Impact of income level, family type, family size and food habit on consumers' expenditure on eating American foods

POOJA S BHAT and TN VENKATA REDDY*

Department of Agricultural and Rural Management
Tamil Nadu Agricultural University, Coimbatore 641003 Tamil Nadu, India
*Department of Agricultural Marketing, Cooperation and Business Management
University of Agricultural Sciences, GKVK, Bengaluru 560065 Karnataka, India
Email for correspondence: poojasbhat@yahoo.co.in

ABSTRACT

American food restaurants (AFRs) in order to be successful in the long-term must adapt to the Indian preferences of the new generation. They can include menu items that suit the taste palatability of the Indian consumers and foods that are perceived as healthy by the Indian consumers. The study was conducted to find out the impact of income level, family type, family size and food habit on consumers' expenditure on eating American foods (per visit). Samples for the study totalled 90 consumers of American style foods in Bengaluru city who were interviewed for their preference for different AFRs viz McDonald's, Pizza Hut, Domino's, KFC, Papa Johns, Subway and Taco Bell. The data were analysed using chi-square technique. Findings highlighted that there was impact of income level and no impact of family type, family size and food habit on consumers' expenditure on eating American foods.

Keywords: American foods; income; food habit; expenditure; eating

INTRODUCTION

As American food restaurants (AFRs) capture overseas markets new franchises will inevitably open throughout India. To be successful in the long-term the franchises must adapt to the Indian preferences of the new generation. This exploratory study will benefit AFRs as they can include menu items that suit the taste palatability of the Indian consumers and foods that are perceived as healthy by them. It goes beyond food preferences and into the fundamental thought in eating patterns. It breaks down the eating patterns by three major parameters viz income, food habit and family size. Making strategic decisions on the food menus or practices based on the data will also benefit Indian consumers. They will enjoy the food while avoiding negative health externalities such as obesity and other lifestyle disorders.

The spending for food away from home increases significantly as income rises while spending for food prepared at home increases more modestly. The reverse relationship is true for increases in household size (Smallwood and Blaylock 1981).

French et al (2010) reported that higher income households spent significantly more dollars per person per month from both home and eating out sources compared to lower income households. Within eating out sources lower income households spent a significantly greater per cent of dollars per person at carry out places (54% versus 37%, p <0.01).

As per study made by Bagri (2014) India has long had a reputation as being unfriendly to foreign businesses but when it comes to fast food, international chains are being warmly welcomed by a young upwardly mobile population. Despite the country's economic troubles the average middle-class Indian consumers' spending power is steadily increasing with more people particularly women entering the workforce. In addition Indians' increased exposure to international cuisine through the media and travel makes the country a desirable destination for international food chains looking to expand globally.

The study was aimed at analyzing the impact of income level, family type, family size and food habit on consumers' expenditure on eating American foods (per visit). AFRs have registered immense growth in the last decade. Consumers' perception is considered as a pivotal determinant of the frequency of visits to a restaurant. The study affords AFRs the opportunity to improve their competitiveness and service quality. For the purpose of designing new products and services and also for the effective marketing strategies that fulfil consumer needs it is quite essential to know how people receive, store and use consumption-related information and finally make consumption decision.

The health issues of the consumers should also be given importance accordingly with the palate and more promotional activities should be carried upon to make the American foods reach a larger number of people. Food consumption is likely to be influenced by physiological, psychological and sociological factors. With increasing competition in the business scenario it is the consumers who take the final call in deciding the nature of the products and services offered in the market. The consumers are well informed and as a result selective in their purchase decisions. In fact the perception and the expectation of the consumers have undergone a vast change with the availability of services at their door step through state of the art technologies. Each consumer is unique and this uniqueness is reflected in his/her consumption pattern.

