

Decision Making Behavior of youth towards organised fast food outlets: An empirical analysis

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Abstract: *The present study attempts to investigate the decision making styles of Indian youth with special reference to organised fast food outlets. The study was conducted among a sample of 678 respondents in the Indian state of Maharashtra. Exploratory and Confirmatory factor analysis were used to measure the decision making styles. The study revealed the confirmation of six factors.*

Keywords: *Decision making styles, Youth, Fast food, Retail Outlets, Organised retail*

I. Introduction

The young age can be considered as the turning point of any individual's life. During this stage, people undergo certain major transformations which further influence their future life stages. An individual's knowledge level and skills regarding consumption of various products begin to take shape during the young age. The United States General Assembly defines 'youth' as those individuals belonging to the age group of 15-24 years. The present youth segment of India stand apart in terms of their massive size, consumption of products/services, intellectual ability; pester power, capability to set up new trends and positive reception of modern technology. India has the youngest population profile in the world (Narang, 2010). According to a report by Ernst and Young (2007-08), nearly 54% of the Indians are aged below 25. For the current young Indian generation, shopping is more of an experience rather than a mere act of purchasing a product. The youth possess lesser commitments and hence they purchase or use products/services at their will. Their immense love for shopping and spending power trigger them to go in for the purchase and consumption of a wide variety of products existing in the market. The youngsters tend to show attachment towards materialistic values and possession. They try to purchase those products and brands that ensure them acceptance among their friends and peers. The preferences of young consumers change in such a dynamic manner that it makes it even more difficult to identify their needs. This consumer segment has immense impact on marketers and retailers. Hence, there is a need for pursuing continuous research works focused upon the youth to offer guidelines to marketers and retailers in effectively targeting this consumer segment.

II. Organised Fast Food Business in India

The fast food industry in India has witnessed tremendous market growth rate due to the busy lifestyles of people. The dual working families with children provide great platforms for fast food companies to flourish. The fast food companies trigger their growth opportunities by opening up new outlets in global markets.

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According to Goyal and Singh (2007), the liberalization of Indian economy in 1991 set a platform for fast food industry to grow, as multinational fast food chains set up their outlets either jointly with Indian partners or independently. The fast food organizations use aggressive marketing tactics thereby resulting in increasing popularity of fast food in even the smaller towns of India. Anand (2011) reports that with the faster expansion of fast food chains like McDonald's, KFC, Pizza Huts and others across the country, there has been an extremely rapid change in diet not just in Delhi and Mumbai, but in smaller towns too.

By the year 2016, Indian fast food market is forecasted to have a value of 18567.7 million U.S dollars and a volume of 81,036.6 million transactions (Marketline, 2012). According to Ramaswamy and Namakumari (2009), almost a third of urban Indians opt for fast food as their breakfast. The Marketing White book 2013-14 reported about the spending patterns of Indian youth on various products and services in a month. It was revealed that a significant percentage of disposable income is spent on 'eating out'. Fast food items like burgers, samosas and sandwiches were consumed the most.

III. Consumer Decision Making Styles

A consumer decision making style is defined as a mental orientation characterizing a consumer's approach to making choices. It is a basic consumer personality analogous to the concept of personality in Psychology (Sproles and Kendall, 1986). In order to conceptualize the decision making styles, a model known as 'Consumer Styles Inventory' was established. This represents the most tested instrument available to assist marketers in examining consumer decision making styles.

In order to formulate a measurement of decision making styles, Sproles and Kendall (1986) listed down the major characteristics of consumer decision making. The following eight characteristics of consumer decision making were identified as follows – 'Perfectionist, high quality consciousness', 'Brand consciousness', 'Novelty consciousness', 'Recreational and

hedonistic' shopping consciousness, 'Price consciousness', 'Impulsive carelessness', 'Confused by Over choice' and 'Habitual brand-loyal'. This measurement system enables the standardized testing of consumer decision making styles and has many practical applications. The instrument could be considered as a useful technique to alert consumers regarding their mental orientation towards shopping. Moreover, the decision making styles can be used for profiling an individual's consumer style, in educating consumers and in counseling families on financial management.

