

**CHAPTER ONE**  
**INTRODUCTION**  
**& RESEARCH DESIGN**

# CHAPTER ONE

## INTRODUCTION AND RESEARCH DESIGN

### 1.1 INTRODUCTION TO STUDY

Retail is the final stage of any economic activity. Retailing includes all the activities involved in selling goods or services to final consumers for personal, non business use. Any organization selling to final consumers whether it is a manufacturer, wholesaler or retailer-is doing retailing. By virtue of this fact, retail occupies an important place in the world economy.

Currently, India is the 5th largest retail market in the world. The country ranks fourth among the surveyed 30 countries in terms of global retail development. The market size in 2010 was estimated at US\$ 353 bn (Source: IBEF) and is expected to reach US\$ 543 bn by 2014. Retailing has played a major role the world over in increasing productivity across a wide range of consumer goods and services. In the developed countries, the organised retail industry accounts for almost 80% of the total retail trade. In contrast, in India organised retail trade accounts for merely 5% of the total retail trade. This highlights tremendous potential for retail sector growth in India.

The sector can be broadly divided into two segments: Value retailing, which is typically a low margin-high volume business (primarily food and groceries) and Lifestyle retailing, a high margin-low volume business (apparel, footwear, etc). The sector is further divided into various categories, depending on the types of products offered. Food dominates market consumption followed by fashion. The relatively low contribution of other categories indicates opportunity for organized retail growth in these segments, especially with India being one of the world's youngest markets.

Historically, Indians have been conservative spenders, thus food forms a huge chunk of India's consumption needs. Transition from traditional retail to organised retailing is taking place due to changing consumer expectations, demographic mix, etc. With the revival in consumer spending, expansion plans of retailers are back in full swing. The convenience of shopping with multiplicity of choice under one roof (Shop- in Shop), and the increase of mall culture etc. are factors appreciated by the new generation. These are expected to be the growth drivers of organized retailing in India over the long run.

The Indian fast food market has been witnessing rapid growth on the back of positive developments and presence of massive investments. Currently, market growth is largely fuelled by the rising young population, working women, hectic schedules, and increasing disposable income of the middle-class households. Some of the unique properties of fast food like quick served, cost advantage, etc are making it highly popular among the masses. Thus, India offers enormous opportunities for both domestic as well as international players.

According to, "Indian Fast Food Market Analysis", the Indian Fast Food Industry is anticipated to grow at a CAGR of around 34% during 2011-2014. Anticipating the future growth, many big international players are entering into the market by making deals with the domestic players. And those already present in the Indian market are expanding their presence in different provinces of the country. This trend will emerge more strongly during our forecast period, providing opportunities to local players to widen their product portfolios.

Some report provides extensive information on the country's fast food market, besides discussing the growing segments like Noodle market, Pizza market, and others food market. Thus, it provides valuable information about the Fast food companies and provides necessary insight for investors looking to enter this market. Moreover, the report features forecast for fast food sales in the country. The forecast is based on the correlation between past market growth and growth in base drivers, such as middle class, urbanization, cultural shift, and lifestyle changes. Due consideration is given on competitive landscape to enable clients to understand market structure and growth prospects.

A nation as diverse as India is a competitive market in terms of habits. This is primarily due to the fact that each region has its own traditional food and dietary habits, and its own food specialties. Changing lifestyles have however, fuelled the trend towards eating out and emergence of new segments like coffee retailing. This segment is witness to many international players most of them have learnt to adapt to Indian tastes and sensibilities.

The Indian catering services sector of which fast food is a part is estimated to be worth Rs 57,000 crore, of which only Rs 3,940 crore or 6.9% is accounted for by the

organized retail market. India is likely to see the addition of at least 400 restaurants fast food outlets and coffee joints in 2008. Food chains such as Yum Brands, McDonald's and Domino's have earmarked an estimated investment of over Rs 300 – 400 crore this year, for expanding their retail presence across the country.

Key players in the Indian fast food market include Domino's Pizza, Pizza Hut, Subway, Nirula's and large number of local and regional players.

## **1.2 STATEMENT OF THE PROBLEM**

Having studied the relevant literature and preliminary data gathered, the researcher thought it best to conduct an extensive and conclusive study to understand the effect of customer satisfaction on Fast Food retail outlets. This intention the researcher intended to undertake a research titled: 'A Comparative study of Customer Satisfaction with special reference to Fast Food Retail outlets of McDonald's and Dominos Pizza in Pune City'.

## **1.3 TITLE OF THE RESEARCH**

"A Comparative study of Customer Satisfaction with special reference to Fast Food Retail outlets of McDonald's and Dominos Pizza in Pune City".

