

Study of Lifestyle Trends on Changing Food Habits of Indian Consumers

¹Mr. Havish Madhvapaty, ²Ms. Aparajita Dasgupta
¹Assistant Professor – Marketing (Amity Global Business School, Noida)
²Research Scholar – Bhagwant University, Ajmer, Rajasthan

Abstract: Global markets have increased the plethora of options available to Indian consumers. With the clear shift in consumer tastes and preferences, food companies have also capitalized on the same. While Indian consumers are still not as heavily impacted by the obesity epidemic like some other developed nations – there is a clear shift; one which does not augur well for the health of the average citizen. The objective of this paper was to identify these key lifestyle trends that have emerged over the dozen years or so – and understand the way they are changing food habits. For this purpose, we talked to 600 respondents across 6 cities in India. The research was conducted using a questionnaire administered online and through CATI. The results overwhelmingly show that there is a shift from opting to eat at home to opting to eat out. Also interestingly awareness about harmful effects of processed foods was high but the reason for consumption was attributed primarily to ease of purchase. The implications of the research are an attempt to ensure that key steps are taken by public officials: such as a tax on unhealthy foods, subsidies for healthy food, and promotion of healthy norms. Also FSSAI guidelines need to strengthen to ensure that customer awareness increase and food companies opt for a more transparent communication platform.

Key Words: Food Safety and Standards Authority of India (FSSAI), Nutrition, Food Habits, Organic food, Processed food, Ready-To-Eat, Convenience Foods

I. Introduction

The Indian food value chain is on the verge of a great transformation - from one characterized by high wastage, low processing and low global contribution to one that is more streamlined, more integrated and more significant in the global trade, according to a FICCI – KPMG report on ‘Enhancing Competitiveness of Indian Food Chain’.

A report released at the inaugural session of the FICCI's Food 360 in 2013 said that the opportunities in the food processing industry are significant and expected to reach a size of Rs 400,000 crore by FY15 contributing to around 6.5 percent to the GDP.

1.1 Indian food industry

Accounting for about 32 per cent of the country's total food market, the food processing industry is one of the largest industries in India and is ranked fifth in terms of production, consumption, export and expected growth. The total food production in India is likely to double in the next 10 years with the country's domestic food market estimated to reach US\$ 258 billion by 2015.

The food processing industry forms an important segment of the Indian economy in terms of contribution to GDP, employment and investment, and is a major driver in the country's growth in the near future. This industry contributes as much as 9-10 per cent of GDP in agriculture and manufacturing sector, according to Mr J P Meena, Additional Secretary, Ministry of Food Processing Industries (GOI).

The Indian food industry stood around Rs 247,680 crore (US\$ 39.03 billion) in 2013 and is expected to grow at a rate of 11 per cent to touch Rs 408,040 crore (US\$ 64.31 billion) by 2018.

Indian agricultural and processed food exports during April-May 2014 stood at US\$ 3,813.63 million, according to data released by the Agricultural and Processed Food Products Export Development Authority (APEDA).

The government through the Ministry of Food Processing Industries (MoFPI) is making all efforts to encourage investments in the sector. It has approved proposals for joint ventures (JVs), foreign collaboration, industrial licenses and 100 per cent export oriented units. According to the data provided by the Department of Industrial Policies and Promotion (DIPP), food processing sector in India has received around US\$ 6,076.58 million worth foreign investments in the period April 2000 – September 2014.

Reports from the Organization for Economic Co-operation and Development (OECD) have revealed that the size of the middle class may increase from 1.8 billion to 3.2 billion by 2020 and 4.9 billion by 2030. Of which, 85 percent of this growth will come from Asia. About 80 percent of the growth in global spending from

US\$21 trillion to US\$56 trillion by 2030 will be attributed to Asia. China and India are the main contributors to this phenomenon, while countries like Indonesia, Vietnam, Thailand and Malaysia play a significant role too.