The present study attempts to investigate the decision making styles of youth aged between 15-24 years with respect to organized fast food outlets. The researcher has chosen the state of Maharashtra in India as the study area. Maharashtra is one of the most industrially and commercially developed states in India. Four major cities of Maharashtra namely Mumbai, Pune, Navi Mumbai and Thane are selected for the study purpose. The organized fast food players considered for the study are – Mc Donald's, Kentucky Fried Chicken, Subway, Domino's, Pizza-hut, Café Coffee Day and Barista. Further the study also attempts to segment the respondents on the basis of their decision making styles.

IV. Literature Review

India is one of the youngest consumer markets in the world. The current percentage of population under 25 years in India is 51% according to Government of India's Department of Youth Affairs portal. The spending power of youth market is estimated to be 100 billion US dollars. Solomon (2002) reports that the youth spend their money extensively on feel good products. Goyal and Singh (2007) noted that among these feel good products and services, the fast food is gaining acceptance increasingly from Indian youth and is becoming part of their lifestyles. Research works on fast food consumption at the global level has been directed mostly towards description of the characteristics of fast food consumers, nutritional contents of meals served, obesity and diseases due to consumption of fast food, marketing strategies or corporate social responsibility initiatives from fast food companies (Islam and Ullah (2010); Anand (2011) and Rezende and Avelar (2012)). Based on the extensive literature survey conducted by the researcher, it has been understood that there exists no previous study to analyse the decision making styles of young consumers towards fast food outlets.

Decision making has become a more complex and an important process for consumers today than in the past. Academicians and researchers have shown interest in identifying the decision making styles of shoppers for a long period of time. Previous researchers have called for the conduct of future research works on 'consumer decision making styles' focused towards a particular product category or service industry (Walsh et al. (2001), Hiu et al. (2001), Bakewell and Mitchell (2003), Wang et al. (2004), Bauer et al. (2006), Mitchell and Bates (2010), Park and Zhou (2010), Gupta et al. (2010)).

Based upon these research gaps, the researcher attempts to study the decision making styles of youth towards organized fast food outlets. Such an attempt will help in identifying the psychological dimensions influencing the consumption of fast food items by the youth.

V. Research Methodology

Sources of Data: The secondary data relevant to the number of fast food outlets across different cities of Maharashtra state were assessed using the corporate websites of fast food organizations. The primary data were collected through survey method conducted among the youth visiting the organized fast food outlets in the study area.

Data Collection Instrument: A structured questionnaire comprising of 36 items was used for the present study. The items were adopted from Sproles and Kendall's (1986) Consumer Style Inventory to measure consumer decision making styles. Five point Likert scale was used with scores ranging from 1 (strongly disagree) to 5

(strongly agree).

Population and Sampling Frame: The population for the study is formed by all the young consumers in the age group of 15-24 years. The sampling frame comprised of young consumers visiting the organized fast food outlets in the study area. The total number of organized fast food outlets in the study area are 375 (as sourced from the websites of fast food corporations). The approximate number of footfalls of young consumers visiting these fast food outlets in a month worked out to be 3828690 (based on data provided by managers working in these outlets).

Sample size: The Krejcie and Morgan's (1970) formula was used for calculating the sample size required for the study. A sample size of 663 was derived for a population of 3828690 (approximate number of young consumers visiting the fast food outlets in a month). A total of 700 questionnaires were distributed out of which 678 were found to be usable.

Sampling Technique: The researcher has used a multistage sampling technique to study the respondents for the study. In the first stage, the Indian state of Maharashtra was purposively selected due to its larger area, industrialization and commercial status. The second stage represented the selection of four cities in the state of Maharashtra namely Mumbai, Pune, Navi Mumbai and Thane. These four cities were considered due to the presence of majority of fast food outlets i.e. 375 out of total 390 outlets spread out across Maharashtra. In the third stage, the number of fast food outlets to be considered was calculated in proportion to the total number of organized fast food outlets operating in these cities and the specific outlet was selected using the lottery method. In the fourth stage, the number of respondents visiting each of the selected outlets were calculated in proportion to the total footfalls occurring within the outlets in a month and each respondent was selected using purposive sampling.

