

## **ANALYZING THE CONSUMER PERCEPTION OF FAST-FOOD IN MANADO (CASE STUDY: KFC and McDonald's)**

by:

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### **ABSTRACT**

In Manado there is a lot of habits with all ages are interested to enjoying their time at the Fast-Food for example, a students, college students and others. With a great atmosphere of people in Manado about the Fast-Food, many fast-food also supported by a live band, a gathering of communities, watching football match together and many activities that is a lot to do. This research aims to examine the consumer perception of KFC and McDonald's in Manado. This research explored the characteristics of consumers perception contribute to selected Fast Food in Manado (KFC and McDonald's). With the 100 respondents are contributed and the Correspondence Analysis and Perceptual Mapping method is used in this research. The key findings regarding the physical characteristics showed the top three considerations included: Price, Quality and Value. In this case, people in Manado have a different perception toward Fast Food variant of KFC and McDonald's. In addition the demographics of age and gender to have more exploration in details about the customer preferred Fast Food.

**Keywords:** *consumer perception, perceived price, perceived quality, perceived value.*

### **INTRODUCTION**

#### **Research Background**

Restaurants are becoming an important part in an industry system, providing services to people away from home in the form of foods. In view of this many forms took place and one break through is fast food restaurants. Fast food was a breakthrough from traditional catering method and standards fast food has their own benefits which their consumers perceive. Because of which they patronize their selection. Such benefits were rated on different variables shown in figure below. Perception regarding such benefits may be formed by word of mouth communication, exposure to promotion from restaurants, previous experiences and other sources perception may vary from culture to culture. Fact is that while forming marketing strategies one should be aware of consumer perception and preferences for fast food outlets and the basis of differences across the culture. Study considered two fast food restaurants by identifying certain benefits to look at what benefit most people would like to have and what make them to make a brand preference choice. The fast-food sector is now more global than ever and international fast-food consumption continues to increase in popularity. Consumers usually form perceptions of fast-food outlets. These perceptions may be formed by word-of-mouth communication, exposure to promotion from fast-food restaurants, past personal experience and other sources. Some perceptions may even be incorrect; they may differ from country to country.

With the developing of living standards, fast food is increasingly being accepted in people's lives. It has become an integral part of the daily food. In recent years, the rise and development of the fast food industries have become very interesting phenomena in the Manado market. Fast Food have sales mode with a good quality, excellent services and a clean environment to attract customers. In Manado there is a lot of habits with all ages are interested to enjoying their time at the Fast-Food for example, a students, college students, entrepreneur, employee, civil servant, even the communities of football club fans and others. With a great atmosphere of people in Manado about the Fast-Food, many fast-food also supported by a live band, a gathering of communities, watching football match together and many activities that is a lot to do. The Fast Food in Manado is always crowded everyday even on the evening until midnight.

## Research Objective

The research objective is to compare consumer perception of KFC and McDonald's in Manado. The specific objective of this research is to examine the consumer perception of KFC and McDonald's in Manado.

## THEORITICAL FRAMEWORK

### Marketing

#### Perceived Value

From the consumer's perspective, price is what is given up or sacrificed to obtain a product. This definition is against including monetary price as a lower level attribute in multiattribute models because price is a "give" component of the model, rather than a "get" component. Defining price as a sacrifice is consistent with conceptualization by other pricing researchers. A growing body of research supports this distinction between objective and perceived price. Studies reveal that consumers do not always know or remember actual prices of products. Instead, they encode prices in ways that are meaningful to them. Levels of consumer attention, awareness, and knowledge of prices appear to be considerably lower than necessary for consumer to have accurate internal reference prices for many products (Zeithaml, Valeria A, 1988:10).

