



How Factors can Influence Purchase Intention of Customer for ID Fresh Foods

Kavya R

PES University

ABSTRACT

Creating a first mover advantage in a blue ocean strategy ID fresh foods has been able to capture the huge customer base in the ready to consume segment bringing in profit and success to an iconic entrepreneur P.C Mustafa who started of business seeing a research gap in the urban working-class section society.

Food market which is unpredictable due to dynamic nature we can find the shift of the working women class who are moving towards the convenience in their preoccupied lifestyle and family that is evolving from the joint to a nuclear family.

ID fresh foods promises the women in delivering the natural idly dosa without compromising on quality, taste, flavour. The research paper aims to analyse what all factors are considered by the customer in preferring the ID fresh products.

Keywords: blue ocean strategy, convenience.

INTRODUCTION

India has witnessed a great economic growth with government policies and reformations formulated over a period of time ever after the liberalization, globalization and privatisation reform leading to fast paced change in the lifestyle of the people, increase in the disposable income of the family, purchasing power of parity, increase in the working-class section of people.

With urbanization influence the working-class section had resorted to convenience to manage their hectic busy life. This is a research gap of serving the ready to consume foods was one of the blue ocean strategies found out by P C Mustafa and ventured his idea into this segment to grab most of the working women class to increase his market share. With increase in market share he could increase his business scale, profits and end result in the increase of revenue.

Blue ocean strategy: is a strategy where a new market can be created an there is no competition with low cost and product differentiation. The main idea of strategy is innovation, how to differentiate the product to provide value, to design a product that behind any barriers or boundaries. Instead of the products or brands competing in the space blue ocean strategy focuses on how demand can be created and seek sales.

Advantages of unidentified segment strategy:

The strategy benefits with higher profit margins as the competition is low.

The blue ocean strategy creates a strong brand demand leading to brand recognition and recall in the minds of customers.

The blue ocean strategy focusses on looking over the barriers and boundaries which shifts the focus providing value for product innovation.

Story of ID fresh Foods:

The research gap of working-women class preferring convenience in the busy lifestyle was an opportunity that was grabbed by P.C Mustafa.

P. C. Mustafa being an alumni of IIM Bangalore started his business in the year 2006. Ever since the launch the business has grown to a level of expanding from 17 cities to 30 cities, 21000 stores providing products of ID.

It all started when his cousins were running a small kirana store and selling idly dosa batter that was packed in a plastic cover with rubber band after being purchased from a local vendor. This process had lot of problems like hygiene issue, batter being fermented, packaging issue, cleanliness, not sure about the quality of ingredients used.

To overcome these problems, they started their own idea to bring in Idly dosa batter to women packed in sealed cover, making sure of the fermentation happens at a right time to preserve taste, quality and food being spoil, ease of use, convenience.

iD has its production plant at Bangalore but their products are available at Mysore, Kerala, Trivandrum, Chennai. **How are they able to produce the products and ship them to other parts of the India without the batter being spoilt due to fermentation?**

After producing the batter in the anekal production unit the company makes sure that only half the process is completed, later loaded onto a container that ensures controlled fermentation so that when the products are reached to destination the correct fermentation is done ensuring quality and taste not being hampered.

REVIEW OF LITERATURE

The paper tells us about how the instant, ready to consume products have taken place in the food market segment. Even though there are many competitions in the packed foods, iD has established a strong base catering to working women class as a target group. The paper also describes about the challenges that one has to face in the ready food products. The product that is manufactured has to meet food safety and regulation standards, maintain hygiene, ease of use, availability, affordability of the product to meet all sections of class. Since the business was started by an MBA graduate the cash flow generation was a major problem to handle. The paper also talks about the supply chain management that the company focused on to make sure that the products are well managed from the source point of collecting the raw materials to the delivery of the products to the end destination retailers.

The paper talks about the strategies like red ocean strategy and blue ocean strategy. With the strategies being explained iD brand makes use of blue ocean strategy that bring in low cost and product differentiation to add in value to the customers who are using the product. The paper also talks about the tool of eliminating, reducing, raising the product to create a demand in the market. iD brand tries to eliminate the perception of not consuming the packaged foods, reduce the shelf life of the product indicating that no preservatives are been added, raising the product with a quality, claiming to be fresh and natural same as home like taste, with all these attributes the company has created a demand in the market.

The paper talks about how the idly dosa batter of the iD brand can be a complimentary product to the cooking made at home. The journey started of in the year 2006 and has been successfully running providing the healthy, quality batter. Now the company has also ventured in to vada batter with a ease of use to make hole in the centre that is difficult for most of them to recreate. Not only in vada batter the company has also started up a dairy product, parotta products, chutney and sauces segment. With an idea of first mover advantage the company has a strong mission and vision to take forward the business.