Contact Method: Mall intercept technique was used wherein the respondents were intercepted on their way out of the selected fast food outlets and requested to take part in the survey.

Data Analysis: The data were analysed using SPSS Version 21 and AMOS. The researcher has used exploratory and confirmatory factor analysis techniques to investigate the decision making styles.

VI. Results and Discussions

Principal component factor analysis with Varimax rotation (Exploratory factor analysis) was performed to identify the factors underlying decision making styles. The Exploratory factor analysis was conducted on 36 items considered for measuring the decision making styles of respondents. The exploratory factor analysis was followed by confirmatory factor analysis to test the validity of the factors underlying consumer decision making styles.

The six resultant decision making styles are described below:

Style 1: Novelty consciousness– Respondents who score high on this particular characteristic gain immense excitement and pleasure from seeking out new things. They remain updated about the latest trends. Novelty conscious consumers always seek for variety in their purchases. The confirmation of this particular factor in the current study highlights the fact that respondents show interest in the purchase of variety and newly introduced fast food recipes. This signifies the fact that young consumers visit such organised fast food outlets seeking for a changed environment from their routine lifestyle. This factor had also emerged in previous studies conducted by Sproles and Kendall (1986), Durvasula et al., (1993), Lysonski et al., (1996), Mitchell and Bates (1998), Walsh et al., (2001), Kwan et al., (2008). In contrast, the factor was not confirmed in the study conducted by Fan and Xiao (1998).

Style 2: Confused by over choice- It is to be inferred that the respondents of the current study experience some sort of confusion while selecting their preferred fast food brands and items. The consumer perceives each and every brand as equally good thereby resulting in confusion while selecting the right one. High scorers on this particular style experience information overload. This factor had also emerged in earlier studies conducted by Sproles and Kendall (1986), Durvasula et al., (1993), Mitchell and Bates (1998), Walsh et al., (2001) and Kwan et al., (2008).

Style 3: Recreational-hedonistic consciousness- The confirmation of this factor indicates that the respondents visit fast food outlets with a recreational mind set seeking for fun and enjoyment during these visits. As far as the recreational or hedonistic consumers are concerned, shopping is never a waste of time for them. In fact they enjoy indulging in shopping activity. Visits to fast food outlets are certainly a unique experience for the youth

as per this resultant factor. This style had also emerged in previous studies conducted by Sproles and Kendall (1986), Durvasula et al., (1993), Mitchell and Bates (1998), Walsh et al., (2001) and Kwan et al., (2008).

Style 4: Perfectionist -High quality consciousness- Respondents coming under this category are very systematic and careful in their shopping endeavors. They plan intensively before their shopping visits. This factor indicates the high quality orientation of respondents during their visits to organised fast food outlets. It shows that youngsters do not compromise when it comes to the quality of food served in these outlets. The confirmation of this factor is a positive sign since such kind of perfectionist approach indicates the presence of desirable consumption behaviour among respondents. This style had also emerged in previous studies conducted by Sproles and Kendall (1986), Durvasula et al., (1993), Fan and Xiao (1998), Mitchell and Bates (1998), Walsh et al., (2001) and Kwan et al., (2008).

Style 5: Price consciousness – Respondents scoring high on this particular factor are very conscious regarding the money spent by them on products or services. They are very cautious in getting the best value for money in whatever they purchase. Price conscious consumers are likely to be comparison shoppers. The following factor had also emerged in studies conducted by Sproles and Kendall (1986), Durvasula et al., (1993), Fan and Xiao (1998), Mitchell and Bates (1998), Bauer et al., (2006) and Kwan et al., (2008). In contrast the factor had not emerged in studies conducted by Lysonski et al., (1996) and Walsh et al., (2001).