## **1.4 SIGNIFICANCE OF THE STUDY**

After understanding the importance of customer in India, the Researcher has decided to study customer satisfaction in case of fast food retail outlets especially in case of Mcdonald & Domino's Pizza. The research is also important to identify Market size, growth and Market Potential of Mcdonald and Domino's pizza in Pune region. The research shows future Scenario of Mcdonald and Domino's pizza in current perspective. The study shows Opportunities and challenges for Mcdonald and Domino's pizza respect of internal & external environment. Research says about main competitors in the field of organized fast food retail sectors. The study provide guideline to further extension of Mcdonald and Domino's pizza in Pune region .The study provide help to know the customers satisfaction with Mcdonald and Domino's pizza stores. The significance of the study can be explained as follows:

**I. Academic significance:** the study has an academic significance considering the new & emerging trends in the field of marketing, specially fast food retailing. The fast food retail business specially has acquired a great significance in terms of contribution to economy, generation of employment, as well as expansion of marketing activity more so over to satisfy the customer needs with minimum efforts on each part. Every research in retailing shall help to know about new theory & innovations in marketing, their applications in Indian context & limitations in implementation.

**II. Professional significance:** The study shall definitely be use to professionals & practicing marketing managers more particularly those engaged in fast food retailing. The marketing managers shall know the changes and development in the field of fast food retailing, new facets of competition and as well as consumers response to innovation in marketing.

**III. Significance towards organization:**

- ✓ Customer satisfaction helps in creating a better corporate image.
- ✓ It aids in handling conflict in organization thereby it prevents tension & stress among employees which serve to customers.
- ✓ Aids in understanding the needs & wants of customers.
- ✓ Aids in achieving organizational goals.
- ✓ Provides information for improving quality of products.
- ✓ Aids in organizational development.

**IV. Significance towards customers**

- ✓ Customer satisfaction helps in getting the products as per their preferences.
- ✓ Provides the information to the customers regarding various products.

**1.5 NEED TO STUDY THE CUSTOMER SATISFACTION**

A customer satisfaction study is a very important tool that can provide benefits for businesses of every size. This study can assist business decision-makers in developing strategies to achieve the all-important goal of gaining and retaining customers. Results can play a key role in identifying areas of the business that require corrective action

and improvement. Customer satisfaction study can also identify areas that can be leveraged to achieve business growth and expansion.

### **1.6 OBJECTIVES OF THE STUDY**

- I. To study the level of customer satisfaction in selected fast food retail outlets.
- II. To study if there exists any relationship between gender, occupation and frequency of visit.
- III. To study if there exists any significant association between annual income and frequency of visit.
- IV. To study comparison of overall price of products between Mcdonald and Domino's Pizza.
- V. To study comparison of overall behavior of staff between Mcdonald and Domino's Pizza.
- VI. To study the role of significance & importance of customer satisfaction in the fast food retail outlets.
- VII. To know the satisfaction level of service between Mcdonald and Domino's Pizza.

### **1.7 SCOPE OF THE STUDY**

The study can establish the comparison between McDonald & Dominos on the Parameters viz.

- ✓ Product range
- ✓ Adaptability to local taste
- ✓ Nutritional value
- ✓ Service
- ✓ Location
- ✓ Advertising & sales promotion
- ✓ Ambience
- ✓ Price

The study being conducted in Pune city may not enable the researcher to drawing sweeping generalizations.

## **1.8 HYPOTHESES**

Researcher was fully aware that hypothesis remains the guiding force for research in his endurance to complete the task undertaken. For a research to be conclusive the researcher needs to formulate hypothesis and validate them. The researcher had formulated the following hypothesis, and validated them in the later part of the study.

### **Hypothesis -I)**

Null Hypothesis (Ho): There is no significant association between gender and frequency of visit.

Alternative Hypothesis (H1): There is a significant association between gender and frequency of visit.

### **Hypothesis -II)**

Null Hypothesis (Ho): There is no significant association between Annual income and frequency of visit.

Alternative Hypothesis (H1): There is a significant association between annual income and frequency of visit.

### **Hypothesis -III)**

Null Hypothesis (H0): The general perception about price range is not similar in McDonald and Domino's Pizza.

Alternative Hypothesis (H1): The general perception about price range is similar in Mcdonald and Domino's Pizza.

### **Hypothesis -IV)**

Null Hypothesis (H0): The overall behavior of staff is not similar between McDonald and Domino's Pizza.

Alternative Hypothesis (H1): The overall behavior of staff is not similar between Mcdonald and Domino's Pizza.

