



TITLE: UNDERSTANDING THE IMPACT OF GLOBALIZATION ON THE INDIAN FOOD
INDUSTRY AND CULTURE, WITH SPECIFIC REFERENCE TO MCDONALD'S AND
STARBUCKS

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Abstract

The aim of the dissertation is to understand the impact that globalisation has had on the Indian food industry, and culture with reference to McDonald's and Starbucks. The thesis intends to understand how fast food brands tailor themselves to adapt to the social, cultural and economic scenario of a country as diverse as India, bringing about a change in the mentality of the population. By placing these global ventures in the context of a country which holds itself proud in its heritage and traditions, the adaptation of brands to the local consumer attitude can be perceived. Having adapted to the socio-economic structure for market entry, these brands create an impact on the consumer mentality. The research work intends to assess the effect of the influence that global ventures have on the culture and the mindset of the India population. The dissertation also measures the impact of western influence on the global economy. To justify these claims, information was collected through a self-designed consumer feedback survey conducted across demographics, pan India. Along with the survey, research was also undertaken on preceding articles and research works to support the study.

Introduction

The 21st century has seen a massive impact that globalization has had on the world's economy and socio-cultural settings in several major countries. Globalization is heralded as a force that revamped the economic structure of the world. The second decade of the 21st century saw globalization enter its fourth phase (Refer appendix 1), with the internet being the dominant force, converging the ever-shortening gap between continents, and countries. From the Industrial Revolution in the early 20th century in England, to the Second Industrial Revolution in USA in the 21st century (Vanham, 2019), globalization has gained a strong footing across the world. In today's date, India is sought as one of the biggest consumer markets in the world.

“I have always been very confident and very upbeat about the future potential of India. I think it is a great country with great potential” (Tata, 2015)

The trajectory of India's consumer market saw immense growth once the country opened up its gates to foreign markets, in 1991. It was when India was on the verge of bankruptcy, rises in oil prices, return of unemployed Indian laborers from Iran and other problems (Wolpert, 2009, p. 461) The Finance Minister, Dr. Manmohan Singh, under the prime minister ship of PV Narasimha Rao took steps to combat the crisis. In less than five years, under the acumen of Dr. Manmohan Singh, India moved from the Nehruvian phase of a socialist economy to a Capitalist-free enterprise economy (Wolpert, 2009, p.463). With the onset of globalisation, India is witnessing major changes socially, economically and culturally. India, spanning 3.28 million km² geographically, is predicted to reach 1.4 billion people by the year 2021 (Ritchie, 2019) (Refer

appendix 2). In 2019, India is being sought as a highly potential investment market with great economic growth and a continuous increase in expenditure on outside dining (Refer appendix 3). It is projected that India's food service market has a potential to grow by more than 10% by the year 2023 (FICCI, 2018). The growth in the food industry is supported by a continuous rise in population, higher disposable income, aspirations of the bourgeoisie class, an increased focus on wellbeing, advancements in technology, and fast growing rate of urbanisation (Sabnavis and Kansara, 2019).

Opening to foreign investments led global food brands such as McDonald's, Dominos, Yum! Brands, Starbucks and many others set up operations in India. India's food market offers a great growth potential. Since 2013, the food service industry has registered a compound annual growth rate (CAGR) of 8.4% between 2013 and 2018. In 2018, the market size of the industry stood at US\$5.1 billion (Sabnavis and Kansara, 2019). In 1996, McDonald's, in a joint venture with Vikram Bakshi, opened the world's first "beefless" outlet in India (Abrams, 2019). Although secular in sense, India is predominantly a Hindu-religion country, a religious group which does not consume beef. Keeping the delicate cultural traditions and close ties with religion in mind, McDonald's biggest strategy in India was to "glocalize themselves", i.e., acclimatize to local lifestyle and socio-cultural customs of India (Tomlinson, 1999, p.196). Through localization, affordable international menus, and other relative factors, McDonald's was successful in attracting the Indian consumer. Starbucks Co. entered the sea of opportunities in 2012, through a 50:50 Joint-venture with Tata Global Beverage, a subsidiary of Tata group (Gandhi, 2019) (refer appendix 4). The coffee giants entered a market already proliferate with major coffee brands. India, being a tea-drinking country, possessed a challenge for even one of

the world's biggest café brands (Berlinger, 2012). Even then, the attitude of the average Indian was changing. The new consumer was willing to try newer things, spend more money for newer experiences and be a part of the global culture. Having major food brands set up market in India, the country's consumer was able to globalize its identity, attuning to the emerging global food trends.

Research Objective

The paper aims to understand the changing consumer pattern of India, in context of the food industry. The paper revises the impact of globalisation on the economic history of India and its subsequent effects on the food industry. Beginning with a pecuniary account of India, moving on to the impact of globalisation on the culture and, the food service industry, the paper develops an understanding of the result of global food trends. Through the primary research, i.e., the survey that was conducted, the author wishes to gauge the mutable consumer attitude, and assess difference in choices of Indian consumers in relation to the fast food restaurants and cafes, along with questions related to McDonald's and Starbucks. The author also employs the use of various secondary sources for a more thorough research on the topic.

Research Questions

The paper aims to establish if changes in consumer attitude are discernable as a result of moving towards a global consumer attitude. Also, to understand the need of establishments to integrate themselves to local communities in India, and which in turn impels the influence of global food trends to the country, driving the growing influence of globalisation. To conduct research, three questions were devised by the author, which were answered through preliminary research, on both primary and secondary sources.

- 1) How globalisation has propelled India's economic growth?
- 2) How Starbucks and McDonald's used the strategy of glocalisation to adapt to the local consumer market in India?
- 3) How westernisation of culture has affected the Indian mindset?

Literature review

India's Economic History and Onset of Globalisation

India gained independence from the British Raj in 1947, driving the country's economic, political and social situation into a tumultuous spiral. Partition of the country, and the process of decolonisation had taken a huge toll on the country's psychological, social and economic sphere. (Mazzarella, 2003). The main causes of worries were the critical spread of poverty and the acute shortage of crucial resources. The economic status of the country became imbalanced and chaotic. In 1947, under India's first prime minister Pt. Jawaharlal Nehru, India was ushered into a socialist economy under a mixed economy model (Venkateswar & Bandyopadhyay, 2016 p. 45) (refer Appendix 5). By the 1950s, this was adopted by the nation, a non-capitalist model, paving the way for a social democracy (Powell, 2012). Fast-forwarding to 1991, India was facing an acute economic crisis because of dwindling foreign exchange reserves. At that time, the Finance Minister was the Harvard educated, Dr Manmohan Singh. On 24th July 1991, in a historic Union Budget meeting, Singh initiated the process of liberalisation of the Indian economy (Kadam and Rao, 2016). Dr Manmohan Singh's economic liberalisation lead to a surge in the modern middle class, developing an ideology of the urban consumer (Fuller and

Assayag, 2005, p. 2) It was described as a “quiet economic revolution” by the World Bank (quoted: Nayar 1998, p. 335). Thereby, Dr Manmohan Singh pushed the country into a more global space (refer Appendix 6). Globalisation is argued to be a “widening, deepening and speeding up of worldwide interconnections in all aspects of contemporary social life, the cultural to the criminal, the financial to the spiritual” (Held *et al.*, 2009). The face of India’s economic structure transformed. Foreign investors expanded to India to set up businesses in the country. By 1996, many multinational companies were looking to expand to India due to its extraordinary growth as an emerging consumer society in the world’s economy. 2019 saw India become the sixth largest economy in the world (Ibef.org, 2019).

Data released on the website of India’s current Prime Minister, Narendra Modi deduced that cashless payments have been on the rise ever since the radical economic move of demonetising major currency notes (Krishnan, 2016) (Refer appendix 7). India’s expenditure market is seeing a rise in the use of plastic money, i.e. debit and credit cards, adding to the ever-increasing spending capacity of the Indian consumer.



Table 1: India's GDP growth from 1991 to 2018 (World Bank, 2018)

India's economic growth can be put into perspective by mapping the growth of the Gross Domestic Product (GDP) of the country. In 1991, India's GDP was assessed to be ₹5,86,212 crore which grew to ₹1,35,76,086 crore in 2016 (Kadam and Rao, 2016). India's economy was growing at a rapid rate. And, subsequent growth in the per capita GDP increased the disposable income of the country, driving an increase in the growing rate of consumption of goods and services (Sabnavis and Kansara, 2019), pushing a subsequent growth in the fast food industry.

Globalisation and Indian Consumer Culture

Globalisation has become a largescale phenomenon impacting consumers all over the world. In a developing country like India, globalisation has propelled the growth of a nation that has promises of becoming an economic superpower (Batra *et al.*, 2009). A global market can also highly influence the culture of a country. Culture is a notional theory and has various definitions for the concept. It can be generally agreed upon that "culture is a learned, transmitted and shared phenomenon" (Cleveland and Laroche, 2007). Globalisation creates contact between transportation, communication, advertising and other powerful factors to bring about a homogenous consumer economic culture across national boundaries, (Gerr, 1999). Culture is considered an important factor when it comes to understanding attitude of consumers. The consumer culture of a particular society can be understood in terms of a society's consumption of goods and services based on their value, culture and social status, influencing the way people behave and act (Chaplin and John, 2007). Theory of Consumer Culture by Arnould and

Thompson states that the interrelations that exist between the consumer culture can have effects on the social interaction, relationships and self-identity (2005).

