
Indian food processing industry: a review on amalgamation of fast and packaged food

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Abstract

Fast food is the need of the hour in the fastest growing sectors in the world of food industry. People are witnessing that over a few years fast food culture popularized in India due to increase in nuclear families, economic growth, per capita income and globalization. Fast food is faster becoming a norm. It is now becoming an everyday necessity as more and more challenges are posed to the younger generation who has less time to cook food as was the case in earlier days. The present paper is devoted to understanding the buying behavior of consumers towards fast food and an overview of Indian food processing industry.

Keywords: Nuclear families, Fast Food, Packaged food, Food processing, Consumer behavior

Introduction

These days, fast food markets in India as well as that of the world are getting more complex and competitive in nature. With the increasing pace of globalization, entry of large international and domestic firms in the fast food sector, increased proportion of working females etc. are the reasons why fast foods and packaged foods are becoming talk of the town. There are increasing numbers and varieties of fast food products available in the country and socio-economic changes have resulted in increased interest of business practitioners and researchers in fast food sector. India is the world's 2nd largest producer of food adjacent to China. It is expected that India's food production may increase appreciably during the coming decade, hence, there is an opportunity for large investment in food and food processing technologies. There are few more sub sectors which are having potential to come up, those sectors are, "fruits, vegetables, fisheries, milk, milk products, meat, poultry, packaged/convenience foods, alcoholic beverages, soft drinks and grains", where as "health food" and "health food supplement" are today's rapidly growing segments in this industry.

There is a word “pestering” which means when a kid continuously irritates their parents for their want to get fulfilled. Collins dictionary defines pester as “to annoy or nag continually” (www.collisdictionary.com). “Kids’ exposure to food television advertising increases the number of attempts children make to influence food purchases and kids purchase – influence attempts have a relatively high degree of success purchases”. Fast food has become very popular these days just because of children pestering power. “Eating habits are formed in early years and become the most unchangeable practice in life. Children learn everything from the family, society and television” (Wesslen, et al., 2002).

“Food diversity in India is an implicit characteristic of India’s diversified culture consisting of different regions and states within. Since from the Liberalization of the Indian economy in the early 1990s and the subsequent entry of new players set a significant change in lifestyles and the food tastes of Indians” (Technopak perspective, 2009). Whereas Technopak perspective, (2009) also stated that “The size of the packaged food market in India is estimated to be US\$ 10 million and is expected to reach US\$ 20 million by the year 2014. Packaged food, which is now 4 percent of the overall Food & Grocery market, is expected to reach 5 percent of food & grocery market by 2014”.

“The meal, as a concept meaning the sharing of different kinds of food, has been replaced by quick breaks of individual eating (sometimes called grazing), and many young people do not have regular eating times or habits in terms of breakfast, lunch and dinner” (Fjellström, 2003).

Understanding food, fast food, its origin and growth

The literature on attitudes, belief and food choice was criticized by Shepherd (1985) “he stated that it is most important to find a model that can predict food choice and/or explain the mechanisms by which the different factors interact”. Shepherd (1985) “proposed a system where the factors affecting food choices are categorized into those related to the food itself, to the individual and to economic and social factors”. Another conceptual model of the food choice process based on qualitative research was proposed by Furst et al. (1996) “three major groups of factors affecting choice were ascertained: life course, influences and personal system”. Whereas Stepote et al. (1995) created “Food Choice Questionnaire (FCQ) in order to measure the motives underlying consumers’ selection of food. It is thus neither a model nor a theory, but rather an instrument that can be used to gather data”. Connors et al. (2001) “examining the ways in which people manage values when making food choices in various contexts. The analysis revealed a personal food system within which the consumers managed five main food-related values: taste, health, cost, time and social relationships”.

Food

As per ancestral word of mouth three things are prime necessity of a human which are roti (food), kapda (cloths) and makaan (house). “The word food refers to the chemical substances taken into the body in order to keep the body in a healthy and active condition. The body requires food for growth, repair and replacement of worn out tissue” (Wikipedia). Food can be categorized as normal food, special food, fast food, raw food, cooked food and semi cooked food (packaged food). Out of these categories’ we are going to focus on two categories first fast food and second packaged food as they are somehow similar to each other.

