

The Impact of Promotional Campaign on Customer Purchase Decision –Evidence from Id Fresh Food Products, Bangalore, India

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Abstract:

This paper is to analyse the customers' behaviour towards Ready to Cook (RTC) food products based on quality. The most sought after in the present age are the instant/ready-to-eat foods. Increasing disposable income among young Indian workforce is driving the Ready to Cook food sector in India. India is being influenced by these instant foods. Increasing nuclear families in metros and Tier-2 cities contribute to the major market. The change is most visible in the affluent millennial urban consumers, they want convenience and healthier food options without compromising quality and taste. Quality is an important aspect of food products today. MTR, ITC Nestle and many other MNCs are into Ready to cook food products over the past several decades in India, ID Fresh Food come up with many innovative Indian food products. It took first mover advantage in India started as a small-scale production unit in Bangalore by PC Mustafa and his relatives.

Keeping quality as its core value they have invested in technology, packaging and branding to provide best products due to their traditional recipes and high standards of hygiene, ID Fresh Food products well received by the customers and it is still growing at a healthy rate with respect to the Industry. Stating from their advertising and branding strategy they are using bill boards and its own distribution channel (trucks and salesman), maintaining close relationship with retailers and exercising strict control on product quality and service level to enhance productivity and cost effectiveness. Go Natural, Its ID and No Preservative and RO Purified water for preparation to all intents and purposes grab attention of customers Precisely/naturally. Id fresh food Pvt Ltd has planned to expand its business to Dubai, Singapore, Us and UK. Currently the firm has partnered with leading stores in Indian market and established its presence across India and UAE. Investment by Premji Invest and other well known VC Funds has invested thus, driving the company forward.

The objective of the study is to understand the significance of promotional campaign, advertising, packaging and quality of the product on customers purchasing decision. The information consists of various inputs taken from customers who are residing in Bangalore. The study indicates that there is a significant influence of quality of the Ready to cook food products on customer purchasing decision.

Keywords: Ready to cook food, Go natural, Promotional campaign.

Introduction:

The emergence of the millennial generation – those born between 1980 and the early 2000s – is set to drive how food consumption taking place in India. The millennial generation is called as the consumer market of the future. This is particularly true across many developing countries, where younger populations have significant purchasing power. Millennials are the largest generational grouping of adults in India, with greater numbers than either 'baby boomers', born roughly between 1946 and 1964, or the so-called Generation X, born from 1960 to 1980. With India's sizeable millennial population exerting increasing spending power, the country's food industry is seeking out new ways to increase their appeal to this consumer group. 65-70% of India's 1.2bn population is under 35. Significantly, young adults have disposable income levels that the country has never been seen aforesaid. Over and above, aspiration – for better health, nutrition, a better tomorrow," Millennial generation has the benefit of

higher spending power than its predecessors. "Incomes have grown much faster in India in the last couple of years than they have in the past.

The rise in discretionary spending power gives food makers the opportunity to offer increasing numbers of Indian consumers more premium products. To achieve this, they must deliver differentiated high-quality products that meet the concerns of today's consumers in India. One of the most important growth areas is an increased awareness of healthy eating and well being.

Growing demand for healthy eating is augmented into an increased emphasis on reliability and quality. Health-aware consumer demanded greater transparency and reliability from suppliers, with an expectation that due diligence in the supply chain had been undertaken.

The new Indian customers are confident of what they want – and frequently these preferences also reflect nostalgic flavours. With India's supply chains and distribution networks still yet complex and hard to penetrate, multinational corporations and other large companies have "a problem" because "they can only address a thin segment of customers", Mall continued. "So regional gems come up, and these smaller companies are able to crack faster."

Millennial consumers have a need for convenience and "do not want to waste time,". Wealthier millennial consumers also have a desire to give way to themselves with higher-end branded food products.

A desire for convenience – coupled with increased internet penetration and the proliferation of Smartphone usage – has also seen millennial customers in India move their grocery shopping online. According to recent research from Technavio, the e-grocery market in India is expected to grow at a "tremendous rate" of around 26% getting through the year 2019.