## **1.9 INTRODUCTION TO RESEARCH METHODOLOGY**

This study is helpful to find out customer satisfaction and customer's Re patronage intentions and this execute particularly in restaurant industry, how customers decide to revisit the restaurant and what are those factors which influences the customer for returning back to restaurants again and again.

To find these reasons we used quantitative approach for this research. The constructed instrument was pre-tested, where 75 sample questionnaire to be filled, to know if there are any problem with the instrument and therefore it was simple to understand and figure out the questions or not. Through pre-testing it was found that all respondents felt at ease in responding and instrument was interested to them.

**Instrument:** All the information is collected through a questionnaire containing closed ended, structured and unstructured questions. This method was chosen primarily due to ease in handling and recording information.

**Procedure:** The research study is conducted to examine the outcomes and responses of our sample targeted (Local Industry) in order to conclude the impact of customer service on customer retention.

### **Marketing Research:**

Marketing research is the systematic design, Collection, Analysis & reporting of data and findings relevant to a specific marketing situation facing the company. Most large companies have their own marketing research departments, where the small companies in order to know about their quality and their customer's feedback, often hire the services of any research agency or conduct research in a creative or affordable manner by Engaging the students or professionals to design or carryout the projects. Using the Internets or Checking out the competitors.

### **Role of marketing Research**

This is an era of such marketers who identify the needs and wants of customers and act accordingly to satisfy them. The companies manufactured and design such types of product that can best fulfill the requirements of the customers. Marketing Research



hence plays an important role to understand the needs and wants of the prospective and fetches the vital information that can further help company to make various decisions regarding product development, service quality and customer satisfaction as well as to increase market shares and procure more business and to improve the image of the organization. It also helps to understand the market condition, competitors' position and their strengths and weaknesses.

### **1.9.1 MARKET RESEARCH TYPE**

Quantitative research - generally used to draw conclusions - tests a specific hypothesis – uses accidental sampling techniques so as to infer from the sample to the population - involves a large number of respondents - examples include surveys and questionnaires. Techniques include choice modeling, maximum difference preference scaling, and covariance analysis.

### **1.9.2 RESEARCH PROCESS**

Research Process consists of series of actions or steps necessary to effectively carry out research and the desired sequencing of these steps. They do not necessarily follow each other in any specific order. However, the following order concerning various steps provides a useful procedural guideline regarding the research process

1. Formulating the research problem
2. Extensive literature survey
3. Developing the hypothesis
4. Preparing the research design
5. Determining the sample design
6. Collecting the data
7. Execution of the project
8. Analysis of the project
9. Hypothesis testing
10. Generalizations and interpretations
11. Preparation of the report or presentation of the results.

### **1.9.3 Research design:**

Type of research is descriptive where the researcher studied the buying behaviour of consumers. The researcher has selected the sample frame by using different parameters like Age, Income, Gender, Education, & Occupation etc. Structured and close ended questionnaire is prepared on the basis pre-purchase and post-purchase factors and consumer awareness. The research work is purely Qualitative in nature.

Having studied the relevant literature and preliminary data gathered, the researcher thought it best to conduct an extensive and conclusive study to understand the effect of customer satisfaction on Fast Food retail outlets. This intention the researcher intended to undertake a research titled:

**“A Comparative study of Customer Satisfaction with special reference to Fast Food Retail outlets of McDonald’s and Domino’s Pizza in Pune City”.**

“Research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure”. In fact, the research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of the data. “Research Design is plan, structure and strategy of investigation conceived so as to obtain the answers to research questions and to control variance.”

There are three types of Research Design

1. Exploratory Research
2. Descriptive Research
3. Casual Research

### **1.9.4 RESEARCH INSTRUMENT**

The proposed study is based on both primary and secondary data.

#### **1.9.4.1 PRIMARY DATA**

This is the first hand data which is not present in books, journals, reports etc. This data can be collected through number of methods; most common are questionnaire, personal interviews, observation, direct mails etc. For the primary data customers will be contacted with the help of questionnaire which will be designed to gather the data relevant to the objectives of the study.

## **METHODS OF COLLECTING PRIMARY DATA**

- a) Questionnaire method.
- b) Interview method
- c) Observation & informal discussions with consumers of fast food industry.

### **a) Questionnaire Method**

A researcher adopts a Questionnaire Method for collection of data and process of collecting data is given below. The questionnaire is by the most common instrument in collecting primary data. A questionnaire consist of a set of question presented to a respondent for his \ her answer. The questionnaire is very flexible in that there are many way to ask question.

The researcher first of all studies the topic of research carefully and frames out the various questions which are required for analysis step by step. The research guide arranges the questions in proper sequence and adds questionnaire is prepared. The questionnaire is prepared in such a manner as to cover the whole research topic. The questionnaire is category on the basis of various customers.