Fast Food

The word fast food is combination of two words fast and food which means it is fast, and fast is generally seen as good. “The fast food industry originated far back in 1800s. Thomas Jefferson brought the French recipe for 'pommes frites' (French Fries) for the first time to the US in 1802” (Bedoya, 2003). Despite, “French fries had not been popular until 1920s” (Schlosser, 2002). “Another fast food named Hamburger has same interesting story, Hamburger was originally a Russian recipe and brought to Hamburg by German sailors anchoring Baltic ports, afterwards, these sailors migrated to Cincinnati and keep devouring this Russian delicacy” (Fantasia, 1995). The origins of fast food were mainly in the shape of street food.

India is not lacking in any field, if we talk of any industry, the [food](#) industry in [India](#) has also evolved with continuously 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, although it will be matter of time for local enterprise to compete with international players of the field as Indian fast food market is growing at the rate of 30-35% per annum" (Dani & Pabalkar 2013).

A report produced by McKinsey and the Confederation of Indian industry (CII report, 2006) stated that "India's retailing sector has the capability to produce \$ 300 billion per year by 2010. Besides, the food and grocery retail is expected to grow to \$ 1.6 billion over the next five years".

Historically, "Indian consumers prefer fresh food, and generally, they do not give a high priority to convenience and speed during buying and preparing the evening meals" (Pysarchik, Dhung, & Plank, 1999). Moreover Bullis, (1997); ITA, (2000) acknowledged that "the number of working women population is growing very fast, there has been a continuous change in lifestyles that has lead to increasing demand for packaged food products that is convenient to carry and easy to cook".

Consumer

Sehrawet, (2002) expressed "consumer is a human being with a biological organism with various dimensions". Firstly, "man is a diversely motivated and complicated animal. In spite of common characteristics, the behavioral pattern of the one individual is different from another". Secondly "man is an irrational animal: because he/she does not always do what he/she thinks is the best for him or her". Thirdly, "man is an interdependent creature, although he is a social being and his behavior occurs in relation to some other persons".

Consumer Behavior

Consumer behavior is concerned with the understanding of individuals', groups' and organizations' ways of selecting, buying and disposing of either of the four i.e. goods, services, ideas or experiences to satisfy their needs and wants. Consumer behavior is synthesis of performance, execution, and efforts that an individual produces in the process of buying of goods and services. "The concept of consumer behavior is an investigation of consumer makes decision to consume the available resources (time, money, and effort) on consumption related goods, moreover, it is a composition of what to buy, why to buy, when to buy, how often to buy, and how often to use" (Zaltman and Wallendorf, 1979).

Waltor (1974) defines consumer behavior as "the process whereby individuals decide weather, what, when, how, and from whom to purchase goods and services."

Kotler (1989) describes that, "to understand consumer behaviour one will have to find the answer to the seven Os of the market place, i.e. occupation (who constitutes the market), objects (what does the market buy), objectives (why does market buy), organization (who participates in buying), operations (how does Markey buy), occasions (when does market buy), and outlet (where does the market buy from)".

The importance of understanding consumer behavior can most probably be summarized in a simple and powerful statement by Assael (1995) which states that "consumers determine the state and profit of a firm by their purchasing decision, as such; their motive and actions determine the economic viability of the firm".

Consumer Buying Behavior for Food Products

Narang (2006) found that, "a buyer does not stick to one brand in case of food purchasing. They should be able recall different brand names when they go for purchase. Repetitive advertising can be used to promote brand recall. The product should be associated with style and trend, so that it appeals to the youth and the brand name should be developed as a fashion statement. Promotional schemes such as discounts and free offers with purchase were suggested to increase rates".

Nagaraja (2004) opined that, "buying behavior is very much influenced by experience of their own and of neighbor consumers and his family. Above all, the quality of the product and its easy availability were the primary and the vital determinants of his buying behavior. Consumers were influenced by touch and feel aspect of any promotional activity".

"Along with this positive development in the fast food market, the food habit and overall consumption pattern of the inhabitants of every country of the world has also been changing with similar pace" (de Rezende and de Avelar, 2012; Park, 2004).

Trends Fuelling Indian Fast Food and Packaged Food Markets

Changing demographics

A very huge nation, India has a young population in the urban areas, which have a lot of income in hand to dispose and great volume of purchasing power parity (PPP). "As the urban consumers, have busy life and are more affluent, thus more willing to pay for convenience and comfort" (Technopak Perspective, 2009). There are more nuclear families proliferating and shortage of time leads the consumer towards willing to pay more if it ensures them free from hassles. According to Indian Retail Report (2007), "nearly 1.5-2 percent of joint families give rise to nuclear families every year in India". "Rapid urbanization has created a growing demand for convenience food products among the consumers. As a result, ready meals have a strong 18 percent growth in 2009 year over the previous years, as these products are convenient alternative to cooking from scratch" (Technopak Perspective, 2009). According to Indian Census (2001), "apart from total population of 1027 million, around 742 million people reside in rural areas and 285 million live in urban areas, the net expository of population in urban and rural territories during 1991-2001 has turned of 113 million and 68 million respectively is a clear connotation of increasing demand for consumer goods" (Prasad and Reddy, 2007).

