- Sample size is less due to time and cost constraint.
- Findings of this study cannot be generalised to the entire population as sample size is less.

Data Analysis & Interpretation

1. Please indicate your food preference-

Table-1

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Vegetarian	27	27.8	27.8	27.8
	Non-vegetarian	12	12.4	12.4	40.2
	Both	58	59.8	59.8	100.0
	Total	97	100.0	100.0	

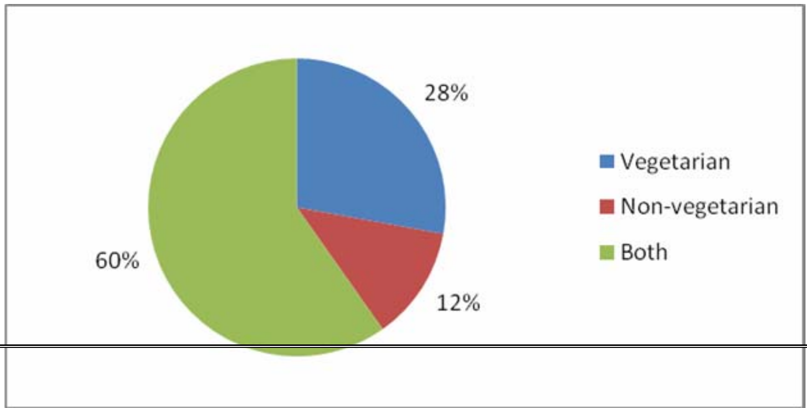


Fig-1

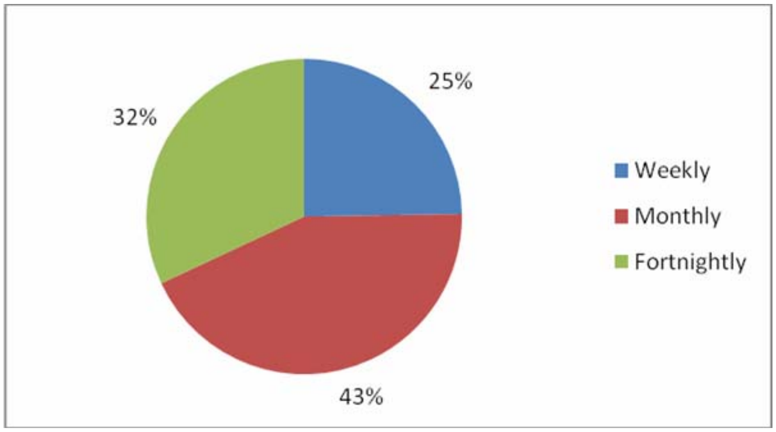
Interpretation: 60% respondents prefer both vegetarian and non-vegetarian food whereas 28% respondents prefer vegetarian food followed by 12% respondents who prefer non-vegetarian food.

2. How often do you buy packaged food?

Table-2

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Weekly	24	24.7	24.7	24.7
	Monthly	42	43.3	43.3	68.0
	Fortnightly	31	32.0	32.0	100.0
	Total	97	100.0	100.0	

Fig-2



Interpretation: 43% respondents accept that they buy the ready-to-eat food products monthly, followed by 32% respondents buy fortnightly and remaining respondents i.e. 25% buy monthly.

3.Why do you buy packaged food?