Consumer acculturation maps the journey of a local consumer culture to a global consumer culture because of globalisation. Acculturation refers to a process wherein people independently learn and adopt the values and norms of a culture different to what they grew up with. A lot of theorists have termed acculturation as a unidimensional, and bipolar process. The attaining of new traits of a culture may make an individual lose their own heritage, or culture of origin (Cleaveland and Laroche, 2007). From the perspective of consumer culture, it focused on how an individual acquires skills, behaviour and knowledge pertaining to consumer culture. This often results in the adoption of a foreign brand, directly adopting it (Gupta, 2012)

Hofstede defined culture as “...the collective programming of the mind, which distinguishes the members of one group from another” (1980, p. 201). In 2001, Hofstede identified six dimensions of culture to understand norms, social values and culture of a country. As mentioned earlier, India’s economy is growing at a very fast pace (Hofstede, 2001) and, this can have an impact on culture as well. According to Hofstede’s Insights website, in reference to India, power distance for India ranks at 77. What this means is that India has a top-down structure and has an appreciation of hierarchy. India tends to lean towards a sense of a collectivist society, with Individualism ranking at 48, implying the “sense of belongingness” that encapsulates its culture. India values societal norms. Interestingly, in the last couple of decades, the youth of India is seen to be shifting towards a more individualistic sense of self (Hofstede, 2001). These insights can help gain a keen insight into the developing mindset of the Indian

consumer who is now captured in the enthralls of globalisation but is still trying to hold on to its traditional values.

Globalisation and the Food service Industry in India

The 21st century has seen phenomenal growth in the global food service industry (Sarkar, 2019). With the ever-growing desire for comfort in a world which is looking for ease and convenience over everything, the boom in the fast food industry comes as no surprise. A definition of fast food is “a limited menu of foods that lend themselves to production-line techniques; suppliers tend to specialize in products such as hamburgers, pizzas, chicken, or sandwiches” (Bender and Bender, 1995).

Market Snapshot



Figure 1: A Scenario of Indian Food Market (Mordor Intelligence, 2019)

The Indian Restaurants and Food Services market contributes around 2.3% to the total GDP of India. It is comprised of an organised sector and an unorganised sector with the organised sector accounting for ~35% of the food service industry (FICCI, 2018). The organised

sector comprises of licenced and standalone players, can be divided into six components: Quick-Service Restaurant (QSR), Casual Dining Restaurants, Fine Dining Restaurants, Cafés, Frozen Dessert and Pub, Bar, Club and Lounge, while the unorganised sector lacks any structure or quality control (Shukla and Sharma, 2017)

India foodservice industry category segmentation: % share, by value, 2017

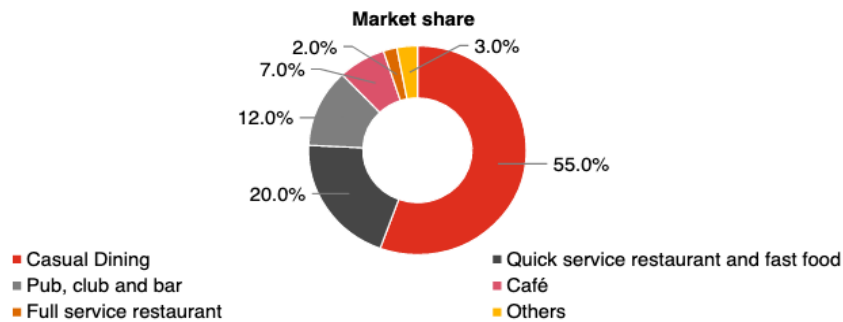


Table 1: Segmentation of India's foodservice Industry (FoodZania, 2018)

The QSRs are essential to the Indian Food Market. In the past decade, the QSR market has brought in more international cuisines, fast-food service chains and a convenient and affordable style of eating, thereby increasing the growing desire of the Indian consumer to try newer and newer cuisines. A number of international QSR chains realise the immense growth potential the proliferate Indian market has to offer (M.S, 2019).

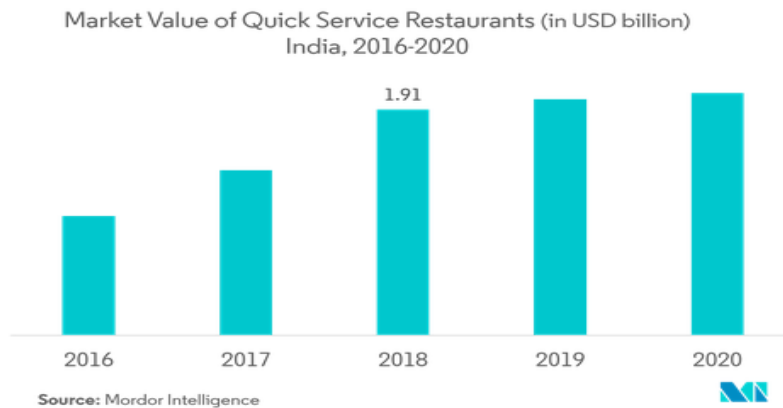


Table 2: Value of QSR FY2016-20 (Mordor Intelligence, 2019)

India prides itself in a rich cultural and traditional background. With a rich ethnic heritage, the country offers an assortment of dishes from across 29 states, with unique flavours attributed to each. As mentioned before, India is a collectivist society (Hofstede, 2001) and meals form an important part of Indian culture. Apart from the physical need to ‘eat’, meals perform a social function, as well. The society comes together over meals.

Consumer spending is factored to reach US\$3.6 trillion by 2020 (QSRMedia Asia, 2019). According to a recent demographic survey, the Indian population registers the largest population between the ages 18 to 25 (Refer appendix 8) boosting a median age of 26.7. In India, this demographic has the prospective to become potential customers who would be interested in trying newer cuisines and food joints (FICCI, 2018).

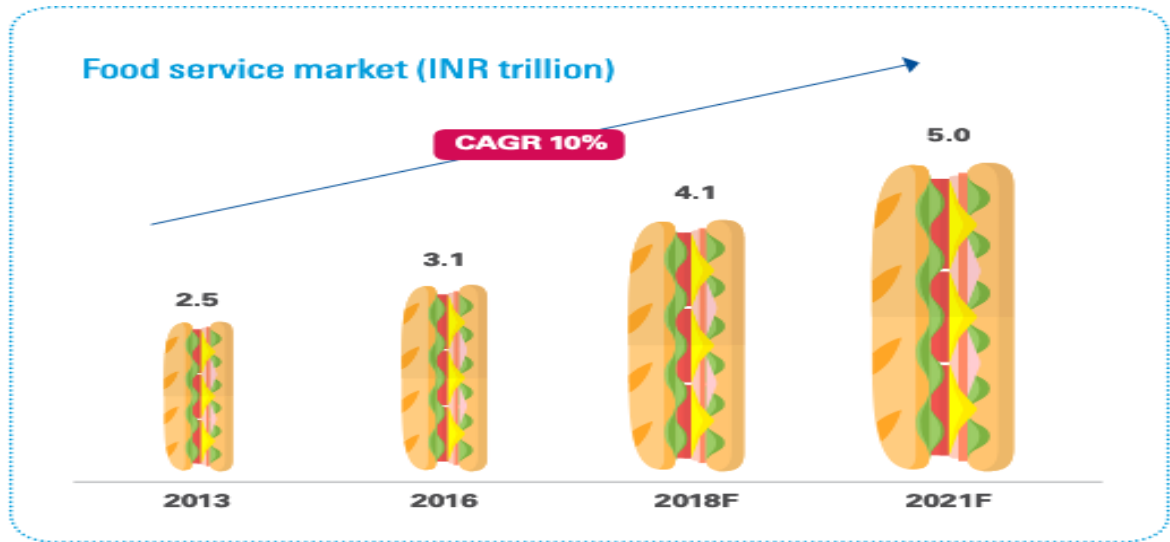


Figure 2: Potential Growth in Fast Food Market India (KPMG, 2016)

The internet has had a phenomenal impact on the food service industry (Frost and Sullivan, 2018). Globally speaking, June 2019 assessed India to have the second highest number of active internet users (TRAI, 2019). With an increase in number of online food delivery companies like UberEats, Swiggy, Zomato, etc., there is a substantial increase in the availability of food options for consumers. By offering various benefits like discounts, coupon ideas, they are able to attract the “hungry” customer, who is ready to spend money on food (KPMG, 2018). Interestingly, because of these delivery companies, a lot of restaurants from the unorganised sectors have been able to bridge the gap to be a part of the organised sector (Singh, 2017).