Food market in India with reference to ready-to-cook market has gained adaptation in four categories namely instant noodles, instant pasta, instant soup and ready-to-mix. With the rapidly changing lifestyles over the last few years, instant food brands have become integral part of urban kitchens. According to "India Ready-To-Cook Market Outlook, 2021", the total market for ready-to-cook (RTC) is growing with a CAGR of 19.60% from the last five years.

Growing urban population, increasing disposable income of working class and demands for convenience products is driving ready-to-cook food market in India.

According to recent report by TechSci Research "India Ready-to-Cook Food Market Forecast and Opportunities, 2019", the Ready-to-cook (RTC) food market in India is expected to ride high on account of various factors. Due to busier lifestyle, Indian consumers are gradually moving towards RTC food instead of traditional cooking options. Today, with the increase in consumer satisfaction, and their objective has led to the trend of food adventurism has led to greater preference for packaged food for its convenience and their lifestyles.

Since youth makes up a huge portion of the overall working class in India, convenience food products are witnessing higher adoption among young working professionals who hardly find time for traditional cooking. All of this is creating a favourable market scenario for RTC products in India. Besides the affluent class individuals, the rising middle class is also emerging as a major consumer of RTC food products in India. However, a large chunk of Indian consumers still remains untapped due to their lack of confidence on the nutritional value of RTC products and their price conscious behaviour. With small change in prices, consumers in India change their brand preferences quite rapidly. The food sector has undergone massive improvement in terms of better food processing methods and advancement in food technology. Correspondingly, the RTC food industry in India has witnessed remarkable growth over the recent years and has created a positive impact for manufactures to tap into the RTC food market.

Literature Review:

The Spectacular Backdrop of iD Fresh Batter iD fresh food was founded in the year 2006 by an IIM-Bangalore alumnus PC Musthafa and his cousins, Shamsudeen TK, Abdul Nazer, Jafar TK and Noushad TD. P C Musthafa is the Chief Executive Officer. The idea was introduced by PC Musthafa when his cousin, who had a kirana store constantly complained about the quality of dosa and idli mixes produced by the local vendor. During the time which Musthafa had spent on weekends in the kirana shops he noticed that the idly dosa batter which were sold in transparent unbranded polythene bags and tied with a rubber band used to be sold out very rapidly (Bureau, 2017). That was when the new business idea emerged. iD Fresh Foods was started in a 550 sq. ft room with one batter grinder and a packaging machine.

The name iD was suggested by one of the cousins as an acronym for idli dosa (Anon, 2017). Eventually, the venture was named “iD Fresh” indicating an identity for fresh idli and dosa batter. PC Mustafa, the CEO of iD fresh foods was a son of a coolie hailing from a distant village of Kerala, India. Mustafa was a sixth-grade failure, but continued to pursue his studies and graduated from the National Institute of Technology, Calicut and IIM Bengaluru. Musthafa’s contribution to the initial investment was of Rs. 25,000. Today, Mustafa heads a Rs. 1,000 million company, iD Fresh Foods whose products are sold in important Indian cities and few overseas locations in addition.

iD Fresh’s Growth Momentum complexities of the dual income group and the hurly-burly urban life have greatly encouraged the entry of class of foods called Ready-To-Cook (RTC). iD fresh foods are known for their traditional recipes and high standards of hygiene and quality. The batter is freshly ground and packed every single day. The batter is prepared by grinding the finest quality of rice, split black lentil, fenugreek seed and RO purified water and low sodium salt. The batter is absolutely free from preservatives, chemicals and artificial flavours. The conventional ratio of 1:4 proportion of lentil to rice and a 0.01 portion of fenugreek seeds are highly nurtured. The product is in semi-solid state, which is the accurate consistency to make idlis and dosas. The product has an aroma like that of homemade batter.

To begin with wet idly dosa batter, the company currently provides with a wide range of products to its customers. With its wide array of products, the company seeks to customize its products to cater to the Indian palate. The company has introduced some of the Indian breads like “just heat” whole wheat parota, “just heat” whole wheat chappathi, “just heat” Malabar parota, “just heat” whole wheat parota junior, “just heat” mini parota, besides Udupi style idly-dosa batter, natural gms-Rs.30 (a cottage cheese) traditionally made by adding lemon to it unlike commercially available cheese made with citric acid and natural curd.

