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Research Article

AN EXPERTS' OPINION SURVEY ON UNDERSTANDING THE MAJOR CHALLENGES OF CONVENIENCE FOOD MARKETING

Shivani Verma[1]* and Ramandeep Singh[2]

[1]School of Business Studies, Punjab Agricultural University, Ludhiana
[2]Business Management, School of Business Studies, Punjab Agricultural University, Ludhiana

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ABSTRACT

Convenience food is gaining acceptance primarily from Indian youth and is becoming part of day to day life. The present study was conducted to understand the major challenges of convenience food marketing with the help of experts' opinion survey. While comparing the opinions of companies' experts and agri-business experts towards challenges of convenience food marketing, it was found that the significant statements were shortage of raw material, negative perception of the brand, government regulations, lack of distribution network, high prices of food products, scarcity of ingredients, inefficient transportation facilities and availability of cheap substitutes. While talking about the reasons for stiff competition, there was no significant difference between the opinions of companies' experts and agri-business experts regarding taste, product range and consumer awareness. The results also depicted that experts had different opinions towards market potential and distribution planning as some experts considered competition as a major factor affecting market potential.

INTRODUCTION

Indian lifestyle has changed tremendously in the last couple of decades as Indian households today welcome the food which is convenient in cooking. The food industry has been very successful in replacing fresh and healthy food from consumers' diet with processed food. Over the years processed food has become one of the fastest growing industries in the world as well in India. The Indian food processing sector employed over 10 million people with total investment of US$24.04 billion grown at 20 percent per annum in the last five years. About 42 percent of the output comes from the unorganized sector, 25 percent from the organized sector and the rest from small players (Verma and Singh, 2016). There is a visible shift in food consumption patterns among urban Indian families due to increasing awareness and influence of western culture (Srinivasan and Shende, 2015). The changing household structures, technological advancements, changing social norms and multicultural societies have resulted in shifting demand for all types of consumer goods. In today's scenario, convenience food industry is getting adapted to Indian type of requirements and is growing leaps and bounds in India.

The term 'Convenience food' means instant food which is easy to prepare, require minimum handling and impart convenience to the consumers by the way of little requirements of major processing or cooking before their consumption (Premavalli, 2000). These foods require more freezer space but less preparation area. Convenience items may reduce purchasing time, storage facilities and food costs with proper planning and management. These foods are broadly classified into three major categories *viz.* Ready-to-eat (RTE) foods, Ready-to-use (RTU) foods and beverages. Ready-to-eat (RTE) foods are foods intended to be consumed as they are. These foods do not require additional cooking and are usually stored in refrigeration or at room temperature (Muktawat and Varma, 2013). Ready-to-use Foods (RTU) are highly fortified, oil-based nutrient dense pastes specifically designed for the treatment of malnutrition. These foods need some preparations like cooking, frying, reconstitution, dilution *etc.* before consumption. As they are oil-based, bacteria cannot grow in ready-to-use foods which can be stored safely for up to one year without the need for refrigeration. Beverages are potable drinks which have thirst-quenching, refreshing, stimulating and nourishing qualities and they are specifically prepared for human consumption (Bhat, 2013)

Despite the emerging new categories of convenience food in India, various regulatory and infrastructural issues inhibit the

Corresponding author:* **Shivani Verma
School of Business Studies, Punjab Agricultural University, Ludhiana

growth of the Indian convenience food industry. The main challenge is to retain the nutritional value, aroma, flavour and texture of foods, and presenting them in near natural form with added conveniences (Harchekar, 2008).