#### Perceived Quality

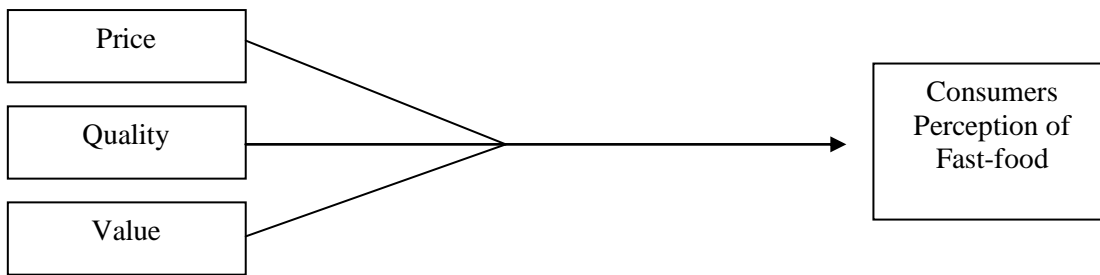
Quality can be defined broadly as superiority or excellence. By extension, perceived quality can be defined as the consumer's judgement about a product's overall excellence or superiority. Perceived quality is different from objective or actual quality, a higher level abstraction rather than a specific attribute of a product, a global assessment that in some cases resembles attitude, and judgement usually made within a consumer's evoked set. To reiterate, perceived quality is defined in the model as the consumer's judgement about the superiority or excellence of a product. This perspective is similar to the user-based approach of perceived quality, which differs from product-based and manufacturing based approaches. Perceived quality is also different from objective quality, which arguably may not exist because all quality is perceived by someone, be it consumer or manager or researchers at consumer reports (Zeithaml, Valarie A, 1988:3).

#### Perceived Value

When respondents in the exploratory study discussed value, they used the term in many different ways, describing a wide variety of attributes and higher level abstractions that provided value to them. What constitutes value even in single product category appears to be highly personal and idiosyncratic. Though many respondents in the exploratory study agreed on cues that signaled quality, they differed considerably in expressions of value: (1). Value is low price, (2). Value is whatever I want in a product, (3). Value is the quality I get for the price I pay, and (4). Value is what I get for what I give. Each definition involves a different set of linkages among the elements in the model and each consumer definition has its counterpart in the academic or trade literature on the subject. The diversity in meanings of value is illustrated in the following four definitions and provides a partial explanation for the difficulty in conceptualizing and measuring the value construct in research. Marketing Segmentation is the process of dividing a market into subsets of consumers with common needs or characteristics (Schiffman and Kanuk, 2007:7)

### Consumer Perception

Kotler (2009:174) explains, "Perception is the process by which an individual selects, organizes, and interprets information inputs to create a meaningful picture of the world. Perception depends not only on the physical stimuli, but also on the stimuli's relation to the surrounding field and on conditions within the individual".



**Figure 1. Conceptual Framework**

### Hypothesis

- H1:** There is difference between KFC and McDonald's consumer perception based on price  
**H2:** There is difference between KFC and McDonald's consumer perception based on quality  
**H3:** There is difference between KFC and McDonald's consumer perception based on value

## RESEARCH METHOD

### Source of Data

All of the data sources on this research are gathered from primary data and secondary data. Sources of evidence to obtain data necessary to answer the research questions are questionnaires (as primary data) and documents (as secondary data). Primary data is data originated by the researcher for the specific purpose of addressing the research problem. The primary data are collected from questionnaire and face-to-face interview. Secondary data are gathered through such existing sources called secondary data.

### Population and Sample

Sekaran (2000:262), population is "the entire group of people, events, of things of interest that the researcher wishes to investigate". The populations in this research are all the Fast-Food Consumers of each Fast-Food Restaurant (KFC and McDonald's) in Manado. Sekaran (2000:279), a sample is "a subset of the population. It comprises some members selected from it". In order to ensure adequate representation of customers, random sampling process was used to select the sample of the study. The samples that were the respondents of the survey consist of 50 of each Fast-Food Restaurant (KFC and McDonald's) which sums the total of 100 respondents of the questionnaires.