A wide range of foods has penetrated the market. These are available in a variety of packaging formats and at different retail formats and price points. Lifestyle trends in the India (rising incomes, longer working hours, more working mothers) tend to support a convenience food culture. Ready-To-Eat Foods include frozen foods, packaged foods; and quick fast food meals at Quick Service Restaurants (QSRs) have seen a huge uptick. Indians now carry cartons of Ready-To-Eat products overseas, because Indian food is either rate or expensive (or both). According to World Health Organization (WHO) estimates, by 2030 67 percent of all deaths in India will be due to such causes on people suffering from non-communicable diseases like diabetes and cardiovascular diseases. The Lancet estimates that the loss to national income for India due to non-communicable diseases mortality for 2006-15 will be US \$237 billion. WHO, non-communicable diseases are top killers in Southeast Asia, leading to an estimated 7.9 million deaths every year.

Food is reportedly the biggest consumption category in India and a huge proportion of monthly budget is spent on food.

1.2 Indian food regulations

The Ministry of Food Processing Industries was set up in July, 1988 to give an impetus to development of Food Processing Sector in the Country. The Ministry is concerned with formulation and implementation of the policies and plans for the food processing industries within the overall national priority and objectives. The Ministry has taken a number of initiatives to promote investment in food processing sector.

The Food safety and standards (FSS) rules required under the Food Safety and Standards Act, 2006 (FSSA) are being framed by the 23-member Food Safety and Standards Authority (FSS Authority). Under the act the FSS authority would function as an apex body to implement the rules.

The objective of FSSA is to consolidate the laws relating to food, establish FSS Authority for laying down science based standards for articles of food, regulate the manufacture, storage, distribution, sale and import of food products, and ensure availability of safe and wholesome food for human consumption.

1.3 Lifestyles

Lifestyles are group specific forms of how individuals live and interpret their lives in a social context. Lifestyle research needs a double perspective/methodology: observer and participant. We live our lives, and others observe it; but we need to make sense of our actions and frame them in a more or less personally interpreted (sub-) cultural framework. Macro-data and micro-motives should thus be monitored together. Lifestyles link social structure to attitudes and behavior. The lifestyle perspective (mainly derived from market research and sociology) reveals the socio-cultural plurality of societies. Similar to the 'American Way of Life' (as described for example by Wernick 1997), there might be an 'Indian Way of Life'; but even within the United States the market research institute Claritas Corp. has detected about 60 different lifestyle groups, identified their consumption behavior and their political preferences, and is able to locate them in a fine grained ZIP-code resolution (Weiss 2001). They found 'The American Way of Life' is thus only an approximation of the US reality, and one can specify the concrete adherence (or distance) to this leading vision of Western culture. It would therefore be wrong to assume the one Way of Life concept for India also.

II. Literature Review

Binkley (2006) in his research titled "The effect of demographic, economic and nutrition factors on frequency of food away from home" has used a model explaining visits to table service and Ready-To-Eat restaurants that are estimated with nutrition variables added to standard demographic measures ,wherein nutrition factors have less impact on table service. However the frequency of consumers very conscious of nutrition factors is significantly very less to table service and Ready-To-Eat restaurants vis-à-vis others. Manchester and Clauson (1995) in their work titled "Spending for food away from home outpaces food at home" have analyzed how food expenditure has significantly increased on eating out. Nayga and Capps (1986-1998) in their study titled "Determinants of food away from home consumption: An Update" identified several socio economic and demographic characteristics of individuals who have consumed food away from home using 1987-1988 national food consumption survey. The analysis was performed using logit analysis. The significant characteristics have been race, ethnicity, employment status, food stamp participation, seasonality, household size, age, income and frequency of consumption. Jackson and McDaniel (1985) in their research titled "Food shopping and preparation: psychographic differences of working wives and housewives" explores various psychographic characteristics exhibited by working wives as opposed to housewives in food shopping and food preparation by comparing responses of 246 working wives and 181 housewives to several food shopping and preparation related psychographic statements. Results have revealed that working wives have a greater dislike for food shopping and cooking and also exhibited a tendency to be less concerned with the impact of their food