Style 6: Brand consciousness – The confirmation of this particular factor implies that the respondents of the present study visit organised fast food outlets owing to their high brand consciousness. The respondents prefer to buy fast food from branded fast food outlets. High scorers on this particular style are likely to associate higher price with better quality. They also prefer the best selling, advertised brands. The factor ‘brand consciousness’ had also emerged in previous studies conducted by Sproles and Kendall (1986), Durvasula et al., (1993), Lysonski et al., (1996), Fan and Xiao (1998), Mitchell and Bates (1998) , Walsh et al., (2001) and Kwan et al. , (2008).

Test of Validity of the Factors Underlying Consumer Decision Making Styles

Confirmatory factor analysis (CFA) was performed to test the validity of factor solution underlying consumer decision making styles resulted from exploratory factor analysis.

Table 1 highlights the inter correlation matrix of consumer decision making styles which indicates absence of multi-collinearity. The factor solution was examined for its convergent validity and discriminant validity. The convergent validity was assessed by examining the factor loadings estimates and composite reliability. The discriminant validity was assessed by the values computed for Average Variance Extracted (AVE). The composite reliability and Average Variance Extracted (AVE) were calculated by using formulas given by Fornell and Larckers (1981).

Table 1 *Inter Correlation Matrix of Consumer Decision Making Styles*

| Consumer decision making styles | (1) | (2) | (3) | (4) | (5) | (6) |
|---------------------------------|--------|--------|--------|-------|--------|--------|
| Novelty consciousness (1) | 1 | 0.230 | 0.403 | 0.074 | -0.300 | 0.228 |
| Confused by over choice (2) | 0.230 | 1 | 0.460 | 0.175 | 0.004 | -0.464 |
| Recreational –hedonistic (3) | 0.403 | 0.460 | 1 | 0.129 | 0.053 | -0.202 |
| Perfectionist- high quality (4) | 0.074 | 0.175 | 0.129 | 1 | 0.493 | 0.002 |
| Price consciousness (5) | -0.300 | 0.004 | 0.053 | 0.493 | 1 | -0.122 |
| Brand consciousness (6) | 0.228 | -0.202 | -0.202 | 0.002 | -0.122 | 1 |

Table 2 highlights the confirmatory factor analysis solution along with values for composite reliability and AVE which are above the required values of 0.60 and 0.50 respectively implying that convergent validity

and discriminant validity for the final measurement model is satisfactory. Hence, the psychometric properties of the model are satisfactory.

VII. Goodness of Fit Statistics (Consumer Decision Making Styles)

The model fit indices shown in Table 3 indicated the Goodness of Fit for the Confirmatory factor analysis solution. The various fit indices namely Chi-square ($p = 0.07$), Goodness of fit index (GFI) (0.925), Adjusted Goodness of fit index (AGFI) (0.902) and Root Mean Square Error of Approximation (RMSEA)(0.047) satisfied the required criteria for Goodness of Fit.

Table 2 *Confirmatory Factor Analysis Solution (Consumer Decision Making Styles)*

| FACTORS(Items) | Factor | Composite Reliability | (A.V.E) |
|---|----------|-----------------------|---------|
| | Loadings | C.R. | |
| Novelty Consciousness | | | |
| I buy fast food newly appeared in menu cards/display boards | 0.82 | 0.848 | 0.6894 |
| It is fun to buy something new and exciting when it comes to fast food | 0.84 | | |
| I Visit fast food outlets since it is fashionable and stylish | 0.80 | | |
| I Keep myself informed regarding newly arrived fast food items | 0.86 | | |
| Confused by Over choice | | | |
| The more I learn about different fast food items the harder it seems to choose Best | 0.88 | 0.842 | 0.7295 |
| Sometimes it's hard to choose which outlet to visit | 0.87 | | |
| All the information I get on fast food confuses me | 0.84 | | |
| There are so many fast food companies and items that I feel confused | 0.82 | | |
| Recreational- hedonistic Consciousness | | | |
| Visiting fast food outlets is enjoyable activity | 0.87 | 0.843 | 0.7292 |
| I visit and eat at outlets just for fun of it | 0.85 | | |
| I try to eat and exit from the outlets as soon as possible | -0.86 | | |
| Visiting ,eating at outlets wastes my time | -0.83 | | |