Veerendrakumar and Shivashankar (2016) explained the factors affecting the supply chain of vegetable sector in Karnataka and found that fragmented supply chain, infrastructure facilities, taxation issue, cost of packaging material, farmer's knowledge,

Table 1 Perception of companies' experts and agri-business experts towards challenges of convenience food marketing

Statements	Companies' experts		Agri-business experts	
	Mean	z-value	Mean	z-value
Strong unorganized market	3.31	2.01^NS	3.62	5.18
Shortage of raw material	3.38	2.64	2.82	-1.17^NS
Negative perception of the brand	3.69	4.75	3.07	0.47^NS
Government regulations and control	4.02	7.11	3.55	4.06
Stiff competition	4.20	11.09	4.00	7.56
More credit/discount given by competitors	3.51	4.07	3.42	2.83
Lack of management capabilities	3.44	3.08	3.57	4.64
Lack of knowledge about market potential	3.64	5.39	3.72	5.41
Lack of technical know-how	3.27	1.70^NS	3.47	3.45
Lack of infrastructure	3.13	0.95^NS	3.47	3.34
Lack of financial support	3.53	3.38	3.62	4.32
Lack of distribution network	3.89	6.74	3.50	4.01
Lack of adequate and skilled manpower	3.36	2.23	3.58	3.87
Lack of innovation to support growth	3.69	5.13	3.67	5.33
Varying distribution and demand problems	3.47	3.60	3.53	4.28
Seasonal fluctuations	3.29	2.38	3.45	3.05
Increasing awareness of nutritional value	3.67	4.94	3.75	5.52
Changing lifestyles and shopping habits	3.93	7.25	3.95	7.02
Growing concerns over convenience food safety	4.20	9.88	4.02	9.23
Higher prices of food products	3.47	3.09	3.85	7.49
Product and pricing decisions	3.40	3.44	3.63	5.23
Middlemen's attitude	3.47	3.40	3.55	4.34
Scarcity of ingredients and energy sources	3.42	2.68	2.97	-0.24^NS
Inefficient transportation facilities	3.69	5.28	3.25	1.71^NS
Availability of cheap substitutes	3.93	7.74	3.38	2.76

Test value=3; NS: Non significant

Table 2 Perception of companies' experts and agri-business experts towards the reasons responsible for the above challenges

Statements	Companies' experts		Agri-business experts	
	Mean	z-value	Mean	z-value
Reasons for the growth of unorganized market				
Unorganized shops maintain a strong customer relation and support	3.78	5.95	3.80	5.71
Unorganized shops provide the essentials on credit basis to low income group customers	3.87	7.68	3.88	7.28
Unorganized shops can be found in every colony and on every road in city or in villages too	4.20	11.09	4.33	12.65
Unorganized shops can offer the utilities at a very affordable cost	4.24	11.72	4.00	8.25
Reasons for the shortage of raw material				
Lack of proper inventory control	3.78	5.95	3.48	3.81
Long lead time for procurement of items	3.82	6.22	3.35	3.49
Excessive machine stoppage	3.60	5.16	2.90	-0.90^NS
Improper material handling within the plant	3.84	7.68	3.13	1.11^NS
Defective or damaged raw materials	3.73	4.77	3.27	1.96^NS
Govt. regulations and control in various areas				
Advertising	3.24	1.50^NS	2.95	-0.35^NS
Employment and labour	3.71	4.70	3.07	0.50^NS
Environmental	3.93	6.67	3.55	4.42
Privacy	3.91	7.71	2.83	-1.32^NS
Safety and health	4.64	22.79	3.77	5.67
Nutritional standards	4.71	22.71	3.82	6.55
Reasons for stiff competition in convenience food marketing				
Availability	3.38	2.71	3.87	6.50
Taste	3.96	7.30	4.17	9.25
Product range	4.31	12.00	4.10	8.96
Consumer awareness	4.56	14.40	4.27	11.67
Impact of management capability on individual and business				
Salary	3.80	6.00	4.20	10.35
Promotions	3.98	8.38	4.15	10.87
Better jobs	4.04	8.80	4.23	11.50
Customer satisfaction	4.13	8.27	4.53	16.96
Productivity	3.84	7.68	3.98	8.92
Profit	4.27	11.32	4.13	9.27
Shareholder value	3.71	5.18	3.87	8.72
Employee satisfaction	4.20	9.88	4.33	13.74

Test value=3; NS: Non significant

quality standards, value addition, transportation facilities, *etc.* were the factors which constituted serious challenges for vegetable sector. The work conducted by Harris and Shiptsova (2007) on frozen products looked at the impact of economic and socioeconomic factors on purchase of selected convenience foods. Their findings suggested that income turned out to be a significant factor that influenced convenience food growth.