### Operational Definition of Research Variables

The consumer perception of Fast-Food elements will be divided into three specific elements for the accuracy result. Price is always a Consumer Consideration that include value for money for consumer of price list of Fast-Food Price. Quality is that include a menu, facilities, cleanliness and services of Fast-Food Quality. Value is that include the atmosphere and the flavor of Consumers Perception it is accordance between Price and Quality of Fast-Food Value.

### Data Analysis Method

#### Correspondence Analysis

Correspondence analysis is a statistical technique that provides a graphical representation of cross tabulations (which are also known as cross tabs, or contingency tables). Cross tabulations arise whenever it is possible to place events into two or more different sets of categories, such as product and location for purchases in market research or symptom and treatment in medical testing (Yelland, 2010:1). As presented in this research, correspondence analysis employs a contingency table, which is the cross tabulation of Fast-Food and Customer Perception. The Fast-Food also is cross-tabulated on personal characteristic variables: age, income, occupation. When the cross tabulation is established, the data matrix is analyzed by using SPSS 20 for table and graph output. Once the dimensionality has been established, the association of a category with other category then is identified and interprets according to the proximity in a perceptual map. Overall, the map is displayed how the row and the column variables may be grouped. The percentages of explained variance need to be

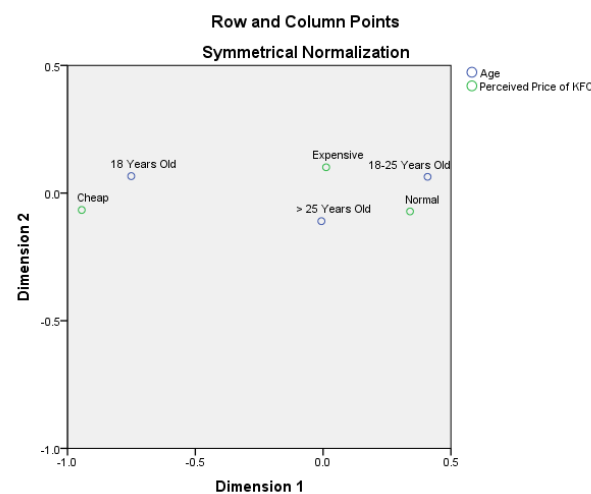
corrected and the correspondence analysis interpretation of inter point distances needs to be adapted. As such, it is highly suited for showing association between elements of cross-tabulated variables as points on a map. Small distances between points indicate high association, while large distances indicate low association” (Abdi and Valentin, 2007:5).

### Perceptual Mapping

Perceptual mapping is “the application of multidimensional scaling (MDS) and various factorial techniques, such as principal component analysis (PCA), correspondence analysis (CA) indiscriminant analysis (DA)” (Greenacre, 2008:2). ”In a perceptual map, products (or brands) are represented graphically in a space spanned by attributes. For this purpose, consumers are often asked to indicate their preference on a, usually predefined, rating scale. A multivariate analysis method, for example, principal component analysis, discriminant analysis, multidimensional scaling or canonical correlation analysis, is applied either directly to the ratings or after some data preparation steps” (Torres & Velden, 2005:2).