Fig-3

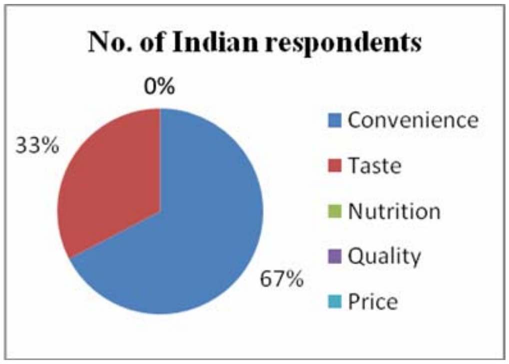
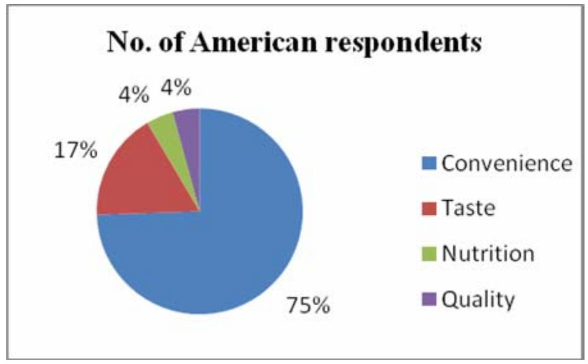


Fig-4



Interpretation: 75% American respondent reveals that they buy the ready-to-eat food products for convenience followed by 17% respondents buy packaged food for taste; remaining 8% respondents bought packaged food for Nutrition and Quality respectively.

Whereas on the other side, 67% Indian respondents buy ready-to-eat food products for convenience and remaining 33% respondents buy packaged food for taste.

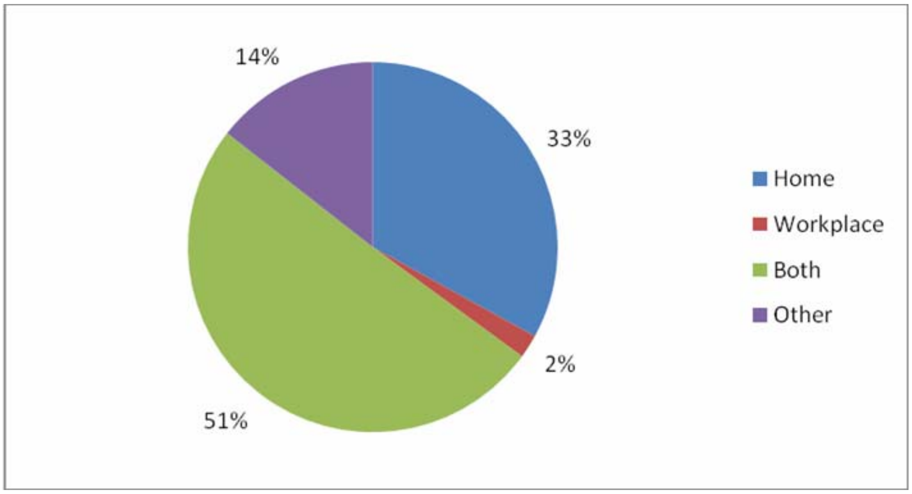
The results of this graph reveal that the main significant reason of buying ready-to-eat food products or packaged food is the convenience. Due to the busy working schedule of respondents they do not get time to prepare their meals at home, that's why they prefer ready-to-eat food products more.

4. Usually, where do you consume ready-to-eat (packaged) food?

Table-3

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Home	32	33.0	33.0	33.0
	Workplace	2	2.1	2.1	35.1
	Both	49	50.5	50.5	85.6
	Other	14	14.4	14.4	100.0
	Total	97	100.0	100.0	

Fig-5



Interpretation: 51% respondents said that they consume ready-to-eat food products both at home and at workplace followed by 33% respondents consumed at home, 14% consumes packaged food other than home and workplace, and remaining 2% consumes the packaged food at workplace.