Reardon and Berdegué (2002) analysed the challenges and opportunities for development of supermarkets in Latin America. They found that quality and safety standards, packaging, cost, volumes, consistency and payment practices were important challenges for farmers and supply chains in the region. Understanding the convenience food marketing challenges help in determining the growth direction of successful ventures. It provides a lot of useful information regarding marketing mix for planning a successful strategy for the company managers as well as for the policy makers (including government) for the whole industry as well as economy in general. Keeping these facts in view, the present study aimed to understand the major challenges of convenience food marketing with the help of opinions of experts.

MATERIALS AND METHODS

For conducting the present study, the specialized group of people in the concerned fields, from both inside and outside the organization, were approached and asked to give their opinions on convenience food marketing and its challenges. The population comprised of agribusiness experts and companies' experts who had complete information on the overall economic environment and the conditions prevailing in the convenience food industry. The primary data were collected from sixty agri-business experts and forty-five companies' experts using structured non disguised questionnaire. The questionnaire included variables such as brand perception, packaging, middlemen's attitude, competition, sales and distribution, product and pricing decisions *etc.* For the purpose of selecting the sample a list of experts was prepared; those experts were professionals, academicians, consultants, Markfed, Milkfed, food technologists, food economists *etc.* Experts were selected from the prepared list using simple random sampling. The companies' experts and agri-business experts were asked to rate different statements regarding challenges of convenience food marketing on a scale of 1 to 5 where 1 stands for Never and 5 stands for Always. On the basis of frequency of rates for each statement, mean value for each statement was calculated and then the statistical tools were applied *i.e.* test of significance for single means and test of significance for difference between two means.

RESULTS AND DISCUSSION

This section deals with the results and discussion relating to the major challenges of convenience food marketing.

Perception of companies' experts and agri-business experts towards challenges of convenience food marketing

The perusal of Table 1 depicted the mean scores and z-values of respondents to the statements regarding the challenges of convenience food marketing. In the case of opinion of companies' experts, all the statements were statistically significant except strong unorganized market, lack of technical know-how and lack of infrastructure. It means there was no significant difference between the test value and mean value of the above mentioned statements. In agri-business experts' opinion survey, the non-significant statements were shortage of raw material, negative perception of brand, scarcity of ingredients and inefficient transportation facilities. The mean score of the statement 'shortage of raw material' was 2.82 that were different from the test value *i.e.* 3 which signified that it was not an important challenge as per the opinion of agri-business experts. Further, the mean score of the statement 'negative perception of the brand' was 3.07 which signified that the particular challenge was neither more important nor less important.

Perception of companies' experts and agri-business experts towards the reasons responsible for the above challenges

The perusal of Table 2 depicted the mean scores and z-values of respondents to the statements regarding the reasons responsible for above mentioned challenges. While considering the opinion of companies' experts it was found that all the statements were statistically significant except the control of government in advertising. It means this particular reason did not affect the above challenges. As per the opinion of agri-business experts, excessive machine stoppage, improper material handling within the plant and damaged raw materials were not the major reasons responsible for the above challenges because their mean scores were different from the test value and they were on the lower side. The other non-significant statements were the control of government in the area of advertising, privacy and employment and labour.

Opinion of companies' experts and agri-business experts towards brand perception, market potential & distribution planning

The perusal of Table 3 depicted the mean scores and z-values of respondents to the statements regarding brand perception, market potential and distribution planning. All the statements were found statistically significant which means that the mean scores were different from the test value and they were on the higher side. As per the opinion of companies' experts and agri-business experts, all the factors strongly affected the market potential and 'being consistent' was always the best way to create positive brand perception in the minds of consumers. Further, proper distribution planning was also helpful in improving the customer service according to the survey.

Comparison between opinions of companies' experts and agri-business experts towards challenges of convenience food marketing

In order to check whether there was a significant difference between the opinions of companies' experts and agri-business experts, test of significance for difference between two means was applied. From Table 4, it was found that the significant statements were shortage of raw material, negative perception of the brand, government regulations and control, lack of distribution network, higher prices of food products, scarcity of ingredients, inefficient transportation facilities and availability of cheap substitutes. In other words, there were differences in the opinions between the companies' experts and agri-business experts on the above mentioned statements. The remaining statements were found to be non-significant as the opinions of experts were similar.