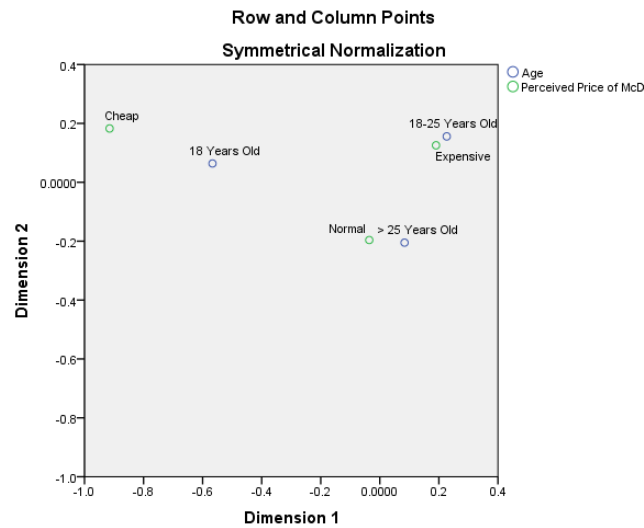
## RESULT AND DISCUSSION

### Result



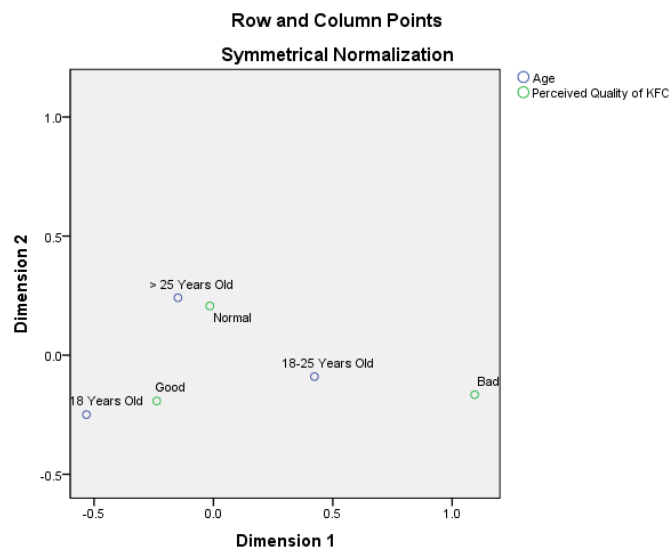
**Figure 2. Perceptual Mapping of Age and Perceived Price of KFC**

Figure 2 explain that age >25 are closed to expensive, while ages 18-25 are closed to normal and ages 18 are closed to cheap. It means, ages >25 perception of price is expensive, it is followed by ages 18-25 perception of price is normal and ages <18 perception of price is cheap in KFC.



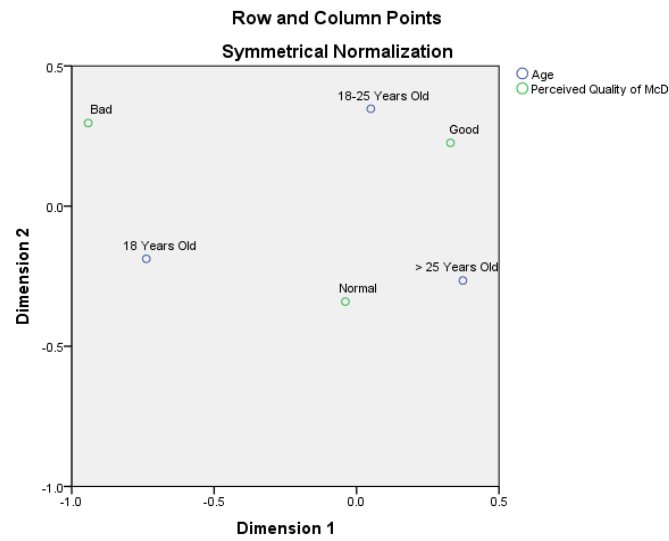
**Figure 3. Perceptual Mapping of Age and Perceived Price of McDonald's**

Figure 3 explain that age >25 are closed to normal, while ages 18-25 are closed to expensive and ages 18 are closed to cheap. It means, ages >25 perception of price is normal, it is followed by ages 18-25 perception of price is expensive and ages <18 perception of price is cheap in McDonald's.