Since India opened up to foreign markets in 1991, various global food brands have introduced the Indian consumer to more international cuisines and tastes, adding to their ever-growing desire for trying new tastes and dishes (FICCI, 2018). One of the key strategies employed by these multinational players has been glocalisation. It is the expansion of international companies into new territories by tailoring their products, or services, to acclimatize

to local markets, in this context, India (Tarabout, n.d., p.185). Glocalisation helps international companies' entry into newer markets easier. By adapting to local culture and customs, they are able to create less of a cultural shock for consumers who could otherwise be less hesitant to try a new brand. By glocalizing, these international brands also inculcate a sense of familiarity. Glocalisation can be understood in India through global fast food giants, McDonald's and Starbucks.

McDonald's in India

McDonald's is regarded as the pioneer of the fast food industry since the 1950s (Britannica, 2018). According to a list released by Forbes in 2018, McDonald's is the tenth most powerful brand in the world. An interactive currency comparison tool, The Big Mac Index, was conceptualised by The Economist in the year 1986. It was to simplify the comparison of national currencies in two different countries, based on the macroeconomic theory of purchasing power parity (Refer appendix 9) For example, in January 2018, a Big Mac in America was priced at \$5.28, while in India, the same was priced at \$2.82. It was undervalued by 2.0%. 'Burgernomics' is a simple tool that helps a layperson understand the economic theory of exchange currency. The impact of McDonald's on the global economy led the Big Mac Index become a global tool to gauge currency misalignment. (The Economist, 2018)

Harvard anthropologist, James Watson researched McDonald's in various Asian countries. He suggested that there was a switch happening from 'sacramental' to 'non-sacramental' food consumption, implying the ease with which fast food was becoming more commonplace in a society. For Asians, McDonald's was not merely a place to eat a burger, but to

become a part of the American culture, learn the American-style modernity. Hence, the idea of glocalisation was to accept a global culture but with significant influence from the local. For the American customers, McDonald's was a part of their 'individualistic', fast paced lifestyle, have food to eat on the go. But, for the Asian customers, it was a way to relax after shopping, or in between or after, a scheduled day, or to socialise, or just be a part of the 'american way of living' (Berger and Huntington, 2002).

Created in San Bernardino, California in 1953, McDonald's expanded to the Indian market very early in India's economic game, in 1996. India had recently, in 1991, opened its market to foreign businesses and investments. They had two separate 50:50 joint ventures in the country (ET Online, 2012) (refer Appendix 10). McDonald's still maintains the franchise business model (BBC, 2018) (refer Appendix 11) initiated by fast food revolutionary, Ray Kroc, to expand operations worldwide. In a country like India, the use of the franchise models enables the American company to better suit their identity to the local consumer by having local partners, who understand the Indian market.

Fries are one of the most popular products on McDonald's menu (Davis, 2001). In the year 2002, McDonald's was forced to pay a compensatory amount of \$10 million to Hindu groups in USA. McDonald's was frying their fries in "beef tallow". And, since Hindus do not consume beef for religious reasons, it was a blasphemous move on McDonald's part (refer Appendix 12). Considering that McDonald's was already a part of the Indian community, they were well aware of the religious laws followed by Hindus.

One of the key products that transformed McDonald's entry into the Indian market was the conceptualisation of the McAloo Tikki burger. A vegetarian burger, pivotal to the cultural and traditional setting, was inherently Indian in taste. Made of mashed potatoes and peas, the burger was reminiscent of spicy Indian street food (Nandini, 2014). Upon its introduction in 1997, it was priced at a mere 30 cents and was an instant hit with the Indian market, comprising majorly of middle-class players with a conventional Indian taste pallet with an appetite to try newer cuisines, yet unable to let go of the inherent taste buds. An entry-level ice cream, Softy, was introduced for poorer customers who could not always enjoy the luxury to eat in a 'fancy' fast food restaurant. The chief operating officer, Edward Dixon, who provides market entry advice from Sannam said "Whether you love or hate McDonald's, they deliver a formula very well." (McDonald's, 2012)

McDonald's glocalisation strategy allowed the company to immerse itself in the Indian consumer culture. While still holding the appeal of an international brand, they were able to deliver Indian food, disguised as international meals (Nandini, 2012). From McSpicy Paneer wrap, to an alternative to BigMac, McMaharaja, the company established an identity with the Indian consumer. By being one of the first companies to enter the subcontinent, McDonald's was able to manipulate the taste pallet of the unaware consumer who had little to no experience with international tastes. McDonald's faced competition from other national and international QSR brands such as Haldiram's, BurgerKing, Dominos, YUM brands any other food brands.

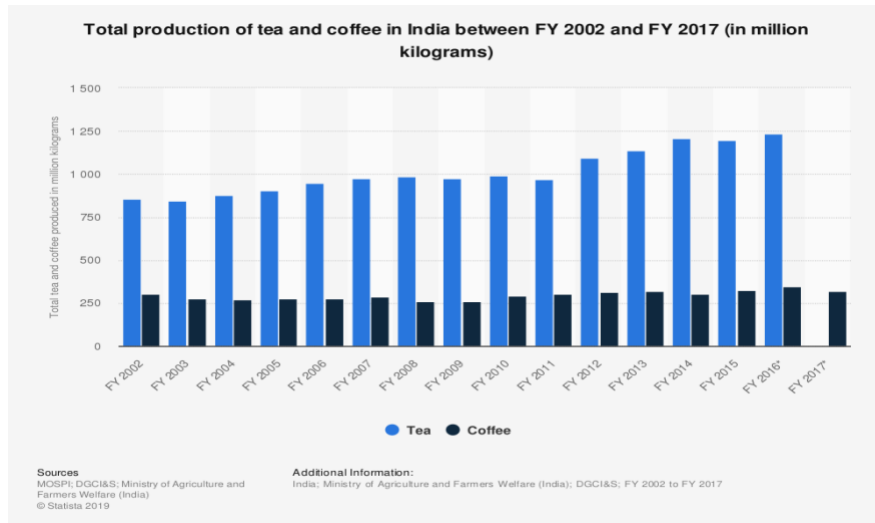
Starbucks in India

In 1970s in America, three budding entrepreneurs, Ziv Siegel, Jerry Baldwin and Gordon Bowker created the iconic coffee brand Starbucks (Starbucks, 2002). The coffee giant dominates 57% of the total café market, globally (CNBC, 2019). In 2013, The Wall Street Journal conceptualized the Starbucks “Latte Index”. Similar to The Economist’s Big Mac Index, the Latte Index tracked the cost of a Starbucks drink (converted into USD) in 29 cities, comparing the different prices in different cities to the ‘standard’ price in New York City. Currently, the price of a Latte in New York City is US\$3.45 (Dulaney, 2017)

It was in October 2012, Starbucks Coffee Co, entered the Indian market as Tata Starbucks Ltd (refer Appendix 4). They opened their first café in Horniman Circle, Mumbai, an area privy to luxury bands, offices and bank spaces. In a first for the Seattle based brand, coffee served in Starbucks was sourced locally in India (Starbucks, 2012). As can be discernable from the huge youth demographics in India, it is believed that the is “open to experimentation, are not hung up on tea or any other particular beverage” (Dalda, 2012). India is celebrated throughout the world for its tea culture. Tata Starbucks wished to take India’s rich tea culture to other countries. They created a tea brand, Teavana, with Tata Global Beverages. It was outsourced, along with locally branded, yet “expensive” packaged drinking water, Himalaya (Starbucks, 2012).

In India, Starbucks faced quite a few challenges. There was a need to cultivate a coffee drinking culture, Starbucks was an expensive brand and India’s biggest consumer market was basically the middle class. Traditionally, India is a land of tea drinkers, but the past decade, saw a slow rise in the coffee culture (Coffee Brand of India, 2017). In 2017, global CEO Howard Schultz was questioned about how tea drinking culture could potentially make India difficult to

penetrate. He said that according to a research conducted by Starbucks, a “tremendous amount of coffee was being sold and served in the market” (CNBC, 2012).



Graph 1: Production of Tea and Coffee FY 2002-17 (MOSP, 2019)

Methodology

The paper employs a mixed method approach, combining elements of quantitative and qualitative research using primary and secondary sources (Cresswell, 2010, pg 5). The primary resource is a self-designed survey questionnaire (refer appendix 18) and secondary data involves analysing articles, journals, etc. By combining both options, the approach allows a more comprehensive interpretation of information acquired via the survey in tandem with the secondary information. Articles and research work were chosen from journals like Harvard Review, Journal of Marketing Management and others, taking only reliable and acclaimed sources. Reviewed sources were used for quotation statistical information

Participants

Participants for the primary research were a snowball sample of 153 Indian citizens majorly between the ages of 18 to 25 (58.5%) and, over 45(21.6%). Most respondents were from a middle class economic (52.9%) and upper class (19.6%) economic background. Participants were from various metro cities in India such as Delhi, Mumbai, Chennai etc. These cities can be taken as good representations of Indian consumer population as they are metropolitan, urban cities. With India being a predominantly Hindu country, it was found that majority of respondents were vegetarian (58.2%), while hardly any responses were given for vegan food preference (less than 1%). The survey also asked qualitative research question related to preference between McDonald's and Starbucks.