The paper talks about how convenience, quality, hygiene, healthy can be considered as a priority in preference of the consumers while considering the product. With the technology and innovation, the company has been able to distinguish the product from the competitors by designing easy pouch of idli – dosa batter, top notch vada batter, increase in the shelf life to have products free from preservatives, chutneys and sauces combining the authenticity of different cultures under one single brand.

The paper talks when the idea of packaged food arises there is always a misconception about the cleanliness, healthy aspect associated. With this concern there is always a debate in the minds of the household women as well as working class whether to use ready to consume products or not. This dilemma is broken by the iD fresh brand by transparency in the production unit, manufacturing and distribution unit. They also claim that the products they use are having a smaller shelf life that tells there is less usage of preservatives added in these all-small changes adding value to life makes iD product differentiable from other competitors in market.

OBJECTIVE

To identify what all factors can have an impact of purchasing the ID fresh products.

To identify what are the major factors that have highest significant in driving the decision for purchase pattern.

DATA PRESENTATION AND FINDINGS

Methodology:

After conducting exploratory research to find out variables that can have an impact a google form was floated for the above variable in form of a questionnaire to understand their level of understanding about the iD Products.

The data collection was on a Likert scale basis rating their experiences of using the iD product from a range of strongly disagree to strongly agree.

Data Collection:

Questions asked in google form:

1. Quality of the Id products meet the expectation.
2. Taste and flavour are appealing to me.
3. iD brand offers variety of products to serve and use.

4. iD packaging is appealing easy to use.
5. iD offers good value for price.
6. iD products are available at local stores.
7. iD maintains the freshness of the product.
8. iD is perceived as nutrition.
9. iD provides good customer service.
10. iD products are known for innovativeness.
11. iD offers promotions and discounts on their products.
12. iD products are satisfiable to consume.
13. I prefer to use iD products.

Findings:

The descriptive statistics table gives the information about the mean value. Standard deviation and the number of observations, collected for the variables described.

Descriptive Statistics

	Mean	Std. Deviation	Analysis N
Quality of iD fresh foods meets my expectations	3.24	1.013	108
Taste and flavour is appealing to me	3.31	1.065	108
iD fresh Foods provides variety of products	3.51	1.000	108
iD packaging is appealing	3.65	.930	108
iD offers good value for price	3.58	.948	108
iD products are available at local stores	3.67	1.005	108
iD maintains freshness of products	3.89	.801	108
iD perceived as nutrition	3.51	.981	108
iD provides good customer service	3.59	.977	108
iD is known for innovativeness	3.69	.934	108
iD provides promotions and offers	3.75	.939	108
iD products are satisfiable	3.50	.991	108

The relationship level between the two variables is shown by the correlation matrix.

Correlation Matrix

	Quality of iD fresh foods meets my expectations	Taste and flavour is appealing to me	iD fresh Foods provides variety of products	iD packaging is appealing	iD offers good value for price	iD products are available at local stores	iD maintains freshness of products	iD perceived as nutrition	iD provides good customer service	iD is known for innovativeness	iD provides promotions and offers	iD products are satisfiable
Quality of iD fresh foods meets my expectations	1.000	.302	.348	-.018	.047	.098	.160	.252	-.336	.229	.172	.307
Taste and flavour is appealing to me	.302	1.000	.243	.056	.214	.125	.162	.024	-.268	-.022	.098	.301
iD fresh Foods provides variety of products	.348	.243	1.000	.054	.127	.105	.328	.190	.147	.043	.127	.278
iD packaging is appealing	-.018	.056	.054	1.000	.129	.163	.047	.137	-.005	.000	-.070	.071
iD offers good value for price	.047	.214	.127	.129	1.000	.353	.025	.290	.209	.188	.281	.005
iD products are available at local stores	.098	.125	.105	.163	.353	1.000	.070	.373	.127	.096	.109	.131
iD maintains freshness of products	.160	.162	.328	.047	.025	.070	1.000	.203	.180	.090	.236	.212
iD perceived as nutrition	.252	.024	.190	.137	.290	.373	.203	1.000	.219	.136	.312	.216
iD provides good customer service	-.336	.268	.147	-.005	.209	.127	.180	.219	1.000	.299	.285	.213
iD is known for innovativeness	.229	-.022	.043	.000	.188	.096	.090	.136	.299	1.000	.229	.162
iD provides promotions and offers	.172	.098	.127	-.070	.281	.109	.236	.312	.285	.229	1.000	.297
iD products are satisfiable	.307	.301	.278	.071	.005	.131	.212	.216	.213	.162	.297	1.000

The KMO and Bartlett's table gives information about the sampling adequacy. Here the sampling adequacy is 0.686 which is mediocre in nature. The sampling adequacy can be increased by collecting more number of observation or responses.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.686
Bartlett's Test of Sphericity	Approx. Chi-Square	191.518
	df	66
	Sig.	<.001

Null Hypothesis (H0): Correlation matrix is an identity matrix.