shopping and preparation activities on other family members vis-à-vis nonworking wives. Roberts and Wortzel (1979) in their study titled “New lifestyle determinants of women’s food shopping behavior” have used life-style variables as predictors of food shopping behavior. It has been concluded that women’s participation in the labor force have significantly focused attention on changing life-styles and consumption patterns. Schroder and McEachern (2005) in their research titled “Ready-To-Eats and ethical consumer value: a focus on McDonald’s and KFC” aimed to investigate the effect of communicating corporate social responsibility (CSR) initiatives to young consumers in the UK on their fast-food purchasing with reference to McDonald’s and Kentucky Fried Chicken (KFC). They concluded by the authors that Ready-To-Eat has been perceived as convenient but unhealthy and therefore Ready-to-eat companies can no longer rely on convenience as USP unless the implications of same on consumers health is given equal importance. Lowell (2004) in his work “The food industry and its impact on increasing global obesity: A case study” has looked at the current crisis which is set to engulf both the developed and developing world using a variety of reliable sources like WHO (World health organization) and IOTF(International obesity task force). The author has plotted the global increase in obesity over the last two decades and points out the problems associated with childhood, adolescent and adult obesity with growing liking for Ready-To-Eat and snacking. The author has also pointed a finger at the food industry particular the fast-food industry which over the few decades has perfected various marketing techniques which have been designed to make us eat more food (supersizing) and targeting more on schools and children.

III. Objectives

The objectives of the paper are:

1. To check consumer preferences and food habits.
2. To find out awareness of consumers about food habits.
3. To identify actionable suggestions for public officials for improving food habits.

IV. Research Methodology

The research was primary in nature aimed at consumer behavior and awareness level. For the same the following methodology was employed:

Sampling type: Stratified sampling

Sample Geography: 6 cities – NCR, Hyderabad, Mumbai, Chennai, Bangalore, and Pune

Sample Size: 100 respondents each

Respondent Segment Classification: SEC A1, A2, B1

Respondent Income group: Rs. 40,000 p.m. – Rs. 1, 20,000 p.m.

Mode of survey: Online + CATI

Tools used: SPSS 20.0; MS Excel 2013

V. Analysis

Table 1 shows the selection of respondents – based on the categorization.

AREA	RESPONDENT AGE						TOTAL
	20 – 30		30 - 45		45 Above		
	M	F	M	F	M	F	
NCR	20	17	16	18	15	14	100
Hyderabad	21	15	18	19	15	12	100
Mumbai	25	19	18	13	14	11	100
Chennai	18	19	21	14	16	12	100
Bangalore	17	23	15	15	13	17	100
Pune	24	11	16	21	14	14	100

Figure 1 shows the percentage of respondents choosing the factors for eating out. The numbers show that there is some variance when we look at the city – wise numbers. Bangalore scores the highest on all three parameters – socialization, convenience, and experimenting with cuisines.

Figure 1: Reasons For Eating Out

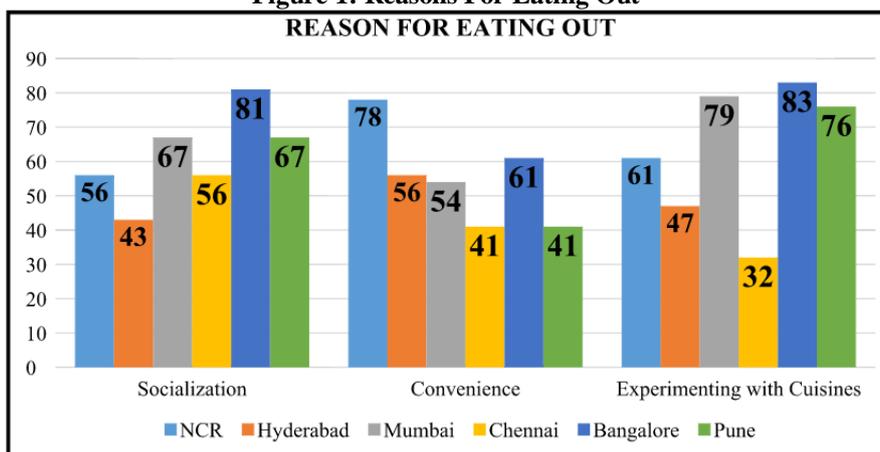


Figure 2 shows the proportion of monthly expenditure that the respondents spend on food in a month. We see that packaged food on an average is nearly 15% of the monthly expenditure while Eat – Out is nearly 8%.