Procedure

Ethical approval from University of Sussex was taken before starting data collection. Thereafter, data was collected within a period of three days, between 27rd and 30th July 2019. Participants were recruited via social media platforms such as Facebook, Instagram and WhatsApp, using a self-designed poster (Refer appendix 19) and, through word of mouth. The poster invited Indian citizens above the age of 18 to participate in the study: *The Impact of Starbucks and McDonalds on the Indian Food Market* (refer appendix 18). Participants who were interested responded to the anonymous e-questionnaire, designed using Google forms. It took seven minutes to complete it. All participants completed questions that explored general demographic information (age, area of residence and economic class) in relation to food trends and expenditure on fast food. The survey included both qualitative and quantitative questions. It was done so to assess the choice pattern of the Indian sample in relation to food trends, expenditure on fast food, opinions on McDonald's and Starbucks. For the secondary sources, all articles were carefully read, information pertaining to the dissertation topic was carefully selected. Care was taken to only procure articles from reliable and acclaimed sources for reliable information.

Analysis

The data collected was analysed using the response summary provided by Google forms and running analyses on SPSS. Google forms gave a perfunctory percentage of the culminative data collected. In SPSS, Crosstab statistics was run on some of the variables. And, custom tables for AGE variable against economic background, drink preference, choice of food and drink, frequency of visiting a fast food joint and coffee chop, and expenditure at a fast food joint, coffee shop were built for a better understanding of the data collected. A comparison of choices

between the two major respondent groups, i.e. 18-25 (90) and over 45(33) was measured to assess difference in preferences between ages groups. This was done to evaluate an impact, if any, on the changing mindsets between generations, and subsequently the impact of westernisation on the Indian culture. The secondary sources were the previous research done on the subject matter at hand and were used to gain insights into the relevant thesis topics. The literature review aided the author in postulating the backbone to the statistical analysis done and further helped the author in advancing their own research.

Results

The data collected from the survey was recorded by the author and analysed. The results from GoogleForm were used for basic outcomes, Age and Economic Background. From the 153 participants, it was seen that the highest number of respondents were from the age group between 18 to 25 (90 | 58.5%) and the second highest respondents were Over 45 (33 | 21.6%). Hence, Age was taken as the independent variable against which various variables were assessed. The highest number of respondents were from a Middle Class economic background (81). More than 89 of the respondents voted being Vegetarian.

Age

153 responses

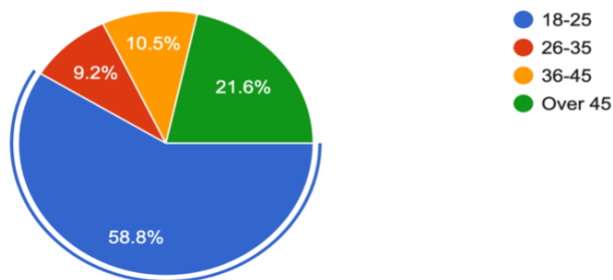


Figure: Pie Chart showing Age of respondents from Google Forms

Economic Background

153 responses

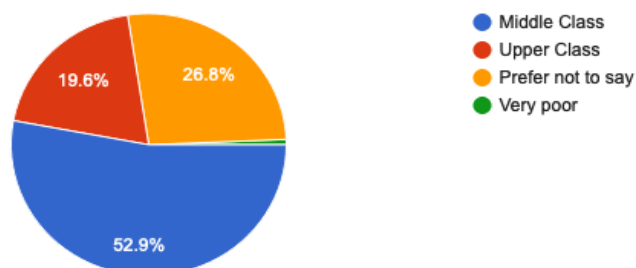


Figure : Pie Chart showing Economic Background from Google Forms

The table below shows the frequency of visits to fast food joints and the money spent there, against age of participants. It was noted that the 53 respondents from the 18-25 group visited a fast-food joint at least once a week, and 51 respondents spent around ₹200 (US\$2.8). From the over 45 group, 18 from the total of 33 respondents rarely went to a fast food joint. 17 respondents from the group spent around ₹500 (US\$5.8) at a fast food joint. The aggregate total of the most visits to a fast food joint was highest for Once a Week, with 78 respondents. And, 69 responses were recorded for ₹200 amount of money spent there.

		Frequency_Fast_Food_Joints				Money_Spent_FFJ					
		More than three times a week	Never	Once a week	Rarely	Total	Less than or around ₹100	Less than or around ₹200	Less than or around ₹500	More than ₹500	Total
Age	18-25	21	2	53	14	90	12	51	24	3	90
	26-35	6	0	4	4	14	3	4	5	2	14
	36-45	4	0	9	3	16	2	4	7	3	16
	Over 45	1	2	12	18	33	2	10	17	4	33
	Total	32	4	78	39	153	19	69	53	12	153

Table 1: SPSS Statistics of collected data, related to Fast food Joint and Age

A similar table was created with Age against Frequency in Visiting a Café and money spent there. From the table, 28 respondents from 18-25 age group frequented a café once a week, yet 40 of the totals rarely went to one. Average money spent there was ₹200 (US\$2.8). Over the age of 45, 16 respondents had rarely been to a café. Maximum number of respondents (14) spent ₹200 (US\$2.8) at a café. The aggregate total of the most visits to a Cafe joint was highest for Rarely visiting a café joint, with 72 respondents. And, 68 responses were recorded for ₹200 amount of money spent there.

Age		Frequency_Cafe				Money_Spent_Cafe				
		More than three times a week	Never	Once a week	Rarely	Total	Less than or around ₹100	Less than or around ₹200	Less than or around ₹500	More than ₹500
18-25	10	12	28	40	90	39	38	12	1	90
26-35	1	0	3	10	14	5	7	2	0	14
36-45	2	1	7	6	16	1	9	6	0	16
Over 45	0	7	10	16	33	9	14	9	1	33
Total	13	20	48	72	153	54	68	29	2	153

Table 2: SPSS Statistics of collected data, related to Café and Age

From the two data statistic tables, the 18-25 population was found to frequent both fast food joints and cafés a lot more than the older groups. The average amount of money both the groups spent was found to be US\$2.6 for both cafés and fast food joints.

When asked about the drink preference between tea and coffee, 80 respondents from the total chose coffee. A SPSS cross tabulation output was done. Interestingly, 51 respondents from the age group 18-25 chose coffee, and 20 chose tea. 17 of the Over 45 respondents chose tea.

Case Processing Summary

	Valid		Cases Missing		Total	
	N	Percent	N	Percent	N	Percent
Age * Drink_Preference	153	100.0%	0	0.0%	153	100.0%

Age * Drink_Preference Crosstabulation

Count

Age		Drink_Preference			Total
		Coffee	Neither	Tea	
Age	18-25	51	19	20	90
	26-35	9	1	4	14
	36-45	8	2	6	16
	Over 45	12	4	17	33
Total		80	26	47	153

Table 3: SPSS Statistics of collected data, of Preference of Drink Against Age

A more detailed statistics table was made between Age and Economic Background against Food Preference and Drink Preference. From the table, below, it was found that 30 respondents from 18-25 group preferred Home Cooked Meal over other options, and Iced Coffee from Drink Preference. Lemonade (Nimbu Pani) was the second preferred choice for both groups. From the Economic Background, respondents from the 81 respondents of the middle class (34) and 31 of Upper Class (30) preferred Home Cooked Meals. Upper class respondents preferred Iced Coffee (12), while the Middle Class group preferred Fruit Juice (26), followed by Tea (15).

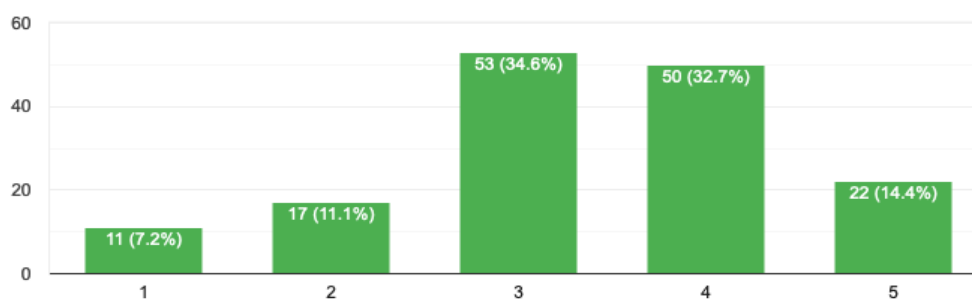
		Food_Choice						Drink_Choice						
		Burger	Chicken Nuggets	Chole Bhatu re	Home cooked meal	Vada Pav	Total	Chai	Chai Tea Latte	Fruit Juice	Iced Coffee	Nimbu Paani	Total	
	Count	Count	Count	Count	Count	Count	Count	Count	Count	Count	Count	Count	Count	
Age	18-25	2	17	14	13	30	14	90	13	5	23	30	19	90
	26-35	0	3	1	3	5	2	14	3	1	3	6	1	14
	36-45	0	0	0	5	10	1	16	5	2	3	3	3	16
	Over 45	0	4	4	3	21	1	33	4	2	7	5	15	33
	Total	2	24	19	24	66	18	153	25	10	36	44	38	153
Economic_Background	Middle Class	2	14	14	9	34	8	81	15	5	26	19	16	81
	Prefer not to say	0	5	5	9	15	7	41	6	2	7	13	13	41
	Upper Class	0	5	0	6	17	2	30	4	3	3	12	8	30
	Very poor	0	0	0	0	0	1	1	0	0	0	0	1	1

Table 4: SPSS Statistics of Food and Drink Choice against Age and Economic Background

Respondents were asked to rate the taste of drinks at Starbucks and the taste of food at McDonald's to assess their perception of global brand tastes. McDonald's received a neutral rating for their food but, factored low for healthy and quality food items. Drinks served at Starbucks received a very positive rating with more than 72 of the participants being extremely satisfied with the taste of coffee and tea served there.