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

Table-4

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Monday to Friday	6	6.2	6.2	6.2
	Saturday to Sunday	33	34.0	34.0	40.2
	All days	58	59.8	59.8	100.0
	Total	97	100.0	100.0	

Fig-6

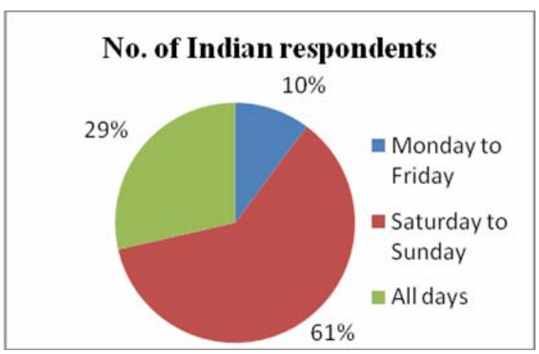
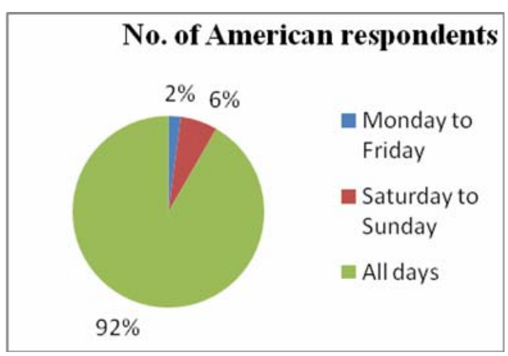


Fig-7



Interpretation: 61% Indian respondents consumed packaged food mostly on

Saturday and Sunday, 29% respondents accept that they consumed packaged food on all the seven days followed by 10% respondents who consumed packaged food from Monday to Friday.

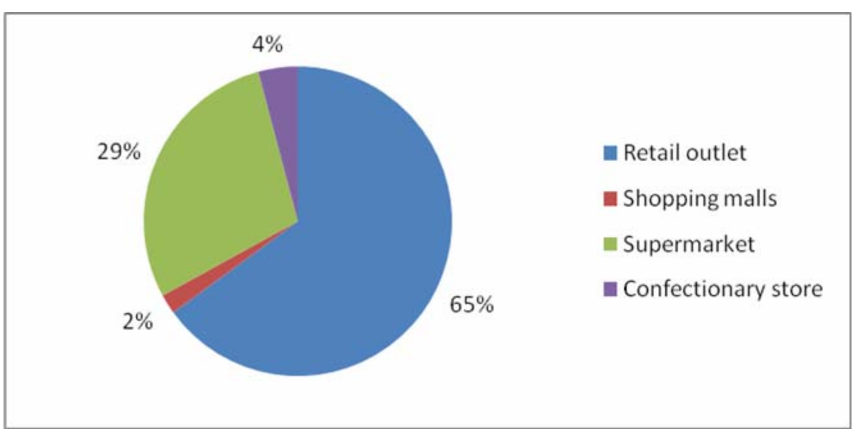
Whereas 92% American respondents mostly consumed packaged food on all the seven days, 6% respondents accept that they consumed packaged food only on Saturday and Sunday followed by 2% respondents who consumed packaged food from Monday to Friday. Therefore, above graphs depict that American consumers consumed packaged food on all the seven days whereas Indian consumers mostly consumed packaged food on Saturday and Sunday.

6. From where do you buy ready-to-eat (packaged) food?

Table-5

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Retail outlet	63	64.9	64.9	64.9
	Shopping malls	2	2.1	2.1	67.0
	Supermarket	28	28.9	28.9	95.9
	Confectionary store	4	4.1	4.1	100.0
	Total	97	100.0	100.0	