Alternate hypothesis (H1): Correlation matrix is not an identity matrix.

P value is less than 0.05 shows that the model is significant at 99.9% confidence interval thereby rejecting the null hypothesis that correlation matrix is identity matrix.

Communalities		
	Initial	Extraction
Quality of ID fresh foods meets my expectations	1.000	.518
Taste and flavour is appealing to me	1.000	.738
ID fresh Foods provides variety of products	1.000	.540
ID packaging is appealing	1.000	.437
ID offers good value for price	1.000	.623
ID products are available at local stores	1.000	.572
ID maintains freshness of products	1.000	.577
ID perceived as nutrition	1.000	.610
ID provides good customer service	1.000	.551
ID is known for innovativeness	1.000	.510
ID provides promotions and offers	1.000	.548
ID products are satisfiable	1.000	.438

Extraction Method: Principal Component Analysis.

From the communalities we can find out the variation that the independent variables explain.

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.971	24.754	24.754	2.971	24.754	24.754	1.708	14.231	14.231
2	1.434	11.953	36.707	1.434	11.953	36.707	1.892	14.100	28.331
3	1.229	10.241	46.948	1.229	10.241	46.948	1.688	14.063	42.394
4	1.027	8.562	55.511	1.027	8.562	55.511	1.574	13.117	55.511
5	.922	7.682	63.193						
6	.841	7.007	70.200						
7	.816	6.803	77.003						
8	.702	5.853	82.855						
9	.672	5.598	88.453						
10	.536	4.469	92.923						
11	.472	3.931	96.853						
12	.378	3.147	100.000						

Extraction Method: Principal Component Analysis.

The overall variation that can be explained out off the 12 independent variables recorded the model can explain 55.5% of variation from the four factors that are extracted.

Four factors F1,F2,F3,F4 are extracted.

In order to increase the variance in the total variance explanation table one can remove the variables from the model which have a least significant impact.

	Component			
	1	2	3	4
ID products are available at local stores	.747			
ID offers good value for price	.685			
ID perceived as nutrition	.562	.424		
ID packaging is appealing	.549			
ID maintains freshness of products		.755		
ID fresh Foods provides variety of products		.630		
ID products are satisfiable		.516		
ID is known for innovativeness			.710	
ID provides promotions and offers			.636	
ID provides good customer service			.568	.465
Taste and flavour is appealing to me				.841
Quality of ID fresh foods meets my expectations				.570

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 5 iterations.

We get component matrix as well as the rotated component matrix. For factor identification we look for rotated matrix component table.

Factor1(product appeal): Availability of products at local stores, good value for price, nutritional perspective, appealing packaging.

Factor2(product expectations): freshness of the products, satisfiable product after usage, variety of products.

Factor3(customer experience and engagement): innovativeness, promotions and discounts, customer service

Factor4(product satisfaction): taste and flavour, products meet my expectations.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.928 ^a	.861	.805	9.59712

a. Predictors: (Constant), productsatisfaction, customerexpectation, productexpectaion, productappeal

After performing factor analysis, four factors are extracted and the preference of the customer is analysed using Multiple linear Regression, where dependent variable is preference for buying iD product and independent variable is product satisfaction, customer expectation, product expectation, product appeal.

Once the MLR analysis is performed R square value is 86.1 shows that 86 percent of the variation explained with respect to the dependent variable.

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5700.552	4	1425.138	15.473	<.001 ^b
	Residual	921.048	10	92.105		
	Total	6621.600	14			

a. Dependent Variable: preference

b. Predictors: (Constant), productsatisfaction, customerexpectation, productexpectaion, productappeal

From the above anova table we can confirm that model is significant at 95 percent confidence interval.

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-15.652	11.738		-1.334	.212
	productappeal	.290	.148	.568	1.966	.078
	productexpectaion	-1.182	1.240	-.240	-.953	.363
	customerexpectation	1.539	.735	.590	2.094	.063
	productsatisfaction	1.492	2.885	.068	.517	.616

a. Dependent Variable: preference

From the above table the equation is framed as:

Preference Y= (-15.652) + 0.290* product appeal + (-1.182)*product expectations + (1.5939)*customer expectation + (1.492)* product satisfaction.

CONCLUSION

Able to find out a research gap, Mustafa was able to bring a low-cost product and product differentiation through innovation grabbing the women class who prefer ready to consume products thus increasing his business profits and revenue.

With venturing into one segment expanding the business unit the company is able to cater in all segments of the product manufacturing and strong supply chain distribution making sure that products are available everywhere is a key strategy adopted by them.

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