How would you rate the coffee/tea at Starbucks?

153 responses

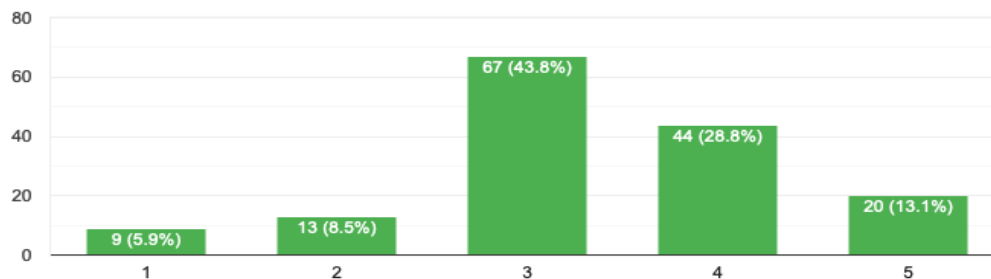


Graph 1: GoogleForm analysis of Taste of Drinks at Starbucks

How would you rate the taste of food at McDonald's?



153 responses



Graph 2: GoogleForm analysis of Taste of Food at McDonald's

At the end of the survey, a couple of qualitative questions were also asked to the respondents to gain a better understanding of their viewpoint on McDonald's and Starbucks. The data collected from the survey gave interesting insights into the minds of the participants. Through the marketing metric tool, SPSS and Google Form analysis, the author was able to divulge deeper, and gain a perceptive outlook of an Indian consumer's cognizance. The implication of the data for the purpose of the thesis, and significance of the statistical analysis are further reviewed in detail to aid in furthering the research of the topic of the thesis as hand.

Discussion

India is factored to have the largest age demographic of 18 to 25 years in the year 2021, in the entire world. (Refer appendix 8). The working population is factored to grow by 9.7 million per year in 2021-2031 (FICCI, 2019). India boasts a median age of 26.7 years. Another interesting factor is that the youth of India, below the age of 25 years, is one of the highest money spending groups, and help in boosting the retail sales (Sabnavis and Kansara, 2019). This also has a strong influence on the changing habits of food consumption.

India has a huge middle class population and is predicted to add 140 million middle class income households by the year 2030 (Singh, 2018) (Refer Appendix 15). Data collected from the survey for the purpose of the thesis also recorded the largest number of respondents from the age between 18 to 25 years, with 52.9% of the total respondents with a middle class background. The 18-25 generation is considered to be a driving force of consumer culture (PwC, 2019). Being in constant contact with the western culture through movies, TV series, the internet, the generation is more aware of worldwide developments, and hence open to experimentation. A study conducted by Deloitte, Voice of Asia, suggested that young people, between the age 18 and 25, in Asia would be responsible for the revolutionization of the market space (Barura, 2019). The new generation is tech-savvy and is comfortable with global consumerism and is helping in driving the economy. While being a global consumer, aware of emerging global trends, the new generation has the consumption smoothing instincts of the parent generation. Keeping this in mind, in emerging economies, consumer culture could potentially be driven by the 'millennial population' expected to be financially and emotionally better off than the previous generation.

The young generation, having grown up with evolving technology has a potential to incorporate technology and evolutionize the market space as well (Deloitte, 2017).

Westernization furthermore brings with it some problems as well. A negative impact of the influence of Western culture could be the alarming rise in brand materialism. India is being seen as a potential market for entry for luxury brands like Burberry, Gucci, Jimmy Choo, etc. (Spire, 2018). With a growing class consciousness, there is link forming between 'self-esteem' and the use of these brands to feel better about the self, or to be part of certain the upper-class social groups (Sharda and Bhat, 2018). Brand consciousness creates a sense of superiority in the minds of the consumer (Mukherjee *et al.*, 2012). Even then, the impact of globalization has led to an increase in the Culture of Consumption (Rassuli and Hollander, 1968). It is fast gaining a stance in India. Holding a desire to possess and consume non-utilitarian goods is fast becoming a part of social identity. Brand materialism is being seen as a way to communicate an individuals' social standing in the society. With rise in disposable incomes, increasing knowledge about international brands and a growing consciousness of the middle-class identity, the consumer is becoming more and more aware of their social status, and wishes to be at the top of the social pyramid (Cho and Shavitt, 2018).

When fast food brands like McDonald's and Domino's entered the Indian subcontinent in 1996, the new-age consumer was ready to be a part of the global food culture, ready to prove their acceptance of these foreign brands and recreate the identity of the self as a global consumer (Batra *et al.*, 1999). 22 years later, in 2018, a survey conducted by Nielsen and Conference Board Global Consumer Confidence Survey found that India ranked a score of 133 in the

Consumer Confidence Index, topping the list. The survey assessed health of personal finance, the expenditure intentions for next 12 months and optimism for jobs (ANI, 2019).

India has been a traditional country in the sense that culturally, the women have been the homemakers. Globally speaking, the 21st century has seen a significant change in this outlook (Olah *et al.*, 2014). Between 1991 and 2011, there was a 14.4 % growth in the number of women in India who were working (Indian Population Census, 2011). As more and more women are entering the work sphere, the concept of a traditional Indian household is gradually changing as well. With the rise in career consciousness, the modern woman wishes to be a part of the work culture, giving rise to the concept of a modern marriage, as well (Basu, 2016). Since, both partners in the marriage are now working, it is not always possible to cook a meal at home. This drives them towards other food alternatives, including the increasing inclinations towards fast food (KPMG, 2016). A slow transition in culture the youth, between the ages of 16 to 27 are starting to move out of their parents' homes for either the purpose of education, or job prospects. While this number is still low, it is slowly gaining momentum (Dommaraju, 2015). Likewise, it is not always convenient to cook meals at college hostels or while working, with commuting eating up a good part of the day. Therefore, along with a host of tiffin services, fast food plays a pivotal role in defining the changing consumption pattern of food in the youth, and in young couples. The increasing availability of food delivery through Zomato, Swiggy, UberEats is also actively pushing the on-the-go-consumer who has a busy lifestyle, who are actively choosing ready-to-eat food (FICCI, 2018).

The Indian consumer is moving towards healthier food options (Nielsen, 2016). The Health and Wellness food market is US\$1.4 billion market, with a CAGR of 10% (KPMG and FICCI, 2016) About 5 million people are thought to fall into this group from six major cities: Delhi, Mumbai, Bengaluru, Pune, Hyderabad and Chennai. India is one of the biggest markets for consumption of Organic food, even though it is more expensive due to a growing consciousness to become healthier (Nandi *et al.*, 2016). Since the market is growing at such a fast rate, food brands have started to incorporate healthier food options on their menus, as whole meals or as substitutes.

The youth of India is moving towards a more individualistic sense of self. The idea of India as a collectivist society (Hofstede, 2001) is being broken down to pave way for a more independent and self-sufficient generation. Unlike the generation of their parents, this generation focuses more on self-growth (DeSouza *et al.*, 2009). There is a growing awareness of building up the career to be at the top of the rat race. From the data collected for the survey, when asked about choice of food, surprisingly more than half the respondents from this age group chose a home cooked meal against Burger or Chicken Nuggets. This could be due a number of reasons. Having moved away from home for education or for job purposes, the eating habits of the youth invariably turn towards quicker and cheaper food options, like fast food. The food options available are many, yet can be extremely unhealthy, as well. Because of working, or having a 9-5 job, the average youth simply does not have the time or energy to cook themselves food. Hence, by preferring home meals over other options, the youth could be craving a sense of comfort, along with missing the home-cooked meals. Food is often considered as a “comfort” and, more so in India. Here, food se seen a social gathering, the coming-together-over-meals (Pingali and

Khawaja, 2004). Learning from Western culture, youngsters have started moving out from their parent's home to become more self-reliant, inculcating a sense of individualism. But, living independently has also brought about a sense of loneliness. And, home food becomes a luxury against money-bought fast food, which is more easily available than the prior (Aloia *et al.* 2013). The last 23 years has seen a phenomenal growth in the industry. 2019 has seen a majority of international brands mark their space. The youth of today is extremely busy as well. They are in a hurry to get their work done, prefer to get in quick bites of food between work or other scheduled activities. The growth in the QSR market is being highly attributed to this generation (QSRMedia Asia, 2019)

With the heavy influence of global food trends, globalisation and entry of international food brands, traditional Indian food is being reinvented with a western taste (KPMG, 2016, p.13). Modernization of a Mumbai favourite street food, 'vada pav' with cheese, or reinvention of the Italian pizza with cottage cheese are just a couple of examples from the new age plethora of modern 'Indo-western' food. The evolution of food is taking place in India. These innovative tastes are attracting the 'globalised' Indian consumer who wishes to be more in tune with the western culture, but still identifies with being an Indian. Keeping this in mind, international brands tailor themselves to suit the likings of the Indian population. Interestingly, local brands, like Haldiram or Chaayos wish to bring forth a more international taste in their menu (Gaubha, 2016). McDonald's has a Spicy Paneer Puff, Haldiram's has cheesy Dosa. Starbucks has Chai Tea Latte, Chayooos has Lemongrass Ginger Tea. The Indian consumer is becoming more and more global in their approach to consuming goods and services, wishing to be part of the globalised Indian economy.

