
A Study Of Domino's Pizza With Reference To Marketing Strategies And Consumer Behaviour In Jammu

Fast Food Industry

The thought of fast food isn't new. Early in the 19th century, at the commence of the Industrial Age when individuals had to work 12 to 14 hours a day, there was hardly any time for long breaks for eating. The first snack bars and kiosks arose in front of factories. Today, fast food outside the home has turn out to be an indispensable part of our lifestyle.

The emergence of the fast food industry has, transformed urban food culture in India to some extent. In India, fast food culture emerged after independence. Eating at home used to be a significant aspect of Indian culture. However, over a period of time, with a growth in the number of nuclear families, economic growth and increasing per capita income as well as globalization, fast food culture gained prominence. Similarly, children also resorted to fast food due to their exposure to global urban culture and western cuisine which accelerated their desire for cheap and delicious fast food. Moreover, fast food costs less than traditional meals commencing with appetizer and concluding with dessert. With the liberalization of the economy in 1992, new multinational fast food giants targeted India as a huge potential market with their outlets. Burger King, Pizza Hut, Domino's Pizza, McDonald's and KFC outlets are functioning in shopping malls and other public areas. Changing consumer behaviour and favourable demographics led India to witness a tremendous growth in fast food restaurant industry (Shanker, 2010).

Fast food is the term given to food that can be prepared and served very quickly. While any meal with low preparation time can be considered to be fast food, typically the term refers to food sold in a restaurant or store with low quality preparation and served to the customer in a packaged form for take-out/take-away. The fast food industry in India has evolved with the changing lifestyles of the young Indian population. The sheer variety of gastronomic preferences across the regions, hereditary or acquired, has brought about different modules across the country. It may take some time for the local enterprise to mature to the level of international players in the field. Many of the traditional dishes have been adapted to suit the emerging fast food outlets. The basic adaptation is to decrease the processing and serving time. For example, the typical meal which called for being served by an ever alert attendant is now offered as a Mini-Meal across the counter. In its traditional version, a plate or a banana leaf was first laid down on the floor or table. Several helpers then waited on the diner, doling out different dishes and refilling as they got over in the plate.

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The powerful fragmentation of consumers nowadays, represents a tendency that should be taken into consideration, in order to identify and improve the quality dimensions of the products which are important for each category of consumers. Young people are not concerned with food preparation and that is why, they prefer to go out for their meals. They usually go to fast-food restaurants, especially when there is nobody to cook for them and also when they want to socialize. Although they have the necessary knowledge about the nutritional value of food and its effects on their body, they don't act accordingly. Fast food restaurants are famous because they serve the food very fast, they are cheap and they easily replace homemade food. Although people, who are usually very busy working, find fast-foods advantageous, we should all be aware of the fact that fast-food products are high in calories, fats, sugar and salt. Even so, young people admit that it is very difficult for them to change their food habits especially because they don't have time and discipline to do it. The accessibility of the location is another motive for young people to prefer fast foods. Unlike the restaurants, which are located in less accessible areas for the young people, fast-foods are located in their way towards their home or downtown, and they are more numerous. Easiness of finding a fast-food could be associated with the lack of time or the hurry. Choosing one particular fast-food depends on its flexibility and capacity to adapt to young people's needs. These needs are in fact young people's desires to easily find a place to eat, opened at any time, with a products display, to be able to order fast, to eat the food ordered rapidly, to have a place to socialize with their friends and to take away the food or order at home when they do not want or do not have time to have the meal at fast-food. (Source: Journal of tourism, 2014)

The Start of Fast Food Culture

The concept of fast food pops up during 1920s. The 1950s first witnessed their rapid proliferation. Several factors that contributed to this explosive growth in 50's were:

- (1) America's love affair with the automobiles.
- (2) The construction of a major new highway system.
- (3) The development of sub-urban communities.
- (4) The baby boom subsequent to world war second.

"Fast-food chains initially catered to automobile owners in suburbia. The notion of "fast" food reflected American culture in which speed and efficiency are highly prized."

India: Emerging Market for Global Players

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The percentage share held by foodservice of total consumer expenditure on food has increased from a very low base to stand at 2.6 per cent in 2001. Eating at home remains very much ingrained in Indian culture and changes in eating habits are very slow moving with barriers to eating out entrenched in certain sectors of Indian society. Traditionally, eating out was looked down upon in Indian society. The growth in nuclear families, particularly in urban India, exposure to global media and Western cuisine and an increasing number of women joining the workforce have had an impact on eating out trends. Increasingly, eating out is becoming synonymous with entertainment. And very often, it is preferred as a time-saving option to cooking. Not surprisingly, takeaways are becoming increasingly popular India is among the top three countries globally having highest number of people in the spending capacities in the age group of 25-49 yrs. India is placed at the second rank in the 2004 global retail development index an annual ranking of retail investment attractiveness among 30 emerging markets. The lack of consolidation and model retail concepts in India presents better opportunity to global players. Over 400 shopping malls, multiplexes, fast food giants, restaurants etc. are in planning or construction stage across the country.