Table 3 Opinion of companies' experts and agri-business experts towards brand perception, market potential & distribution planning

Statements	Companies' experts		Agri-business experts	
	Mean	z-value	Mean	z-value
Ways that create a positive brand perception				
Update your technology	3.67	5.61	4.12	7.93
Update your website	3.82	8.49	3.97	7.08
Invest in your professional branding	3.76	5.74	4.18	10.50
Qualify your relationships and connections	4.18	9.80	4.17	10.67
Commit more time to purposeful social media marketing	4.02	7.92	4.07	9.00
Build trust	4.47	13.00	4.65	17.45
Be consistent	4.56	17.81	4.62	20.42
Factors that affect market potential				
Analyzing potential customer base	3.58	4.95	4.27	10.91
Analyzing competition	4.02	9.93	4.33	11.53
Analyzing the current environment	4.16	11.52	4.15	11.46
Analyzing the demand of products in different areas	4.02	7.92	4.43	13.70
Goals achieved through distribution planning				
Analyze and manage interdependencies between manufacturing and distribution	3.69	6.30	4.13	11.10
Proactively manage distribution channels, providing dynamic movement of product to customers	3.93	9.58	4.18	11.58
Increase inventory turns and reduce cycle times	3.69	5.28	4.05	10.58
Improves customer service	4.09	11.53	4.43	12.47

Test value=3

Table 4 Comparison between opinions of companies' experts and agri-business experts towards challenges of convenience food marketing

Statements	z-value	p-value
Strong unorganized market	1.59	0.115
Shortage of raw material	-2.56	0.012
Negative perception of the brand	-3.03	0.003
Government regulations and control	-2.36	0.020
Stiff competition	-1.12	0.267
More credit/discount given by competitors	-0.49	0.626
Lack of management capabilities	0.65	0.518
Lack of knowledge about market potential	0.41	0.687
Lack of technical know-how	0.97	0.337
Lack of infrastructure	1.65	0.102
Lack of financial support	0.39	0.698
Lack of distribution network	-2.12	0.037
Lack of adequate and skilled manpower	1.03	0.308
Lack of innovation to support growth	-0.12	0.905
Varying distribution and demand problems	0.37	0.716
Seasonal fluctuations	0.84	0.401
Increasing awareness of nutritional value of convenience food	0.43	0.671
Changing lifestyles and shopping habits	0.09	0.931
Growing concerns over convenience food safety	-1.11	0.269
Higher prices of food products	2.07	0.041
Product and pricing decisions	1.35	0.179
Middlemen's attitude	0.44	0.659
Scarcity of ingredients and energy sources	-2.15	0.034
Inefficient transportation facilities	-2.16	0.033
Availability of cheap substitutes	-2.99	0.003

Comparison between opinions of companies' experts and agri-business experts towards the reasons responsible for the above challenges

The perusal of Table 5 depicted that all the reasons were considered important for the growth of unorganized market as there was no significant difference between the opinions of companies' experts and agri-business experts. While talking about the reasons for stiff competition, there was no significant difference between the opinions of companies' experts and agri-business experts regarding taste, product range and consumer awareness. The significant statements for the shortage of raw material were long lead time for procurement of items, excessive machine stoppage, damaged raw materials and improper material handling within the plant. In the case of government regulations and control in various areas, there were different opinions in the areas of environmental, privacy, employment and labour, safety and health and nutritional standards. The opinions regarding impact of management capability on individual and business were also compared and analyzed that all experts had different opinions regarding salary and customer satisfaction. Some experts viewed that salary had greater impact on individual and business while others perceived that customer satisfaction had greater impact.