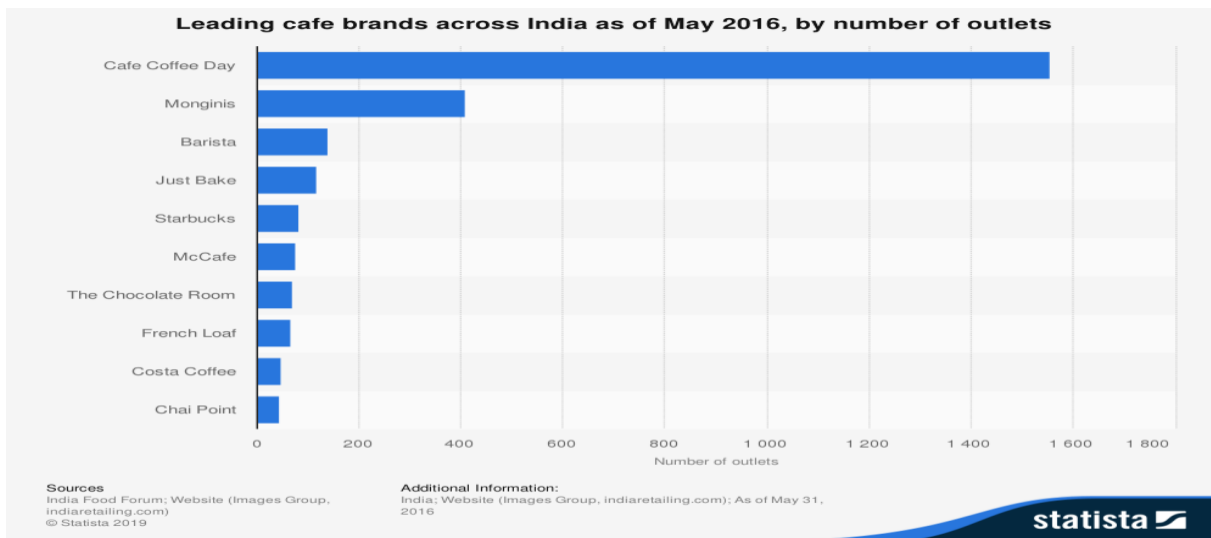
India's middle-class population is considered to be the biggest driving force of its economy (refer Appendix 15). With an increasing rise in disposable income, and spending culture, the middle classes desires to be a part of the global identity. By being able to consume services by international brands, the middle-class consumers are able to integrate themselves into the Western culture, whilst still living in India.

The propelling force of fast food culture in India was done by McDonald's when they entered the market in 1996 (Clint, 2018) (Refer Appendix 16). One of the biggest food industries of the world, McDonald's realizes that their target population in India is the middle-class (Kannan, 2014). The prices on the menu have always been on the lower end. Yet, being a dominant food giant, McDonald's holds the charm of a first mover (first mover advantage) in the international brand segment. Being a first-entry brand, McDonald's had an advantage. The Indian consumer had yet to be exposed to commercialized American foods like burger or french-fries. And, what McDonald's offered then was a novelty. Being an internationally recognized brand pushed the Indian consumer into being a part of the 'western culture', wanting to prove their social standing in the society (Pradhan, 2018). The concept of brand materialism can be brought here again. Burgers were the food of the west and hence, fancier and more 'elite' than traditional Indian meals (Eufic, 2004) But McDonald's understood the need to tailor themselves to the Indian consumers taste palette. Their motto adopted by McDonald's was "Thank Global Act Local" (Vignali, 2001).

Historically speaking, India is known to be a predominantly tea drinking country. While India is still the fourth largest producer of coffee, most of the coffee is exported out (refer appendix) Yet, in the recent decade, the country is seeing a rise in the coffee drinking culture (Bengali, 2014). The average per capita coffee consumption in the country stands at 0.03 kg (Statista, 2017). It has been forecasted that the revenue generated by coffee consumption in India is US \$423 million and is expected to grow annually by 7.7% (CAGR, 2019-2022). The survey conducted by the author of this paper recorded that more than 50% of respondents preferred coffee over tea. In a way, coffee has become the drink of the ‘elite’ (Kalani, 2012). An impact of westernization, coffee is seen as a fancier option when compared to the India’s own concoction of sweetened milk tea. The youth of India prefers coffee over tea. The two graphs below document the rising value of coffee retail in India between FY2015-2020 (Food Forum India 2016, 2018)



Graph: Statistics related to Coffee Retail in India (Food Forum, 2016)



Graph: Statistics of Leading Coffee Shops in India (India Food Forum, 2018)

As can be seen in graph 1, India is seeing a steady rise in the consumption of coffee over the years. Cafés are being seen as spaces where people come after a long day to unwind, or catch up with their friends, or use them as a workspace, rather than just a place to grab a drink (Euromonitor, 2013). Starbucks, and other coffee houses in India, have become social spots, where the primary motive is to interact, and the secondary concern is to drink coffee. Western culture rooted the idea of a social gathering over a drink (Salvc, 2016), unlike in India where social meeting would happen over a meal (Smith *Et al.*, 1990). Transitioning attitudes towards the western influence has coffee houses become social spots (NK Realtors, 2019). Additionally, the young entrepreneur generation of India does not want to be closed off in a small cubicle. They believe their creative faculties will work better in relaxed ambience and hence, they will be more productive. Their needs to work in relaxed spaces is moving the work culture to coffee houses, and hence cafés become that space for them that while they are still working, they are still able to be in a relaxed environment (HT, 2012). Starbucks positions itself as a relaxed workspace, as well, for the workaholics to come, relax and continue with their work (Ritzer, 2015).

Starbucks is affiliated with 'luxury'. It is a brand of the elite. The Starbucks image as a luxury brand is also actively pushed by the company itself (Starbucks Corp, 2011). Even in the low-income country of India, the coffee prices at Starbucks are at par with economic superpowers, America and China (Gupta *et al.*, 2018). For the Indian market, Starbucks has developed various 'glocal' menu items to lure the Indian consumer (Pinto, 2016). Starbucks is a brand name that is associated with style and class. They do not just wish to sell coffee, they wish to sell an experience (Ritzer, 1998). Starbucks' ex- CEO, Howard Schultz wished to create a "third place", a community created between the home and work (Schultz, 24 ch 9; Ritzer, 2015). For Starbucks, the café experience is almost surreal. An elite ambience coupled with 'cutting edge' store designs and welcoming interiors makes a consumer feel that they are in one of the most luxurious cafés possible (Gupta *et al.*, 2018). By providing the consumer with an affordable luxury, Starbucks has been able to create a pseudo-identity for a middle class consumer. Unlike McDonald's which pushes the idea of 'fast food' quite literally, i.e. eat your food as soon as possible and the leave so that the restaurant can serve the next set of hungry customers. Starbucks creates a space where the consumer can sit for as long as they like, they have comfortable oversized armchairs in comparison to the cold plastic chairs of McDonald's (Ritzer, 2015). Starbucks, in fact, encourages customers to bring their laptop, or their work with them so that they can work in a stress-free environment, over a cup of coffee (Bailay, 2016).

The survey asked respondents two open-ended questions. One of the questions was what they would rather choose, McDonald's or Starbucks to spend time with friends. A variety of responses were recorded. The most common answer given by the respondents was Starbucks.

When it came to want to have a fun-relaxed time with friends, most of the people desired to visit a Starbucks café, some of them choosing it for the quiet ambience and relaxed atmosphere.

McDonald's was given preference when the desire to eat was greater than the desire to socialize.

McDonald's offered more food options, compared to Starbucks.

The second question asked to the respondents their opinion on the changing preferences in the choice of the Indian consumers due to the fast food industry. There were a lot of interesting answers given. Respondents attributed these transformations in choice to the changes in lifestyle, having access to more food options, having an easier availability of variety of food with cheap prices and growing inclination towards westernization. The answers given by the respondents resonated with the research and exploration done by the author of this paper as well. By asking these questions, the author was able to bring forth the opinions of the consumers as well.