Fast food is one of the world's largest growing food type. India's fast food industry is growing by 40 per cent a year and is expected to generate a billion dollars in sales by 2005. The multinational segment of Indian fast food industry is up to \$6 billion, a figure expected to zoom to \$70 billion by 2005. By 2005, the value of Indian dairy products is expected to be \$1,00,000 million. In last 6 years, foreign investment in this sector stood at \$3600 million which is about one-fourth of total investment made in this sector. Because of the availability of raw material for fast food, Global chains are flooding into the country. (Source: Food Retailing: Fast Food Industry, 2005)

Market Size & Major Players

- Dominated by McDonalds having as many as 75 outlets.
- Domino's pizza is present in around 100 locations.
- Pizza hut is also catching up and it has planned to establish 125 outlets at the end of 2005.
- Subways has established around 40 outlets.
- Nirulas is established at Delhi and Noida only. However, it claims to cater 50,000 guests every day.

Major players in fast food are:

- McDonalds
- Nirulas
- Pizza hut

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- Domino's pizza

Multinational fast-food companies have given domestic competition a run for its money. While McDonalds sells more than Nirulas, Pizza Hut and Dominos are doing more business than Pizza Corner. Within nine years of their existence in India since 1996, the multinationals have grown at a faster pace than their Indian counterparts. According to industry estimates, in 2001, while McDonald's clocked a turnover of about `125 crore (`1.25 billion), the home-grown Nirulas, which has been present in the country since 1934, could only garner `100 crore (`1 billion) turnover. Also, both Dominos Pizza Hut and Dominos clocked a turnover of about `60 crore (`600 million) but Pizza Corner lagged behind with a turnover of `25-30 crore (`250-300 million). The main reason behind the success of the multinational chains is their expertise in product development, sourcing practices, quality standards, service levels and standardized operating procedures in their restaurants, a strength that they have developed over years of experience around the world. The home grown chains have in the past few years of competition with the MNCs, learnt a few things but there is still a lot of scope for improvement. We have applied our learning experience from other countries in all the processes including consistency, marketing, distribution and training to the local market conditions. It's now that the domestic chains have realized the importance of such practices. Nirulas is thus beefing up its organizational structure. Another key reason behind the success of multinationals is the ability to attract youngsters.

While Mc Donalds has been able to attract people below 30, Dominos is targeting the 'convenience-seeker.' Nirulas, on the other hand, is known to appeal more to the 30-plus consumer. Small wonder, Nirulas has launched its '21' range of ice cream cafes to attract the younger lot. The challenge for the home grown chains is also to reinvent themselves to appeal to the younger consumer. However, the domestic chains are at an advantage since they understand the Indian consumer behaviour and eating habits and their product offerings have been tailored accordingly. Multinational chains like McDonalds and Pizza Hut are still on a learning curve trying to customize their menu to the Indian taste and food preferences. Pizza Hut, for example, launched its masala range of pizzas and also opened the world's first 100 per cent vegetarian outlet in India.

Domino, on the other hand, has launched its peppery paneer pizza keeping in mind the Indian taste buds. The food service market in India is estimated to be around `36,000 crore (`360 billion), of which the urban fast food quick service restaurants is around `1,000 crore (`10 billion). This segment is witnessing high growth of around 25-30 per cent per annum so the market has a lot of potential to grow. (Source: Food Retailing: Fast Food Industry, 2005)

Reason for Emergence

1. Gender Roles: gender roles are now changing. Females have started working outside. So,

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they have no time for their home and cooking food. Fast food is an easy way out because these can be prepared easily.

2. Consumer Sophistication and Confidence: consumers are becoming more sophisticated now. They do not want to prepare food and spend their time and energy in house hold works. They are building their confidence more on 'ready to eat and easy to serve' kind of foods.

3. Paucity of Time: people have no time for cooking. Because of emergence of working women and also number of other entertainment items. Most of the time either people work or want to enjoy with their family.

4. Double Income Group: emergence of double income group leads to increase in disposable income. Now people have more disposable income so they can spend easily in fast food and other activities.