Convenience

The fast food category is appealing to young and old alike because of the convenience. You are just two minutes or three minutes away from your choicest foods. In the wink of an eye we get to eat what we desire. It's like a wish coming true. What else would a fast moving generation would want in such a fast moving world.

The evidences of 'convenience' are quite visible in different segments of the consumers. This is reflected by the food services and chains, which are seeking an almost equal share in this category. This convenience-seeking attitude has helped in strong growth of canned/preserved food and frozen processed food among consumers, those admiring the convenience of preserving up and having easily prepared food at hand (Technopak Perspective, 2009).

Nutritional and health benefits

Today's consumers are more conscious regarding their health status and at least possess a preliminary awareness of cancer, diabetes and heart disease. At present, the majority of new product development is focused on enhancement of nutrition and fortified/ functional products, as these areas are providing positive results in business growth. Moreover, the two concepts are combined, with low-fat encounter and consumer preferred products more and more likely to offer fortification. Meanwhile, marketers have introduced numerous products with a health and wellness positioning in the market.

There are many companies which have re-launched their products with new nutritional variants like "Nestle had re-launched Maggi Two Minute Noodles fortified with 20 percent of RDA of calcium and protein in 2008. Similarly, Gujrat Co-operative Milk Marketing Federation Ltd. had offered Amul sugar free probiotic frozen desert and probiotic wellness ice cream in 2007 (Technopak Perspective, 2009).

In the market, the marketers are also looking to become first-providers in the hollow of health and hygiene packaged foods. Among these foods, organic products have shown strong development.

Urbanization

Foreign direct investment (FDI) and sustained economic growth have led the pace of urbanization in India. Consequently more & more couples are engaged into employment and thereby lesser amount of time for their kitchens and this has resulted into the increased demand for convenient products as easy-to-prepare foods, ready-to-eat foods and canned/preserved or frozen foods.

The cause of developing interest in western lifestyles models among Indian urban consumers are due to the aggressive advertising campaigns done by the food retailers it projects the quota of food and grocery sales in the organized and unorganized sector between 2005 and 2008 and its estimated growth in the next 6 years. It has been estimated to drive growth in many product lines in meal solutions, with pouch instant noodles, for example, set to see 115 percent growth (Technopak Perspective, 2009).

Improvement in packaging technology

“In the current past, almost all the foodstuff was sold unpackaged. However, in the last few years, all food sectors have been increasing their market share of packaged food noticeably in the market, even though a sharp growth in the number of packaged food products, still many food products are still sold unpackaged” (Technopak perspective, 2009).

“The role of modern packaging technology has very prominent as it has been increasing the product shelf life rapidly. The emergence of various kinds of processed foods, a corresponding suitable packaging technology is also evolving. Milk is one product which has been sold in four different types of packaging, with each type further having different designs and forms, and also, technological development in packaging area has not only improved the product shelf life but also reduced the cost of packaging” (Technopak perspective, 2009).

Growth in freezer space

In the modern retail formats, freezer space has been playing a significant role in the expansion in various food product categories in the market. The estimated retail freezer space for 2008 is 247,000 cu. Ft. and it has been expected to increase to 531,000 cu. Ft. by 2014 at a CAGR of 14 percent. The frozen food segment, which originally covers only frozen meats, fish and poultry products, presently also includes frozen vegetables, ready-to-eat foods also, and will grow from US\$ 1.8 billion in 2008 to US\$ 2.6 billion by 2014 (Technopak Perspective, 2009). This growth has been supported by the increasing availability of freezer space in modern retail shops.

Conclusion

Witnessing worldwide changes in demographics, food habits, intermingling of cultures, various beliefs, and, younger generations getting into earning early etc. etc., are some of the reasons why the need for this paper arose. Any market, any locality and any food store, and you find shelves flooded with packaged foods. Changes in the world have also introduced changed lifestyle in the Indian sub-continent, especially in the eating habits. As a result the food processing industry in India is undergoing changes in leaps and bounds. This paper has attempted to study the fast and packaged foods, with respect to their packaging, acceptance, and trends influencing the Indian market. Future researches can lay stress on the health hazards associated, and other factors associated with the food processing industry.

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