Table 5 Comparison between opinions of companies' exerts and agri-business experts towards the reasons responsible for the above challenges

Statements	z-value	p-value
Reasons for the growth of unorganized market		
Unorganized shops maintain a strong customer relation and support	0.11	0.911
Unorganized shops provide the essentials on credit basis to low income group customers	0.10	0.923
Unorganized shops can be found in every colony and on every road in city or in villages too	0.87	0.388
Unorganized shops can offer the utilities at a very affordable cost	-1.46	0.148
Reasons for the shortage of raw material		
Lack of proper inventory control	-1.59	0.115
Long lead time for procurement of items	-2.90	0.005
Excessive machine stoppage	-4.30	0.010
Improper material handling within the plant	-4.23	0.010
Defective or damaged raw materials	-2.26	0.026
Govt. regulations and control in various areas		
Advertising	-1.35	0.179
Employment and labour	-3.21	0.002
Environmental	-2.05	0.043
Privacy	-6.05	0.010
Safety and health	-5.73	0.010
Nutritional standards	-6.14	0.010
Reasons for stiff competition in convenience food marketing		
Availability	2.50	0.014
Taste	1.14	0.255
Product range	-1.24	0.219
Consumer awareness	-1.85	0.068
Impact of management capability on individual and business		
Salary	2.26	0.026
Promotions	1.09	0.280
Better jobs	1.17	0.243
Customer satisfaction	2.53	0.013
Productivity	0.87	0.384
Profit	-0.78	0.438
Shareholder value	0.94	0.348
Employee satisfaction	0.87	0.388

Table 6 Comparison between opinions of companies' exerts and agri-business experts towards brand perception, market potential & distribution planning

Statements	z-value	p-value
Ways that create a positive brand perception		
Update your technology	2.34	0.021
Update your website	0.86	0.390
Invest in your professional branding	2.47	0.015
Qualify your relationships and connections	-0.07	0.946
Commit more time to purposeful social media marketing	0.25	0.802
Build trust	1.25	0.214
Be consistent	0.52	0.608
Factors that affect market potential		
Analyzing potential customer base	4.10	0.010
Analyzing competition	2.01	0.047
Analyzing the current environment	-0.04	0.969
Analyzing the demand of products in different areas	2.50	0.014
Goals achieved through distribution planning		
Analyze and manage interdependencies between manufacturing and distribution	2.94	0.004
Proactively manage distribution channels, providing dynamic movement of product to customers	1.77	0.080
Increase inventory turns and reduce cycle times	2.25	0.027
Improves customer service	2.32	0.023

Comparison between opinions of companies' experts and agri-business experts towards brand perception, market potential & distribution planning

The perusal of Table 6 depicted the opinions of companies' experts and agri-business experts regarding brand perception and found different opinions in technology up gradation and investing in professional branding. The results also depicted that experts had different opinions towards market potential and distribution planning. In the case of market potential, some experts considered competition as a major factor while some considered product demand in different areas as a major factor affecting market potential. Further in distribution planning, some experts perceived that cycle times could be reduced through distribution planning while other experts viewed that distribution channels could be managed through planning.

CONCLUSIONS

The findings of the study revealed that all the challenges of convenience food marketing were statistically significant except strong unorganized market, lack of technical know-how and lack of infrastructure as per the companies' expert survey. The mean score of the statement 'shortage of raw material' was 2.82 that were different from the test value *i.e.* 3 which signified that it was not an important challenge as per the opinion of agri-business experts. While comparing the opinions of companies' experts and agri-business experts, it was found that the significant statements were shortage of raw material, negative perception of the brand, government regulations and control, lack of distribution network, higher prices of food products, scarcity of ingredients, inefficient transportation facilities and availability of cheap substitutes. While considering the opinion of agri-business experts regarding the reasons responsible for above mentioned challenges, excessive machine stoppage, improper material handling within the plant and damaged raw materials were not the major reasons responsible for the above challenges. In order to check difference between the opinions of companies' experts and agri-business experts, the significant statements for the shortage of raw material were long lead time for procurement of items, excessive machine stoppage, damaged raw materials and improper material handling within the plant. The results also depicted that experts had different opinions towards market potential and distribution planning. The results of the present study can act as a benchmark for developing appropriate food marketing strategies that will lead to the efficiency of food business and the opinions of experts will enhance the knowledge in the field of marketing of convenience food in the country as well as in the state.

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