Figure 2: Proportion Of Monthly Expenditure

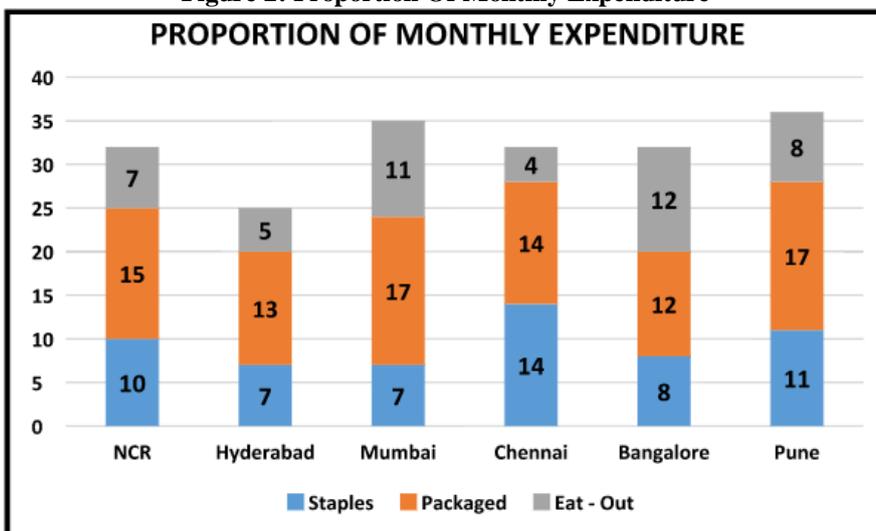


Figure 3 shows the proportion of monthly expenditure towards eating out versus the frequency of days. We see here that respondents from Bangalore eat out most frequently (8 days per month) followed by Mumbai (6 days per month).

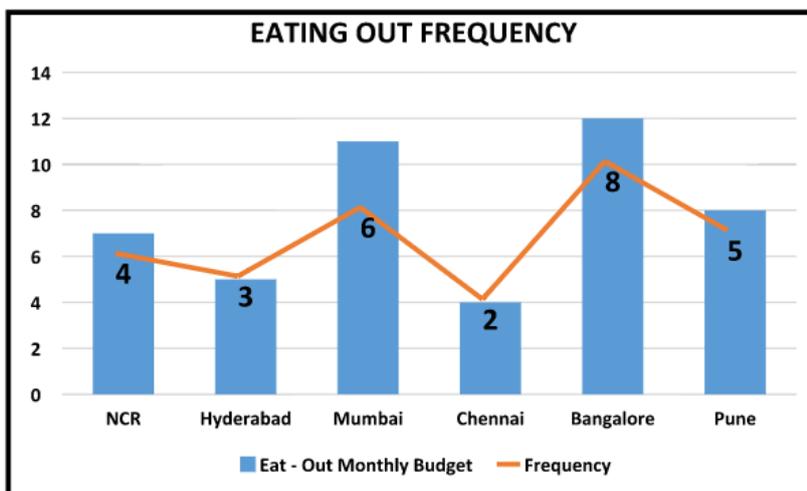


Figure 4 shows the factor to which maximum attention is paid when it comes to food bought from the shelf. It can be seen here that women pay maximum emphasis to serving size. Men pay packaging and convenience of buying.