However, the main focus area for the company remains idly dosa batter which contributes to a lion’s share of 55% to its total revenue, parotta contributing to 30%, chapathi 7% and the rest from its dairy products. This wide array of products has helped the company to compete in a market that had a variety of ready to cook items in different flavors and SKU (Stock Keeping Unit). The CEO of the company claims that iD fresh products are only helpful aids to the homemaker and their products will always remain ready to cook and not ready to eat. The products are intended to reach the kitchen first and not directly onto the dining table.

Launched in 2006 as a small store in Bangalore, iD’s growth trajectory looks very promising. The company aims at a Rs.1,000 million revenue by 2020 with exports to the US and UK. With a diverse product portfolio and the fact that they are fresh and 100% natural and are part of the health-food segment iD is positioned well to take on the markets worldwide. iD Fresh now intend to experiment with wet sambar and chutney pre-mixes to the ready-to-cook batter as a complementary product. The traditional meals have now truly come of age with a convenience and easy access to all who prefer healthy home-made meal options.

With investors galore iD plans to build up category awareness, scale up geographic expansion, capacity expansion with state-of-the art plants, establish new distribution networks, R&D, marketing and strengthen the team, there exists a billion-dollar opportunity. Consumer behaviour is one of the stimulating and challenging areas in marketing studies being a human activity focused on the purchasing, consuming and using of the products and services. Understanding the behaviour of consumer is a great challenge. It involves the psychological processes that consumers go through in recognizing needs, finding ways to solve these needs, making purchase decisions, interpret information, make plans and implement those plans by engaging in comparison shopping or actually

purchasing a product. The present paper highlights the determinants of consumer behaviour regarding buying decision-making.

This research intends to study on the relationships among demographic characteristics, consumer's perceptions and customer buying behaviour towards ready to cook food products. Present research broadly focuses on three aspects viz. satisfaction of consumer, convenient usage, usefulness. Changing lifestyle have influenced majority of people to consume products comes under ready to eat (RTE) category. Being a cooperative organization Marketing Federation (Markfed), Punjab has achieved a remarkable success in diversification from its prime aim of procurement of farmer's produce and disbursement of subsidized fertilizer to entrepreneurship in food industry especially in the ready to eat segment. Although Markfed's ready to eat products are sustainable from a very long period in the markets of Punjab but market penetration of their RTE products is quite less in comparison to major market players like ITC, MTR etc. which are producing products in RTE segment. Consequently, there is a need to collect feedback regarding consumer behaviour towards RTE products of Markfed. Findings revealed that Markfed had a customer base mainly consisted of young, highly educated and salaried class people. Most of them used RTE products of Markfed only once in a month. Female customers preferred these RTE products on daily basis. With Effective advertisement and promotional strategies, customer base and usage frequency for RTE products of Markfed can be increased for the newer markets of Punjab and all over India.

Methodology:

The process used to collect information and data for the purpose of making the analysis and required evaluation for the decision-making process is described in this section. The methodology includes Surveys, other research techniques which includes both present and historical data.

Research Design

The research is descriptive in nature. The Research is undertaken to find out consumers' perception towards Ready to cook food and quality of the Ready to cook food products. Promotional strategies used by the company to take competitive advantage.

Method of data collection:

The descriptive research concentrates both on primary and secondary data sources of information. Descriptive research is used to observe and describe how the quality of Ready to cook food products affects buying behavior of the consumers. Secondary data is collected through different sources to gain some insights on the actual research problem. The research is then concentrated on preparation of questionnaire.

Through the questionnaire it is intended to first identify whether quality of Ready to cook food products is influencing the purchase behavior or not. It is also used to find out various factors associated with the promotion that are important for the consumers to purchase the Ready to cook food products.

Data is collected from the consumers through self-administrated questionnaire. The secondary data that is used for this study is collected from internet, catalogues, articles.

Sampling Design

Sample unit: Consumers residing in Mathikere

Sample size: 100

Sampling methodology: Non-Probability Sampling

Sampling- Convenience sampling-5 Product= 20 samples per each product.