Fig-8



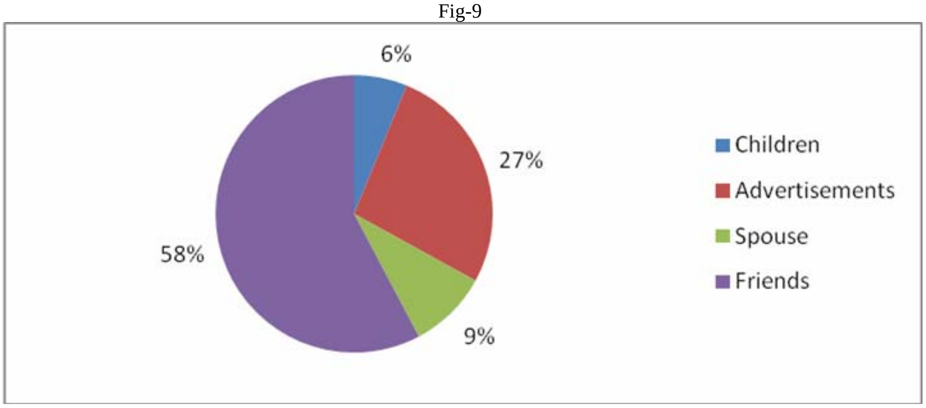
Interpretation: 65% respondents accept that they prefer to buy packaged food from retail outlets followed by 29% respondents who would like to purchase packaged food from supermarket and remaining respondents prefer to buy packaged food from confectionary store and shopping malls with the mark of 4% and 2% respectively.

7. What influences your (as an individual) decision on choice of food products you purchase?

Table-6

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Children	6	6.2	6.2	6.2
	Advertisements	26	26.8	26.8	33.0
	Spouse	9	9.3	9.3	42.3
	Friends	56	57.7	57.7	100.0
	Total	97	100.0	100.0	

Fig-9



Interpretation: Above graph shows that, 58% respondents accept that their behaviour for packaged food is mainly influenced by their friends recommendation whereas 27% respondents believe that their decision on choice of food products they purchase are influenced by advertisements followed by 9% respondents accept that their behaviour of buying packaged food is mainly driven by their spouse's choice whereas remaining 6% respondents considers their children as the influencer who influences their parents purchasing decision regarding buying packaged food.

H_0: There is no significant difference between the buying behaviour of consumers towards ready-to-eat food products on the basis of nationality (Mean score of American consumers = Mean score of Indian consumers)

H_1: There is a significant difference between the buying behaviour of consumers towards ready-to-eat food products on the basis of nationality (Mean score of American consumers ≠ Mean score of Indian consumers)

Group Statistics Table-1

	Nationality	N	Mean	Std. Deviation	Std. Error Mean
Buy RTE products	1	48	1.00	.000	.000
	2	49	1.08	.277	.040
RTE products expensive	1	48	1.10	.309	.045
	2	49	1.04	.200	.029
Nutritious value of RTE products	1	48	1.52	.505	.073
	2	49	1.20	.407	.058
Satisfaction level from RTE products	1	48	1.75	.526	.076
	2	49	2.33	.625	.089
Likeliness to recommend RTE products	1	48	1.67	.595	.086
	2	49	2.47	.819	.117

Nationality 1= American, 2= Indian

Interpretation: According to Table 1:

- Indian consumers (mean score 1.08) are more inclined towards buying of ready-to-eat food products as compare to American consumers (mean score 1.00).
- American consumers (mean score 1.10) accepted that ready-to-eat products are expensive as compared to Indian consumers (mean score 1.04).
- American consumers (mean score 1.52) believed that ready-to-eat products are less nutritious than fresh food products as compare to Indian consumers (mean score 1.20).
- Indian consumers (mean score 2.33) are more satisfied with the consumption of ready-to-eat food products as compare to American consumers (mean score 1.75).
- Indian consumers (mean score 2.47) would like to recommend ready-to eat food products as compare to American consumers (mean score 1.67).

