

# Consumer Behavior in the Ready to Eat Foods Category: An Exploration in an Emerging Market

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## ABSTRACT

The aim of this paper is to explore consumer behavior in the ready to eat foods category in an emerging market where the category is relatively new and under-penetrated. Within the field of consumer behaviour, we would be focusing on the purchase decision of customers and the possible parameters like occasion, lifestyle, age and gender that may influence that process. Ready to eat foods (RTEs) are defined as those food items that have already been prepared and do not require any further preparation apart from basic heating. We use the Theory of Planned Behavior as a framework to examine attitudes, subjective norms, perceived behavioral control and purchase intention of RTEs. Based on a survey of 112 respondents in urban India who belonged to diverse demographic backgrounds, we find that there is low overall attitude towards RTEs (2.5 on a 7-point scale) and low intention to buy (2.9/7). We also find that people with a traditional or health-oriented lifestyle have a negative attitude towards RTEs while people who are convenience or taste oriented have a positive attitude towards RTEs. Overall, attitude has a positive and most significant influence on purchase intention ( $r^2 = 0.52$ ) and the model that best predicts purchase intention ( $r^2 = 0.60$ ) is one which includes subjective norms, attitudes and perceived behavioral control. Respondents showed a higher preference for consuming RTEs for breakfast compared to lunch or dinner. Attitudes and purchase intention did not vary significantly by gender of the respondent. Our findings are useful for RTE manufactures in India who want to grow the category and their market share

## Background and Literature Review

Large emerging markets like China and India have annual GDP growth rates of over 7 percent and thus represent significant potential for introducing new categories and developing business in existing categories. The Ready to eat foods category (RTEs) is a relatively nascent category in the Indian market. The RTE food industry in India is currently valued at approximately \$40 million and is expected to growth at a rate of 19 percent per year. The most popular brands on the market are Nestle Maggi, Nissin Noodles, ITC Yippee, MTR 3 Minute Breakfast, ITC Kitchens

of India and MTR Instant Curries. Growth drivers for this category are expected to be increased disposable income among the upper and middle- class consumers in India and changing lifestyles of working professionals which emphasize the need for speed and convenience.

Consumer behavior in the ready to eat category (RTE) has been studied in developed countries. Lovell (2011) categorizes the parameters that may affect a customer's decision to purchase RTEs into two groups: product attributes and demographic factors. Mahon, Cowan and McCarthy (2006) used the Theory of Planned Behavior to analyze the consumer behavior towards ready to eat foods in the UK. Ryu (2010) categorized RTE consumers into 4 profiles: health oriented, taste oriented, convenience oriented and tradition oriented. Inga-Britt and Gunnar (2006) examined how gender influences choice of RTEs. Kesic, Piri Rajh and Kesic (2008) found that consumers can be categorized based on food related values such as meal preparation time, occasion of consumption and role of influencers in the purchase decision. Ahlgren et. al (2005) define meals as full meals and partial meals- breakfast and snacks would qualify as partial meals and lunch and dinner qualify as full meals. Clark (1998) explored the importance of taste in food product related decisions and found that the connection between taste and attitude builds food categories. Stubenitsky and Mela (2000) applied the theory of planned behavior to understand consumer purchase intentions of starchy foods in Great Britain. The purpose of our study was not only to understand how these factors would impact the purchase decision in the Indian context, but also to factor in a new variable that hasn't been explored from a decision making point of view. This is the meal for which the RTE has been purchased, i.e. the occasion for consumption – breakfast, lunch, snack or dinner.

#### *Theory of Planned Behavior and Application to our model*

We used the Theory of Planned Behavior as a framework for our research on RTEs in India. The Theory of Planned Behaviour model designed by Icek Ajzen is an extension of the Theory of Reasoned Action. It relates one's beliefs to their behaviour. The model is comprised of three inputs: attitude arising from one's beliefs and lifestyle, subjective norms, and perceived behavioral control. The overall output to this model is purchase intention.

To apply this model to our paper, we developed a two staged model-

- A) Beliefs lead to attitude and
- B) Attitude along with subjective norms & perceived behavioral control lead to purchase intention.

Beliefs are associated with a person's lifestyle, so we measured beliefs along four lifestyle orientations: Health orientation, Taste orientation, Tradition orientation and Convenience orientation. We also explored the role of moderators such as demographics (age, gender) and occasion of consumption.

A representative sample of 112 respondents filled up the questionnaire. The respondents included students, working professionals and consisted of both single and married individuals. 40 percent of respondents were females and 60 percent were males. 41 percent of the respondents were single while the rest married. Respondents were asked to rate statements on a 7-point Likert scale. An overall analysis shows that the overall attitude of people towards RTEs is 2.5/7, which indicates that in India, RTEs are still far from even the average level of acceptance. Similarly, the overall purchase intention lies low at 2.89/7.

*Hypothesis 1 - People with higher Health and tradition orientation will have a negative attitude towards RTEs*

In line with our hypotheses, we found that both Health and Tradition Orientation have a negative correlation with Attitude towards RTEs. When the two segments were taken together, a resultant  $r^2$  of 0.43 was obtained, indicating a good model fit.

*Hypothesis 2 - People with higher Taste and Convenience orientation will have a negative attitude towards RTEs*

It was found that Taste orientation and Convenience orientation were positively correlated to Attitude. Taste orientation gave an  $r^2$  of 0.35 while Convenience orientation yielded an  $r^2$  of 0.40.