5. Working Women: working women have no time for cooking, and if they have then also they don't want to cook because they want to come out of the traditionally defined gender roles. They do not want to confine themselves to household work and upbringing of children's. (Mayur Keshwani, 2009).

Economic Factor Affecting the Industry

I. Increase in per capita income: There is continuous increase in the per capita income of the Indian citizens. More income in hand results into more spending in comforts and entertainment and thus results into more and more spending on fast and ready to serve kind of foods.

II. Economic growth: With economic liberalization of 1991, more foreign and private industries entered the Indian market that result into income generation of the Indian residents – more income results into ore savings- more savings means more investment – more investment results into overall growth of the economy.

III. Large population: India being a second largest country in terms of population possesses large potential market for all the products/services. This results into entry of large number of fast food players in the country.

IV. Relaxation in rules and regulations: with the economic liberalization of 1991, most of the tariff and non tariff barriers from the Indian boundaries are either removed or minimized. This helped significantly the MNC's to enter in the country.

V. Growth in number of women's in the work force: there is increase in the number of women

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work force in the recent years because of the improvement in the literacy rate and also because of the large number of jobs are now available because of the entry of foreign and private players in the Indian market.

VI. Menu diversification: increase in consumption of pizzas, burgers and other type of fast foods.

Fast Food Industry Challenges:

a) Social and cultural implications of Indians switching to western breakfast food: Generally, Hindus avoid all foods that are believed to inhibit physical and spiritual development. Eating meat is not explicitly prohibited, but many Hindus are vegetarian because they adhere to the concept of ahimsa. Those seeking spiritual unity may avoid garlic and onions. The concept of purity influences Hindu food practices. Products from cows (e.g., milk, yogurt, ghee-clarified butter) are considered pure. Pure foods can improve the purity of impure foods when they are prepared together. Some foods, such as beef or alcohol, are innately polluted and can never be made pure. But now, Indians are switching to fast food that contain all those things that are considered impure or against their beliefs. Some traditional and fundamentalist are against this transformation of food habit and number of times they provoke their counterparts to revolt against such foods. And that is what happened when McDonald's decided to enter the complexity of Indian business landscape, counting only on its "fast food global formula", without any apparent previous cultural training.

b) Emphasis on the usage of bio-degradable products: Glasses, silverware, plates and cloth napkins are never provided with fast food. Instead, paper plates and napkins, polyurethane containers, plastic cups and tableware, drinking cartons or PET (polyethylene terephthalate) bottles are used, and these are all disposable. Many of these items are tossed in the garbage instead of being recycled, or even worse, merely thrown on the ground. This burdens nature unnecessarily and squanders raw materials. In order to reduce soil and water pollution, government now emphasis more on the usage of bio-degradable products.

c) Retrenchment of employees: Most of new industries will be capital intensive and may drive local competitors, which have more workers, out of business.

d) Profit repatriation: Repatriation of profits is another area of concern for Indian economy. As when multinational enters the any countries, people and government hope that it will increase the employment rate and result in economic growth. However, with the multinational operation, host country experiences these benefits for a short time period. In long run neither employment increases (because of capital intensive nature of MNC's) nor it increases the GDP or GNP because whatever MNC's earn they repatriate that profit back to their home country.

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Problems of Industry

- a) Environmental friendly products cost high: government is legislating laws in order to keep check on the fast food industry and it is emphasizing more on the usage of bio-degradable and environment friendly products. But associated with this issue is the problem that fast food player faces - the cost associated with the environment friendly product. They cost much higher than the normal products that companies uses for packaging or wrapping their products.
- b) Balance between societal expectation and companies economic objectives: To balance a society's expectation regarding environment with the economic burden of protecting the environment. Thus, one can see that one side pushes for higher standards and other side tries to beat the standard back, thereby making it a arm wrestling and mind boggling exercise.
- c) Health related issues: $\frac{3}{4}$ Studies have shown that a typical fast food has very high density and food with high density causes people to eat more then they usually need.
- d) Low calories food: Emphasis is now more on low calorie food. In this line McDonald has a plan to introduce all white meat chicken Mcnugget with less fat and fewer calories.

Trends in Indian Market

- a. Marketing to children's: fast food outlets in India target children's as their major customers. They introduce varieties of things that will attract the children's attention and by targeting children's they automatically target their parents because Children's are always accompanied by their parents.
- b. Low level customer commitment: Because of the large number of food retail outlets and also because of the tendency of customer to switch from one product to other (as food is one areas where customer wants to try everything new that comes to the market), this industry faces low level customer commitment.

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