METHODOLOGY

Samples for the study totalled 90 consumers of American style foods in Bengaluru city who were interviewed for their preference of different American food restaurants viz McDonald's, Pizza Hut, Domino's, KFC, Papa Johns, Subway and Taco Bell. The data were analysed using chi-square technique in order to determine whether there were significant differences between the expected and the observed frequencies in one or more categories viz income, food habit, family type and family size as given below:

$$Chi-square = \frac{\sum[(O-E)-0.5]^2}{E} \approx (r-1)\ (c-1)\ df$$

where O= Observed frequency in each category,E= Expected frequency in the corresponding category, df= Degrees of freedom

RESULTS and DISCUSSION

The impact of income level, family type, family size and food habit on consumers' expenditure on eating American foods is given in Table 1.

It is evident from the data that all the respondents who had monthly income of Rs 5000 to 10000 spent Rs 100-500 per visit on American foods. In case of monthly income group of Rs 10001 to 20000 majority (88.89%) respondents fell in this category. Under the monthly income group of Rs 20001 to 30000 higher number of respondents (63.63%) spent Rs 1001-2000. Similar was with the group having monhly income of Rs 50001 to 100000. However people having monthly income above Rs 100000 spent maximum Rs 100 to 500 only. The results indicate that with increase in income the spending power also increased. This indicates that there existed a positive relationship between consumers' monthly expenditure and monthly income. Similar results were obtained by Kubendran and Vanniarajan (2005) who while studying the changes in the consumption pattern due to changes in food habits found that if income and urbanization increased among consumers the percentage of income spent on confectionery items also increased. Srividhya (2014) also made similar observations.

Majority of people (68.19%) belonging to nuclear families spent Rs 100 to 500 per visit followed by 25.00 per cent who spent Rs 1001 to 2000. However there was no impact of family type on consumers' expenditure on eating American foods (per visit). Majority consumers (100.00, 70.00 and 55.56%) belonging to large, small and medium family size categories respectively spent Rs 500 to 1000 per visit. However there was no impact of family size on consumers' expenditure on eating American foods. Similar was the case with the impact of food habit of consumers. Majority (71.05 and 65.38%) vegetarians and non-vegetarians respectively spent Rs 500 to 1000 per visit but the impact of food habit on the expenditure was non-significant.

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Table 1. Consumers' expenditure on eating American foods (per visit) as influenced by different parameters (n= 90)

Parameter	Number of respondents				x^2
	Expenditure (Rs)			Total	
	100-500	501-1000	1001-2000		
Monthly income (Rs)					58.3222*
5000 to 10000	23 (100.00)	0 (0.00)	0 (0.00)	23 (100.00)	
10001 to 20000	16 (88.89)	2 (11.11)	0 (0.00)	18 (100.00)	
20001 to 30000	4 (36.37)	0 (0.00)	7 (63.63)	11 (100.00)	
30001 to 50000	2 (50.00)	2 (50.00)	0 (0.00)	4 (100.00)	
50001 to 100000	6 (26.10)	3 (13.04)	14 (60.86)	23 (100.00)	
>100000	10 (90.91)	0 (0.00)	1 (9.09)	11 (100.00)	
Family type					3.5673
Nuclear	60 (68.19)	6 (6.81)	22 (25.00)	88 (100.00)	
Joint	1 (50.00)	1 (50.00)	0 (0.00)	2 (100.00)	
Family size (number of members)					5.9970
Small (up to 4)	49 (70.00)	5 (7.14)	16 (22.86)	70 (100.00)	
Medium (5)	10 (55.56)	2 (11.11)	6 (33.33)	18 (100.00)	
Large family (>6)	2 (100.00)	0 (0.00)	0 (0.00)	2 (100.00)	
Food habit					0.6448
Vegetarian	27 (71.05)	3 (7.90)	8 (21.05)	38 (100.00)	
Non-vegetarian	34 (65.38)	4 (7.70)	14 (26.92)	52 (100.00)	

Figures in parentheses represent percentage to the row total, *Significant at 5 per cent level

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