Independent Samples Test Table-2

	Levene's Test for Equality of Variances		t-test for Equality of Means						
								95% Confidence Interval of the Difference	
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper

Buy RTE products	Equal variances assumed	20.135	.000	-2.044	95	.044	-.082	.040	-.161	-.002
	Equal variances not assumed			-2.066	48.000	.044	-.082	.040	-.161	-.002
RTE products expensive	Equal variances assumed	6.109	.015	1.202	95	.232	.063	.053	-.041	.168
	Equal variances not assumed			1.197	80.281	.235	.063	.053	-.042	.169
Nutritious value of RTE products	Equal variances assumed	24.907	.000	3.405	95	.001	.317	.093	.132	.501
	Equal variances not assumed			3.397	90.145	.001	.317	.093	.132	.502
Satisfaction level from RTE products	Equal variances assumed	2.599	.110	-4.909	95	.000	-.577	.117	-.810	-.343
	Equal variances not assumed			-4.918	92.882	.000	-.577	.117	-.809	-.344
Likeliness to recommend RTE products	Equal variances assumed	5.661	.019	-5.511	95	.000	-.803	.146	-1.092	-.514
	Equal variances not assumed			-5.529	87.697	.000	-.803	.145	-1.091	-.514

Interpretation: The results of levene test (Table 2) are significant at 5% level of significance indicating that:

- **There is a significant difference in the variance on the opinion of the respondents towards "buying ready-to-eat food products" on the basis of nationality.**
- **There is a significant difference in the variance on the opinion of respondents towards "ready-to-eat food products expensive" on the basis of nationality.**
- **There is a significant difference in the variance on the opinion of respondents on "ready-to-eat food products are less nutritious than fresh food products" on the basis of nationality.**
- There is no significant difference in the variance on the opinion of respondents on "satisfaction level derived from ready-to-eat food products" on the basis of nationality.

- **There is a significant difference in the variance on the opinion of respondents towards "likeliness to recommend ready-to-eat food products" on the basis of nationality.**

Findings & Suggestions

Findings-

- An important finding emerged out from the survey is that, 75% American respondents buy ready-to-eat food products for convenience followed by 17% respondents buy packaged food for taste; remaining 8% respondents bought packaged food for nutrition and quality (4% each) respectively. Whereas on the other hand, 67% Indian respondents buy ready-to-eat food products for convenience while 33% respondents buy packaged food for taste.
- 92% American respondents consumed packaged food mostly on all the seven days, 61% respondents accept that they consumed packaged food only on Saturday and Sunday followed by 2% respondents who consumed packaged from Monday to Friday while on the other hand 61% Indian respondents consumed packaged food mostly on Saturday and Sunday, 24% respondents accept that they consumed packaged food on all the seven days followed by 10% respondents who consumed packaged food from Monday to Friday.
- Majority of respondents with 65% accept that their buying behaviour for packaged food is mainly influenced by their friend's recommendation whereas 27% respondents believed that their decision on choice of food products they purchase are influenced by advertisements followed by 9% respondents who accept that their behaviour of buying packaged food is mainly driven by their spouse's choice whereas remaining 6% respondents consider their children as their influencer who influences their purchasing decision regarding buying packaged food.

Suggestions-

- According to the findings, American consumers find ready-to-eat food products more expensive as compare to fresh food products; manufacturers must concentrate on low down the prices of ready-to-eat food products for attaining the maximum consumers' response.

- It is found from the study that, American consumers believed that ready-to-eat food products contain less nutritious value than fresh food products. Ready-to-eat food products must contain necessary nutritional healthy ingredients which makes packaged food as healthy as fresh food.

Conclusion-

Nowadays, ready-to-eat food products are gaining familiarity due to increasing numbers of working population, nuclear families, increasing numbers of working women, bachelors who stay away from the home due to their work assignments etc. Consumers opt ready-to-eat food products mainly for the convenience so that they can spend some quality time with their family members and loved ones. Ready-to-eat food products made people's life easy, especially the working population simple to a good extent. As per findings of this study, especially American consumers believed that ready-to-eat food products contain less nutrition value as compared to the fresh food products and these food products are expensive too.

So it can be concluded from the study that, working population who do not have time and energy to cook food opt to go in for ready-to-eat food products. But it can be dangerous if they continue this practice in a long run. As these food items contain good amount of preservatives which is hazardous for our health; they should opt for natural fresh foods as these are far better for enhancing health and longevity.

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