Sampling Element: Sampling element in this research are consumers who are living in Mathikere -Bangalore and who are using various Ready to Cook Food products.

Target Population:

The target group consists of consumers of Ready to Cook food products of 20-60 age group.

Tools for collection of data:

Data is collected through personal interview by administrating questionnaire. Data is directly collected from the target group by the surveyor by asking them proper questions from the questionnaire and noting the answers given by the respondents. This questionnaire helped to identify the factors that are influencing the users regarding purchasing of the Ready to Cook food products.

HYPOTHESIS TESTING:

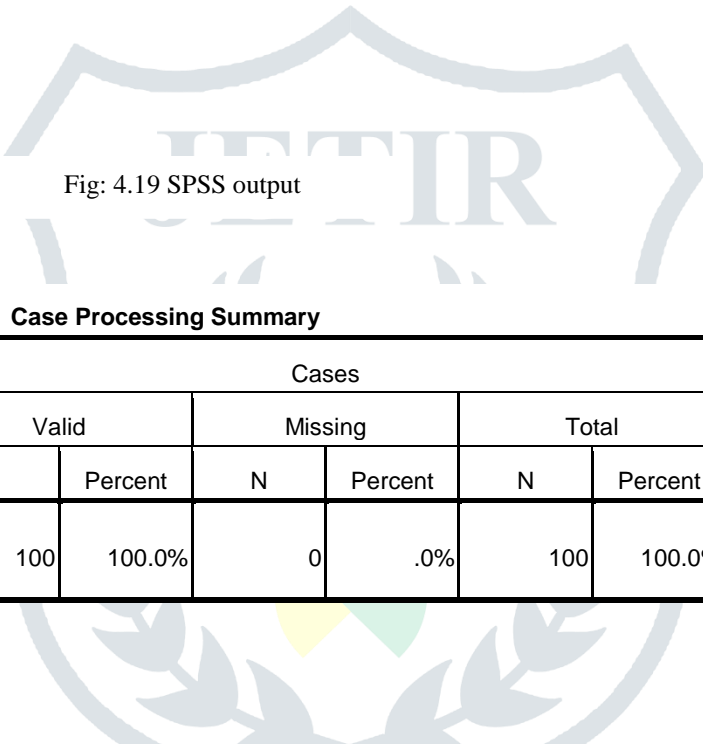
H0: There is no significant influence of quality of ID Food products on purchase decision.

H1: There is a significant influence of quality of ID Food products on purchase decision.

CHI-SQUARE TEST

SPSS OUTPUT:

Fig: 4.19 SPSS output



Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Quality of the product * Frequency of purchase	100	100.0%	0	.0%	100	100.0%

Quality of the product * Frequency of purchase Cross tabulation

Count		Frequency of purchase				Total
		Daily	Weekly	Monthly	As required	
		Quality of the product	2	9	0	
	3	2	10	0	0	12
	4	0	21	0	0	21
	5	0	20	13	25	58
Total		11	51	13	25	100

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.214E2 ^a	9	.000
Likelihood Ratio	105.239	9	.000
Linear-by-Linear Association	48.722	1	.000
N of Valid Cases	100		

a. 9 cells (56.3%) have expected count less than 5. The minimum expected count is .99.

INTERPRETATION:

From the above table the 'p' value is 0.00, which is less than the significant value 0.05. So, the null hypothesis is rejected.

INFERENCE:

It can be inferred that quality campaigns have a significant impact on consumer purchase decision.

Conclusion:

Most of the respondents had a positive attitude towards ID Fresh Food products as illustrated by their various perceptions. From the analysis, we could conclude that ID Fresh Food has a very good market share in India for the Ready to Cook food products like Dosa Batter, Ragi Batter, Malabar parotta, Instant Coffee a new offering and Curd, Chees etc.

The advertisements are said to be very effective, the Bill boards and own Vehicles are used, its most effective medium of advertisements. The tests conducted shows that there is a significant relationship between advertisement, quality and packaging on consumer purchase decision. These results also confirm strong, positive relationships of various promotional channels, Brand recognition and Message credibility with advertisement effectiveness. Customers give due significance to all the above-mentioned factors hence their impact of high-quality products effectiveness is huge.

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