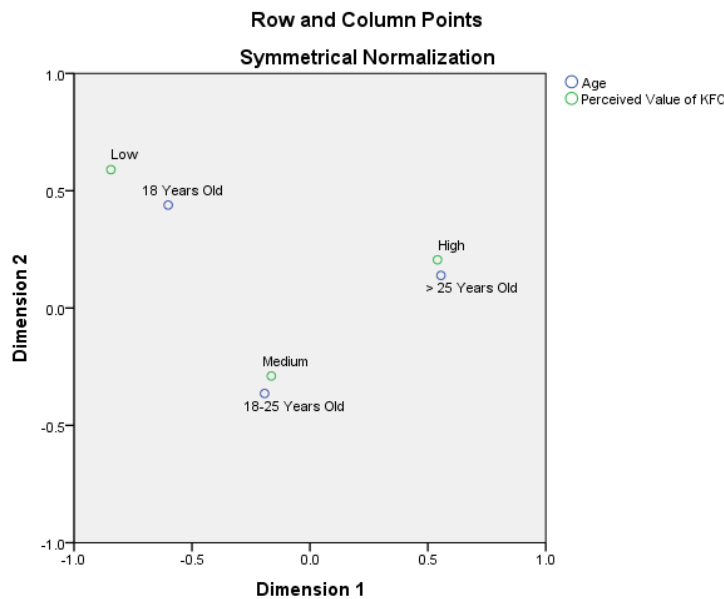
**Figure 4. Perceptual Mapping of Age and Perceived Quality of KFC**

Figure 4 explain that age >25 are closed to normal, while ages 18-25 are closed to bad and ages 18 are closed to good. It means, ages >25 perception of quality is normal, it is followed by ages 18-25 perception of quality is bad and ages <18 perception of quality is good in KFC.



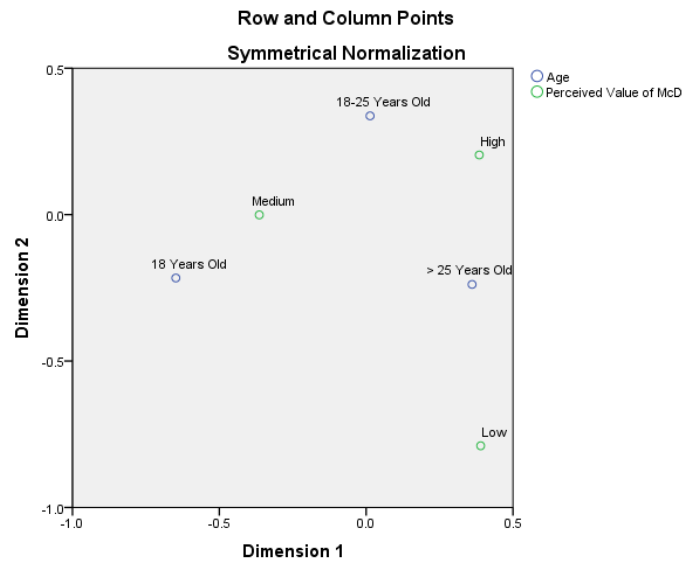
**Figure 5. Perceptual Mapping of Age and Perceived Quality of McDonald's**

Figure 5 explain that age >25 are closed to normal, while ages 18-25 are closed to good and ages 18 are closed to bad. It means, ages >25 perception of quality is normal, it is followed by ages 18-25 perception of quality is good and ages <18 perception of quality is bad in McDonald's.



**Figure 6. Perceptual Mapping of Age and Perceived Value of KFC**

Figure 6 explain that age >25 are closed to high, while ages 18-25 are closed to medium and ages 18 are closed to low. It means, ages >25 perception of value is high, it is followed by ages 18-25 perception of value is medium and ages <18 perception of value is low in KFC.



**Figure 7. Perceptual Mapping of Age and Perceived Value of McDonald's**

Figure 7 explain that age >25 are closed to low, while ages 18-25 are closed to high and ages 18 are closed to medium. It means, ages >25 perception of value is low, it is followed by ages 18-25 perception of value is high and ages <18 perception of value is medium in McDonald's.