The copies of questionnaire are prepared and distributed among respondent the topic are first of all explain to the so that it becomes easier for them to answer the question. Finally all the questionnaire are arranged in sequence so the proper analysis can be carried out on the each end and every question given in questionnaire .On the basis of questionnaire various tables are prepared.

### **b) Interview Method**

Being a qualitative research project, the researcher has employed unstructured interview method to obtain part of the primary data pertaining to managerial issue of food retailing business.

### **c) Observation & informal discussions with consumers of fast food industry.**

The researcher, while executing field investigations, found it convenient and immensely useful to engage in to informal conversation to customers. Further, observations in terms of store façade, layout, ambience & customer-staff interactions& transactions were also recorded/noted. This forms useful part of primary data.

## 1.9.4.2 SECONDARY DATA

### METHODS OF COLLECTING SECONDARY DATA

The secondary data is collected from various books, newspapers, Journals, articles, magazines and internet sites. Secondary data are those which are already collected by someone for purpose and are available for reference. Researcher usually starts their investigation by examining secondary data to see whether their problem can be partly or wholly solved.

Secondary data provides a starting point of research and offer the advantage of lower cost and quicker availability.

### 1.10 SAMPLING PLAN/ SAMPLE DESIGN

While designing the logical questionnaire to collect primary data from the sample, the researcher has emphasized on three major issues as shown below;

### 1.11 SAMPLING UNIT

Customers who frequent fast food joints in Pune city area.

### 1.12 SAMPLE SIZE

Researcher has selected following two units to make comparative study of customer satisfaction particularly for fast food select units.

1) Mcdonald.

2) Domino's Pizza.

For the purpose of knowing Comparative customer satisfaction related to Fast Food Retail outlets, responses are collected from 150 consumers by random sampling technique based on clusters; responses are collected from them through structured questionnaire and informal discussions with them.

Sr. no.	Selected Units	Sample size
1	Mcdonald	75
2	Domino's Pizza.	75
	<b>Total sample size</b>	<b>150</b>

### **1.13 SAMPLING TECHNIQUE/PROCEDURE**

The researcher has adopted “**Accidental sampling**” which is also popularly known as Convenience Sampling. This decision can be attributed to the following facts:

- A) The target respondents are easily located in the popular hangouts.
- B) The study has limited scope for generalization of the results.
- C) The limited time frame makes this sampling technique most suitable.

### **1.14 SAMPLING AREA**

The area which is considered for the purpose of present study is different clusters from Pune City.

### **1.15 LIMITATIONS OF THE STUDY**

1. Research work was carried out in one city i.e. Pune only the finding may not be applicable to the other parts of the country because of social and cultural differences.
2. The sample was collected using random sampling techniques. As such result may not give an exact representation of the population.
3. Shortage of time is also reason for incomprehensiveness.
4. The views of the people are biased therefore it doesn't reflect true picture.

### **1.16 CHAPTERISATION SCHEME**

This report is organized into six chapters. They are as follows

#### **1. Chapter One: Research Design.**

It highlights the detailed Design of the study comprising of statement and description of the problems problem, hypothesis, objectives of the study, scope and importance of the study, significance of the study, methodology of data collection & Limitations of the study.

#### **2. Chapter Two: Review of Literature.**

#### **3. Chapter Three: Consumerism Vs Fast Food Retailing in India.**

This chapter deals with various parameters influencing consumers in buying decisions, patronization, repeat purchases and post purchase cognitive dissonance.

#### **4. Chapter Four: Customer Satisfaction, Conceptual Framework with reference to Food Retailing.**

This Chapter particularly deals with the unique demands of food retailing

segment in achieving customer satisfaction.

#### **5. Chapter Five: Data Analysis & Interpretation.**

This chapter narrates analysis and presentation of data, in which collected data has analyzed and interpretation has been provided by researcher. Data has been presented in tabular and graphical form to ease analysis work.

#### **6. Chapter Six:**

This chapter presents **Findings, Suggestions and Conclusion** based on the analysis of data.

- **Appendices**
- **Bibliography**

**1.17 Conclusion:** Thus, the study is divided into six chapters covering various dimensions of Food Retailing. The research design has a broad purpose of covering the representative of the target audience at the limited time period. Further, the projected outcome of the study would be to draw inferences on characteristic differences and similarities of Mc Donald and Dominos Pizza. Considering the fact that the young generation with similar lifestyle, value sets, and aspirations form the customer base for both the brands, it is of vital importance to understand what makes them patronize certain brand while not to do so with the other brand.