*Hypothesis 3 - People with a positive attitude have a higher purchase intention for RTEs*

It was found that a high positive correlation (Coefficient: 0.52) exists between the Attitude towards RTEs and Purchase intent ( $r^2 = 0.52$ ).

*Hypothesis 4 - People with high subjective norms have lower purchase intention for RTEs*

A negative relationship (Coefficient: -0.51) was observed between Subjective Norms and Purchase Intention indicating that people with higher adherence to subjective norms have a lower purchase intention for RTEs.

To understand more about the influence of subjective norms, we divided it in two parts:

- A) The opinion of others regarding a particular behavior
- B) The motivation to comply to those opinions of others

The second statement (B) has shown a stronger negative relationship with attitude which implies individuals who tend to value the opinions of elders will have a more negative attitude towards RTEs.

### *Hypothesis 5 - Attitudes, Subjective norms and PBC together contribute to Purchase Intention*

Next, we tested the overall quality of our model, putting together the three independent variables i.e. Subjective norms, Attitude (Derived from Beliefs) and Perceived Behavioral Control to predict the Purchase Intention (Dependent variable). All the three factors considered together turn out to be a better predictor of purchase intention with an overall  $r^2 = 0.604$ .

### *Influence of moderators*

*Occasion* - We studied the influence of purchase occasion on purchase intention. Breakfast/ Snacks was found to be the more preferred occasion for having RTEs and 80.36% of our survey respondents preferred RTEs as a partial meal while 19.64% preferred to have RTEs for Lunch/ Dinner. We observed how occasion affects the relationship between Attitude and Purchase Intention. We discovered that a higher association exists between Attitude and the Purchase Intention for Lunch/ Dinner as this model had a higher  $r^2$  of 0.59. This was in comparison to the  $r^2$  of 0.46 observed when Breakfast/ Snacks were taken as the occasion. Hence, we came to the conclusion that though breakfast is the preferred occasion for consumption, purchase of RTEs for breakfast is an impulse purchase while that of Lunch/Dinner is a planned purchase.

*Gender and Age and Presence of Children* - To strengthen the model further, we added another moderator, i.e. gender, this time between Beliefs and Attitude. Gender when taken as the sole moderator, proved to be insignificant in determining the relation between Beliefs and Attitude towards RTEs. However, when gender was taken in combination with age, it was observed that below the age of 25, Male and female survey respondents did not have any difference in their Beliefs, and hence Attitude towards RTEs and Purchase Intention (2 tailed t test significance  $> 0.05$ ). However, for individuals above the age of 25, males and females varied on these aspects (2 tailed t test significance  $< 0.05$ ). Male respondents did not change their Lifestyle Orientations and Beliefs even after the age of 25. Female respondents however became more averse to RTEs, above the age of 25, showing a less favorable attitude towards the category and lower intent to purchase.

Upon a closer look at the mean scores of Health orientation for females below the age of 25, and for females above the age of 25 separately, it was observed that the Health orientation increased for women after they cross 25 years of age, rising from 3.625/7 to 5.97/7. This shows that one of the reasons why women change their Attitude after the age of 25, could be the increased Health orientation. Another factor we took into consideration was the presence of children. A two tailed t test of purchase intention with presence of children as a grouping variable reveals a significant difference ( $P < 0.05$ ). Women do go through a major life change at the age of 25, especially in India. It is the age at which most women get married and have children. Women tend to mature at that age, becoming more conscious of their lifestyles and making improvements on it, to become healthier. These small lifestyle changes could be the

reason for development of a negative Attitude and low Purchase Intention towards RTEs after the age of 25 in women.

## Conclusion and Business Implications

Our findings suggest that attitudes stem from beliefs or lifestyle orientation. This can prove to be useful to brands when determining which segment of the population to focus marketing on. Traditional and health-oriented individuals will have a negative attitude towards RTEs whereas those who are convenience or taste oriented are a better choice as the target group for RTEs.

Though a favourable attitude does translate into higher purchase intention, it works in combination with the subjective norms and perceived behavioural control. While attitude is the major contributor, in the Indian culture it is important to abide by what elders and people around say (Subjective Norms). Brands must aim at getting buy in from the elder members of Indian society to address inhibitions against RTEs.

Attitude towards RTEs and their purchase intention are closely correlated, and occasion is a moderator with the power to strengthen or weaken that relationship. While breakfast/ snacks are the preferred occasion for consumption, the purchase intent is higher for Lunch/ Dinner. It appears that RTE consumption for snacking is an impulse purchase while RTE consumption for Lunch/ Dinner is a planned purchase. Marketing managers should develop a wide range of RTEs to cover all purchase occasions and market them both for impulse and planned purchases

Gender in combination with age prove to be a major moderator between beliefs and attitude, also affecting overall purchase intention. Males and females show similar behavioural characteristics only until the age of 25, after which females develop a stronger health orientation leading to negative attitude and lower purchase intention. Changes in lifestyle orientation should be considered by brands when designing their offerings.

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*Relevance to Marketing Educators, Researchers and Practitioners:* We explored consumer behavior in the ready to eat foods category in an emerging market where the category is relatively new and under-penetrated. Our findings indicate that people with a traditional or health-oriented lifestyle have a negative attitude towards RTEs while people who are convenience or taste oriented have a positive attitude towards RTEs. The model that best predicts purchase intention is one which includes subjective norms, attitudes and perceived behavioral control. Marketing educators can use our research to demonstrate the application of the theory of planned behavior. Researchers and practitioners will note that segmentation is useful in exploring consumer behavior even in under-penetrated product categories.

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