| Perfectionist- high quality Consciousness | | | |
|---|------|-------|--------|
| I often make careless buying at outlets which I later wish I had not bought | 0.74 | 0.730 | 0.5514 |
| When it comes to buying fast food I try to get best/perfect choice | 0.77 | | |
| I take time to choose fast food items carefully for best buys | 0.78 | | |
| I am impulsive when purchasing fast food items | 0.72 | | |
| I usually try to buy from outlet with best overall quality | 0.70 | | |
| Price Consciousness | | | |
| I compare different outlets to buy lower priced items | 0.84 | 0.780 | 0.6891 |
| Low priced fast food are my choice | 0.81 | | |
| I look carefully to find best value for money | 0.84 | | |
| Brand Consciousness | | | |
| Higher the price of fast food item better its quality | 0.78 | 0.695 | 0.5559 |
| I prefer buying from best branded fast food outlet | 0.76 | | |
| Most advertised outlets are very good choices | 0.70 | | |
| Outlets with good ambience, seating space offer best food | 0.74 | | |

Table 3 Model Fit Indices (Confirmatory Factor Analysis Solution of Consumer Decision Making Styles)

| Fit Indices | Obtained value | Cut-off values |
|-------------|----------------------|----------------|
| Chi-square | 1989.357, $p = 0.07$ | >0.05 |
| GFI | 0.925 | >0.90 |
| AGFI | 0.902 | >0.90 |
| RMSEA | 0.047 | <0.05 |

VIII. Managerial Implications and Directions for Future Research

The organized fast food companies may take important implications from the findings of the study relevant to decision making styles of respondents. The management may also take note of the decision making styles which emerged in this study. The managers may take efforts to frame appropriate and unique strategies for consumers possessing different decision making styles. For instance, the management may take efforts to introduce more varieties of food items in the menu for targeting the novelty conscious consumers. Efficient service personnel could help the consumers to overcome their confusion to choose fast food items. The quality and brand conscious consumers are likely to respond positively to outlets offering a great assortment of branded high quality products. The fast food service outlets may come up with innovative combo packages for its price conscious customers. These combo packages can be in such a way that it comprises of the most frequently

ordered fast food items by the customers. Eating patterns of the customers are to be studied to identify the most frequently consumed fast food dishes.

Future studies may be conducted to investigate the decision making styles of youth with respect to other products and services. There is scope for analysing the influence of culture on decision making styles of youth since India is a country with vast cultural and geographical diversity. Future studies could be attempted to compare the decision making styles of youth from urban and rural areas. Future researchers may consider the possibility of adding additional dimensions to the scale measuring consumer decision making styles (CSI). These dimensions could focus upon aspects relevant to present scenario such as 'environmental consciousness', 'time consciousness', 'health consciousness' etc.

IX. Conclusions

The young consumer segment offers tremendous opportunities to the marketers and retailers. The organisations targeting young consumers can benefit if they manage to understand the psychological orientations of this segment towards consumption of products/services. The present study is an earnest attempt to understand the consumption behaviour of youth with respect to their 'decision making styles' towards organised fast food service outlets. The study confirmed the presence of both desirable (e.g. perfectionist-high quality consciousness and price consciousness) and undesirable (e.g. confused by over choice) decision making styles among the young consumers. Hence, the current study has attempted to make a valuable contribution to the existing literature relevant to consumption behavior and relevant psychological dimensions of youth towards organised fast food services. Such attempts can help in providing direction to the fast food service companies to target the consumers more effectively and formulate marketing strategies to enhance the experience at the outlets.

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