Limitations

The thesis wishes to develop an understanding of the impact of globalisation on the Indian society in terms of food industry and culture. India boasts a diverse culture and population of 1.3 billion (Ritchie, 2019) The survey was able to procure 153 participants which cannot be considered as a representation of India's huge population. Along with that, India caters to a variety of people from different aspects of life. While the middle class is growing at a fast rate, the population which is still below-poverty-line is a cause of concern. India is primarily an agricultural society which is still a means of livelihood for 58% of the population (Ibef.org, 2018). This sector is made up of the poorer, rural section of the society, who are unable to consume fast food, due to a very low income. Religion is one of the biggest driving forces, and the country is divided on some key religious sentiments. In the recent years, India is also perceived as politically volatile and this can create problems for multinational companies wishing to setup market in India (Gettleman *et al.*, 2019).

Further direction

Further research that can potentially be undertaken on the topic can take the direction of the influence of global trends on the psyche of the individual. A more thorough study can take place by conducting more detailed surveys, along with interviews, given out to a bigger participant list, to gain a deeper insight into the minds of the evolving and inquisitive consumer. The Indian consumer of the 21st century is open to experimentations, ready to try newer global trends. Understanding the mind of the youth population, the emerging profile, of India's economy is important. They are the biggest driving force of the progressing consumer mentality (FICCI, 2018).

Conclusion

The focus of the research paper was to develop an understanding of the impact of westernisation on account of the influence of globalisation on the effervescent mind of the Indian consumer. The influence of western culture in India brought with it an awareness of scintillating global trends that were continuously changing on account of the heavy impact of the internet, the fourth wave of globalisation (Vanham, 2019). Being one of the biggest economies in the world, the Indian consumer actively strived to be a part of this global identity. In relation to global food trends, it was found that the Indian consumer was more than open to trying newer things, and was open to experimentation, as well. The changing social dynamics of the Indian society were heavily attributed to the young generation, between the ages of 18-25, the contemporary harbinger of global trends to India and henceforward, averring an evolution in consumer mentality. The traditional social structure of the Indian society is now shifting towards a more western one.

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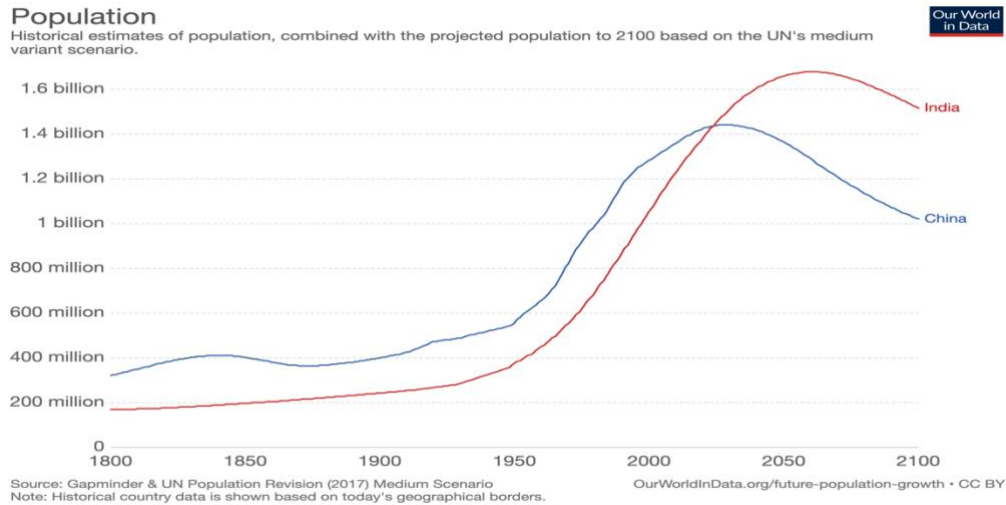
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Appendices

1. The first industrial revolution in Great Britain in the 1910s, can be considered as the first wave of modern globalisation, with trade growing 3% a year, on average. The end of world war 2 pushed globalisation to America where the second wave of globalisation would take place. By 1989, globalisation became a “global phenomenon”. The internet, which was still not as strong a force in the third wave encompassed the world during the fourth wave of globalisation, including growth in Artificial Intelligence, 3-D printing and the world of e-commerce with giants like Amazon and EBay (Vanham, 2019)
2. Projections made by UN Population Division, suggest that India’s population can surpass China by 2024 due to rapid decrease in fertility rate, access to better healthcare, etc (Ritchie, 2019).



Source: UN Population Revision, 2019

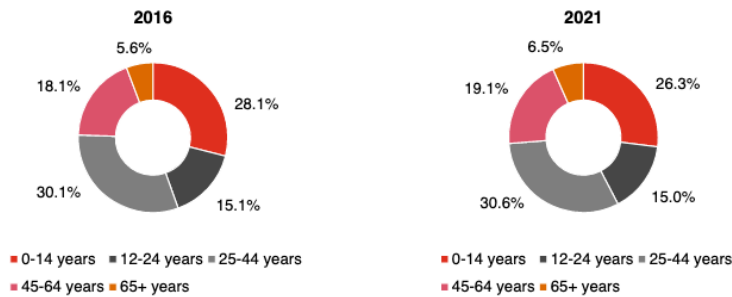
3. By the year 2022, its forecasted to have a 10% CAGR between 2017 and 2022, with a market value of US \$77 billion (FICCI, 2018). A survey by Euromonitor data inferred that the eating-out market in India is expected to touch US \$131 billion by the year 2022. And, total sales by QSRs could potentially grow by 9.2% and reach \$21.6 billion (QSRMedia Asia, 2019)
4. Tata Global beverages is a subdivision of Tata Group India owned by renowned business tycoon, Ratan Tata. Tata Global Beverages describe themselves as “Asia’s largest coffee plantation company.” The company is responsible for bringing Starbucks to India as Tata Starbucks Ltd. (Gandhi, 2019)
5. ‘Nehruvian Consensus’ was a philosophy of economic propaganda that gained support was, it was a vision of Pt. Jawaharlal Nehru which emphasized on industrialisation, socialism, democracy, and growth with the help of modern

technology (Venkateswar & Bandyopadhyay, 2016 p. 45). India was ushered into a socialist economy with a mixed economy model. The model was structured in a way that the private sectors were controlled by government regulations, termed 'license raj'. License raj' was structured in a way that the private sectors were controlled by government regulations and, large industries like mining, insurance and banks were nationalised (Singh, 2012). Businesses were safeguarded by excessive tariff charges, and strict labour laws were imposed, but spread of poverty did not seem to slow down (Venkateswar & Bandyopadhyay, 2016 p. 36).

6. Dr. Manmohan Singh made sharp reductions in government expenditure and devalued the Indian Rupee. He put in requests for loans of several billion dollars from World Bank and IMV, and encouraged foreign investment, among other radical steps (Wolpert, 2009 p. 467)
7. In a historic move, on the eve on November 8th, 2016, the Prime Minister, Narendra Modi banning currency notes of ₹500 and ₹100, effective in four hours in a way to curb out black money from the country, along with a feeble attempt to make India digital and go cashless (Krishnan, 2019).
8. FICCI and PwC in 2018, suggested in that report that on account of having 1/3rd of the India's population under the age of 25, they were be an increase in demand of consumers, propelling the GDP in terms of internal consumption. They also predict

that the services and trends will have to change to be in terms with the young population (FICCI, 2018)

Population Age Split 2016 & 2021



Source: Organization for Economic & Cooperation Development OECD, 2017

9. Purchasing Power parity is determined by relevant living costs and difference in inflation rates of two different countries. It is when currencies are at par, the price of a basket of goods and services is equal in two different currencies, with the equalisation of exchange rates (Hall, 2019)

10. In the north and west of India, it is maintained by Amit Jatia's Westlife

Development's (WLDL) through their 100% subsidiary Hardcastle Restaurants Pvt. Ltd. The venture focuses on "value-for-money proposition" with innovations in menu and striving to continue improving consumer experience to accommodate with India's challenging environment. In the south and east of India, ownership deal had been with Vikram Bakshi's company, Connaught Plaza Restaurants, having formed the joint venture in 1995 The company had been responsible for restaurants in south and east of India. But, in May 2019, McDonald's India Pvt Ltd acquired the full ownership of the company, buying out Bakshi's 50% stake (ET online, 2018).