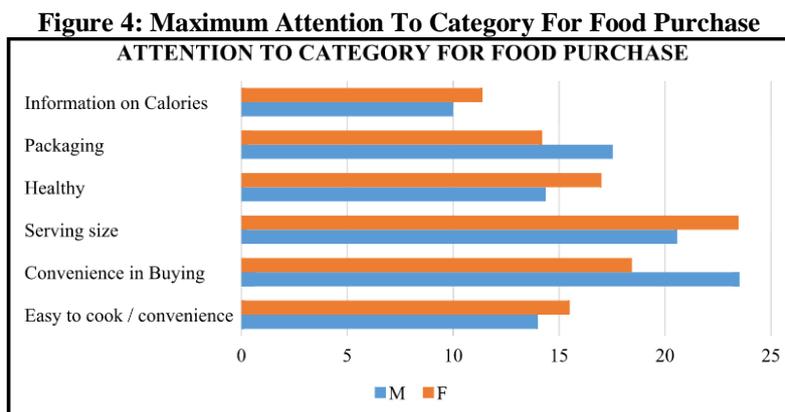


Figure 5 shows the awareness level of respondents towards two parameters - RDA (Recommended Dietary Allowances) and Serving Sizes. Here Serving Size awareness was much higher.

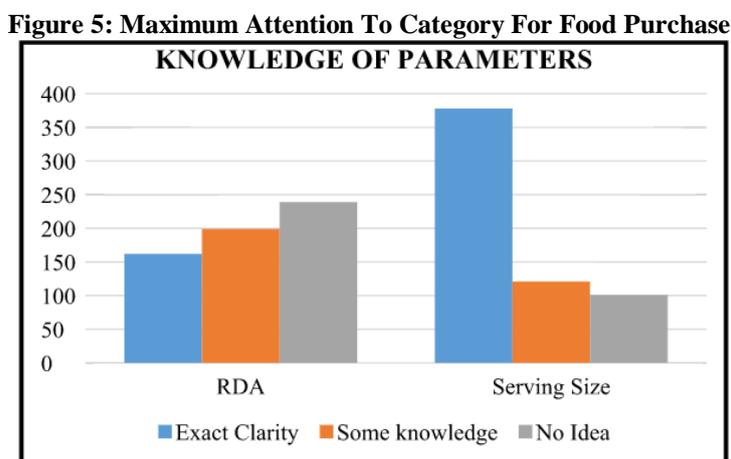


Table 2 and Table 3 shows the results of Cronbach Alpha test to check for consistency of responses. The values being greater than 0.70 show reliability of our analysis.

Table 2: Cronbach Alpha: Consistency Of Responses

		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Food companies efforts	Companies should put in more effort for clarity	468	78	54	0	0
	Attempts should be made to give healthier options	484	67	49	0	0
	False claims should not be made	505	61	34	0	0
Influencers for food purchasing	Kids and spouse have final say in purchases	372	90	55	48	35
	Social pressure has an impact on purchases	378	104	46	42	30
	More popular brands / endorsed by a celebrity are usually safer even if unproved	354	101	15	76	54

Table 3: Cronbach Alpha: Consistency Of Responses

Variables	Cronbach Alpha
Food companies efforts	0.826
Influencers on food purchasing	0.783

VI. Conclusions

1. There are stark differences in consumer habits across different cities.
2. There are multiple reasons for people to go out and eat.
3. The attention paid to food purchases and food labels differ between men and women significantly for some parameters.
4. The awareness level of consumers definitely has room for improvement. Also – it is clear that consumers want more transparency from food companies.
5. It is also seen that consumers are open to different pricing and packaging approaches which enable them to keep a tighter control over their eating habits.
6. There is also lack of clarity of terminologies; customer knowledge is very important.

VII. Suggestions and Recommendations

1. The three key things that might be considered are: tax on unhealthy foods, subsidies for healthy food, and promotion of healthy norms.
2. A win-win situation for both food companies and consumers would be if food companies help consumers better control their consumption and promote favorable attitudes towards the brand and company; since overconsumption can lead to weight gain, rapid satiation and delayed purchasing – which would harm the food companies.
3. Consumption research helps to disaggregate consumers into lifestyle groups with different attitudes and behavior. But we see that it can be more deeply classified into: market preferences, reflexive preferences, and policy preferences.
4. Heavy-handed regulation and nutrition education programs could increase the current consumer backlash against diet and nutrition messages. Highly involved consumers may actively ignore nutrition information to avoid the negative emotions that may arise if the food is less nutritious than they had thought.
5. Indians are taking more interest in taking control of their personal health than ever before, there is a renewed interest in reading information related to health and wellness. Detailed and descriptive nutritional information on product packaging is vital in gaining the consumer trust.

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