## Discussion

### Price

Based on Age:

Price is what is given up or sacrificed to obtain a product. Price is the most higher rated preference factor by the respondent because customers are only willing to pay price when they are getting expected services in return. and the price that given in product must given to fulfill consumer needs because consumer perception of product is different in each people in the world. the price of product is reflect what consumer get from the store of consumer mets they will faces or think the perception of price which is cheap or expensive basicly based on what the price tag on product menu that the store provide but half of people not think the price on just the price tag that product given but half of people they make differences between two product wich is more cheaper based the product offered According to this study kfc and macdonald serve the different price with their product , respondents by age 18-25 years old are preferred KFC than McDonald's because the price of KFC is normal, while the price of McDonald's is expensive. According to this study, respondents by age 18 years old are preferred KFC and McDonald's because the prices of both of the fast-food are cheap. According to this study, respondents by age 25 years old preferred McDonald's than KFC, because the price of McDonald's is normal while the price of KFC is expensive.

### Quality

Based on Age:

Quality is the customer's point of view to make a stimuli for their mind to take or willing to buy the product, which stimuli are selected depends on two major factors in addition to the nature of the stimulus itself: (1) consumers previous experience as it affects their expectations, and (2) their motives at the time (their needs, desires, interest, and so on). Now each stimuli of each people perception of product is different according to this study the quality of the product is mention by few sector or factor

#### 1) Cleanliness

Is a based point of one restaurant point of consumer's view to point the value of one restaurant and first priority of consumer thinking to make a choice or make perception of the restaurant , Stimuli that contrast

with their environment are more likely to be noticed. The simplest visual illustration consists of a figure on a ground. The figure is perceived more clearly because, in contrast to its ground, it appears to be well defined, solid and in the forefront. The ground is usually perceived as indefinite, hazy, and continuous. if the restaurant is dirty make a value of restaurant bad and if the restaurant is clean make consumer perception or the value of the restaurant is high or good

## 2) Product offered

Product offered is the product that available in the store each consumer is preferred to choose the store based how complete the product available or offered of each store. More the product offered of one store is more value will added in the store that store that offered more product, and less product offered of the store is make people thinking twice to choose the store.

## 3) Servicess

Servicess of the store is the quality of servicess that offered by each store , usually people considering the service of the store based on the service that given from the waiters or the employed of the store

Respondents by age >25 years old preferred KFC and McDonald's because the quality of both of the fast-food are normal. Respondents by age 18 years old preferred KFC than McDonald's because the quality of KFC is good while the quality of McDonald's is bad. Respondents by age 18-25 years old preferred McDonald's than KFC because the quality of McDonald's is good while the quality of KFC is bad.

## Value

Based on Age:

Value in this research study is the balancing of the price vector and quality factor. Customers are only willing to pay price when they are getting expected services in return. According to this study, respondents by age >25 years old preferred KFC than McDonald's because the value of KFC is high while the value of McDonald's is low. Respondents by age 18-25 years old preferred McDonald's than KFC because the value of McDonald's is high while the value of KFC is medium. Respondents by age 18 years old preferred McDonald's than KFC because the value of McDonald's is medium while the value of KFC is low.

## CONCLUSION AND RECOMMENDATION

FAKULTAS EKONOMI  
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### Conclusion

Based on this study, it can be concluded as follows:

1. The Price of KFC is cheaper than McDonald's based on consumers perception in Manado.
2. The Quality of KFC is good than McDonald's based on consumers perception in Manado.
3. The Value of KFC is higher than McDonald's based on consumers perception in Manado.
4. Different person can perceive preferences about customer perception on Fast-Food. Respondent with different age have relatively different preference about each variables of the consumers perception of Fast-Food.

### Recommendation

This study has confined and suggestion for future research, namely:

1. The study is benefiting the fast-food industry to increase the profit or advantages. The Fast-Food must know what the important factors that affect consumer perception. Price is important factor because customers are only willing to pay price when they are getting expected services in return.
2. For further study it is encouraged to examine the other factors or attributes that affect consumers perception.



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