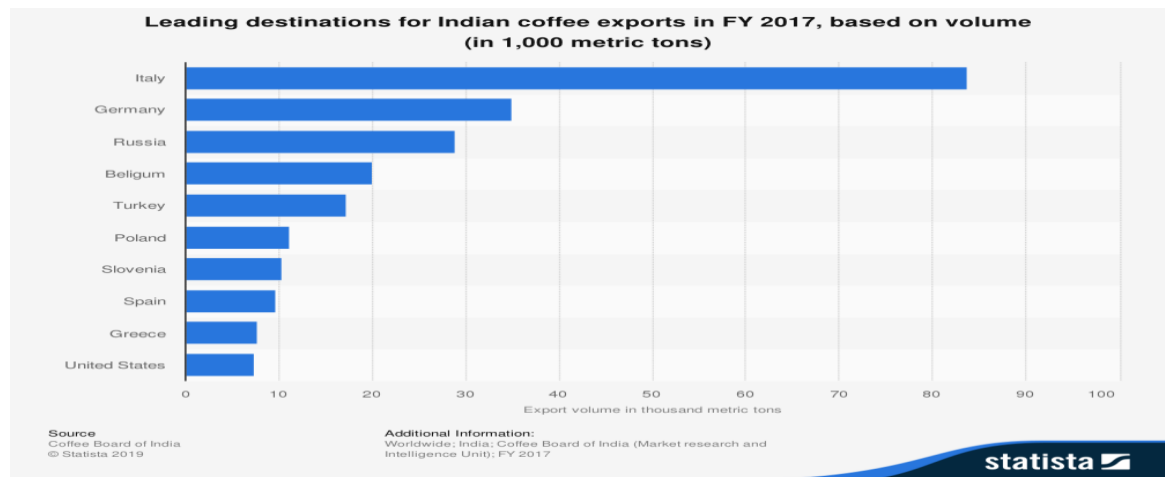
11. In 1953, in San Bernardino, California by Maurice and Richard McDonald (Britannia, 2018). Ray Kroc, the pioneer of American fast-food, was deeply impressed by the McDonald brothers. He offered them a franchise program and in 1955, he opened one of the first ever franchise models of McDonald's in Illinois, simultaneously starting the McDonald's Corporation. By 1965, he had taken control of McDonald's (BBC, 2018)

12. In his autobiography, *Grinding it Out: The Making of McDonald's*, Ray Kroc, wrote "The French fry would become almost sacrosanct for me, its preparation a ritual to be followed religiously" (Kroc, 2012) An ironical

13. The strategy of aggressive expansion came with both pros and cons, for Starbucks. The company had positive "same-store" growth sales, but had oversaturated its own self. In 2019, the company is expected to close down almost 150 locations with low performance to gain back a foot holding. In April 2017, Howard Schultz stepped down at the CEO, and Starbucks appointed Kevin Johnson as their new CEO (Whitten, 2019)

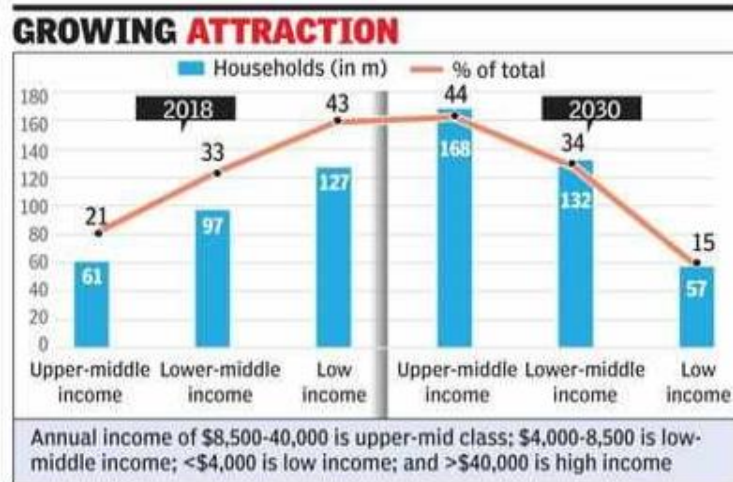
14. According to a consultancy, Technopak Advisors, it had been stipulated that the coffee shop market in the country would grow from US\$230 million in 2012 to US\$410 million by 2017 (Reuters, 2012). By 2019, the coffee shop market has grown to US\$928 million, and is expected to grow with a CAGR of 6.7% between 2019 and 2023. In the last decade, coffee consumption in the country has risen by 80%. India is

the one of the top ten producers of coffee in the world (). It is interesting to note that almost three-fourths of the coffee produced by the country is exported, with Italy being the main country of export. India also ranks higher than tea in exports, accounting to almost US \$800 million (India Food Forum, 2018).



Source: India Food Forum, 2018

15. India boasts a very big middle class segment. With 61 million upper middle income households in 2019, can double to 168 million by 2031. With increasing rise in disposable incomes, the middle class offers a potential to push the GDP of the country forward (Singh, 2019).



16. SWOT ANALYSIS OF McDonald's

STRENGTH

- McDonald's is one of the biggest fast food brands in the world (Forbes, 2019) with a brand value of US\$43.8 billion (Forbes, 2018). In India, McDonalds ranked the second highest restaurant that was visited after Domino's (Clint, 2018)
- McDonald's India posted a profit of US\$7600 in the FY17-18, compared to the loss of US\$ in FY16-17 (Registrar of companies, 2019). McDonald's has been a part of India since 1996 and positions itself as a family value brand (McDonald's, 2001). Their target market is the rising middle class. They position their products in two categories: Branded Affordability and Branded Core Value Products to cater to the vast economic diversity of India's consumer market.
- One of the best strategies of McDonald's is the glocalisation of their menu (Nandini, 2012). India being a country with a diverse culture, and a big vegetarian population, they offer food items like McAloo Tikki, or McMaharaja burger, along with other local

variants (Pradhan, 2018).

Weakness

Opportunity

- Hectic schedules, rising incomes and demographic realities – about 60 per cent of Indians are under 30 years old – have created new appetites among Indian consumers (FICCI, 2019)
- According to a recent demographic survey, the Indian market has the largest demography of 18-25 year olds, registering a median age of 26.7 years. This age group below 25 years is also the highest spending age group (Sabnavis and Kansara, 2019).
- The government interest in foreign investments by reducing the number of industries under compulsory licensing to six, and the Foreign Investment Promotion Board was launched to promote foreign investment in India (Ahuja et al, 2006)

Threats

- The QSR market of India is being seen as a huge growth opportunity by local and international fast food brands. There is growing competition from brands like Haldiram, Burger King, Subway, Nerula's, Taco Bell, Dominos, etc. (FICCI, 2018)

17. SWOT Analysis of Starbucks

Strength

- Starbucks is ranked the second-best fast food joint in the world (Inc, Kantar), with a brand value of US\$17 billion (Forbes, 2019).

- Starbucks India used the strategy of glocalisation, localising their menu, offering drinks like Alphonso Frappuccino or snack like Murgh Kathi wrap, etc (Gupta. 2018).
- In the seven years in India, Starbucks has seen a steady growth. In 2019, they have opened 157 stores across the country (LiveMint, 2019)

Weakness

- The coffee served at is expensive. In a country with a huge middle-class population, the coffee is priced almost the same as USA and China. Compared to, Café Coffee Day, their competitor in India, the price is 1.5x times more (c)
- Starbucks is primarily a coffee shop. India is largely a tea drinking country, with a cultural taste for traditional variants of “chai”, a sweetened milk tea, While South of India does rank higher for preferring coffee, the choice of coffee in the area is filter coffee, something that is not offered by the Starbucks outlets. (Statista, 2017).

Opportunity

- Growing population, rise in disposable income, India is seen as a huge investment market with great potential for economic growth, rise in urbanisation and increase in expenditure on outside dining. But more hectic schedules, rising incomes and demographic realities – about 60 per cent of Indians are under 30 years old – have created new appetites among Indian consumers group (Sabnavis and Kansara, 2019).
- Introduction of Teavana, A subsidiary project of Tatat Global Beverages, in other countries helped Starbucks create a more international identity for itself (Starbucks, 2015).

- India ranked number 1 in GDP (PPP) per capita growth, in the past five years. (The spectator index, 2018)

Threats

- Starbucks was a late arrival in the Indian food services market. It faced entry competition by already established local and international brands like Café coffee Day, Costa, Chaoyos, etc. Starbucks' biggest competitor is the Bangalore-based Café Coffee day which the international coffee giant in terms of price, number of stores and brand favourability by the consumers (Statista, 2018)
- Government regulation drafted the Consumer Protection Bill in 2018 to regulate in matter in relation to violation of consumer rights, unfair means of trade, or false and misleading advertisements in order to protect the public and consumers and promote and enforce the right of the consumer class (Ahuja *et al.* 2018).

18. Self-Made Questionnaire used for the Survey conducted by the author of this paper

(<https://forms.gle/pV5GHuB9STTJbiUJ7>)

1. Age
2. City
3. Food Preference
4. Drink Preference
5. Economic Background
6. What would you prefer to eat from the food options listed below?
7. What would you prefer to drink from the options listed below?
8. How many times a week do you eat at a fast food restaurant?
9. How many times a week do you go to a coffee shop?
10. How much would you prefer spending on yourself, in a single visit, at a fast food joint?
11. How much would you prefer spending on yourself, in a single visit, at a coffee shop?

12. How much would you prefer spending on yourself, in a single visit at a road side thela (stall)?
13. How often has it happened that by looking at an advertisement, or a brand logo, you wished to consume fast food from the particular brand?
14. How would you rate the taste of food at McDonald's?
15. On a scale of 1-5, how unhealthy do you think the fast food at McDonald's is?
16. How would you rate the coffee/tea at Starbucks?
17. Where would you prefer to sit and spend time with friends and families at McDonald's, or at Starbucks? Why?
18. Is the fast food industry changing the food preference of Indians? How?
19. Self-Made Poster used for the Survey conducted by the author of this paper

