

"A man is
great by
deeds, not by
birth"

-Chanakya

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Case Study

IIMK/CS/39/MM/2017/04

May 2017

Chic-Chicken in India: Marketing Research Decisions

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IIMK CASE

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INTRODUCTION

It was 12th August 2012. Kiran Sarkar, a 2010 IIM Kozhikode graduate just exited Amit Gupta's cabin. He pondered on the meeting he just had. The meeting was attended by Gupta himself, who was the Managing Director for Chic-Chicken North India, Ruchin Pravakar who was the Marketing Head, Pradeep Sharma, the Product Development Head and Gautam Sen, the HR Head. Chic-Chicken India was losing out its customer's share fast to other international fast food giants mainly to Dominos as Indians seemed developing interest on Italian food. Dominos had established many fast-food outlets in almost every city Chic-Chicken is operating making it one of most aggressive competitor for Chic-Chicken. The team believed that the situation has gone worse with the negative PR on Chic-Chicken about their using beef flavor in french-fries had also contributed to losing market share and consumer's faith. Sharma advocated that customers were skeptical regarding the quality of food.

All of them thought that the main problem was the retention of customers and making them satisfied so that they return in future. However, all three heads opined different reasons for poor repeat purchase. While Pravakar was bent on improving the ambience and the atmosphere of the brand to make it an aspirational destination for the customers and increasing the quantity of the food portions, Sharma was of the opinion that improving the food quality, implementing more

¹ This fiction case is developed by Professor Atanu Adhikari, Indian Institute of Management Kozhikode as pedagogical tool for classroom discussion. The case does not provide any opinion about the decision of the company. The numerical values in the case are for discussion purpose and need not be considered as actual values.

choices in the menu, albeit different from conventional Chic-Chicken menu, would retain the existing customers and bringing in new ones. Both Pravakar and Sharma were deeply concerned as HR department record said that company had high employee turnover which they thought, resulted poor service quality. Consequently customer stopped patronizing Chic-Chicken, they opined. Looking at the record Jetia said to Sen *“I feel that majority of the employees are not committed to the organization. It seems many search for new jobs from the day they join our company.”*

All the heads of the departments wanted to improve the performance of Chic-Chicken which was slowly declining by the Year 2010. However, as all of them were putting forward contradictory arguments, and their suggestions ran entirely in different directions, Gupta himself was very conflicted on the entire situation. Other international food giants like Burger King had also started establishing in Indian Markets. The situation was thus critical and required immediate attention, Gupta thought. He is not reluctant to make additional investment to improve the performance and to change the customer perception, if required, but he first needed authentic customer information. He knew that all the heads are sharing their own opinion, but who knows who is right! But he was sure that he had to act fast. He said to Kiran:

Kiran, we are in a fix. I don't know what influence consumers! We never did any formal marketing research. One summer intern from IIM Kozhikode started some formal research for couple of months in April May this year, but he had to leave it incomplete as his summer period got over. You can have a look at the work he conducted. Whatever you do, give us some direction to come out of this situation.

COMPANY BACKGROUND

Chic-Chicken Corporation, a Dubai based company established in 1998, carried a well-known and valuable brands and present in the global market in quick service restaurant segment. The company has more than 3000 restaurants in 19 countries serving 8 million customers each day. Each country poses a new challenge for Chic-Chicken in maintaining or improving their position. Chic-Chicken's main focus was on providing consumers with tasty and nutritious food and beverages that is consumed from morning to night. They want to be for their customers the "loving place to enjoy over food".

Chic-Chicken in India

The kind of customers Chic-Chicken attracts in India was very different from other countries. There were still families with young children who frequent it. But diners also included many young people, aged between 19 and 30, with no kids. Chic-Chicken had adopted itself according to the convenience and lifestyle of the Indian consumers, as India has a huge vegetarian population so Chic-Chicken came up with a different and new product line which includes items like Chic Veggie burger and Chic Aloo Burger. They also made Chic-Chicken as a place to relax and even for entertainment.

When Chic-Chicken started in India in 1996, the main challenge was to convince Indians that the burgers and soft drink can constitute fast food. The customers were accustomed to local fast food choices and it took a lot of effort of the marketing department to popularize the concept of Burger meals. The eating out culture was also not very prominent in India compared to America. The taste palettes of Indian customers are also different from that of America. In an attempt to cater to Indian tastes, Chic-Chicken introduced new items on its menu. In India, it did not serve beef in any of its menu items, relying instead on burgers made of veggies, rice, and beans.

ChicAloo Burger, Chic Veggie, Paneer Salsa Wrap, and Veg Pizza ChicPuff were some of the vegetarian items that Chic-Chicken launched with spices favoring the Indian tastes. The non-vegetarian items included Chicken ChicGrill Burger and Chicken Maharaja. These Indianized products became so popular that they were later also offered in restaurants in the Middle East. The product development team also came up with special sauces using local spices which did not contain beef or pork. A separate product line was introduced without eggs for those who were purely vegetarians.

STORE AMBIENCE

Pravakar vehemently believed that improving the ambience of the store would attract more customers and would help to retain the existing ones. Wooden tables, comfortable faux leather chair etc give the store a chic look. Mr. Pravakar was of the opinion that by giving the restaurant an upscale look it would attract more customers and increasing the quantity of the food portion would tilt the perception of customers positively towards the store. He felt that Indian customers came to the store for the environment rather than its food. He wanted to find out how customers see Chic-Chicken stores. They should perceive Chic-Chicken stores as a place for gathering and socialization. According to Pravakar the mentality of customers in India was vastly different from that of Americans. In here the drive through sales were comparatively less compared to in-store sales (both dine in and take away). Thus by improving the store atmosphere it would elevate the brand image, he thought. The upscale look and feel of the stores would make the customer perceive it as an aspirational destination for Indian Customers for fine dining. One of the top problems Chic-Chicken was facing was many customers did not come back and many

switch to competitors. Gupta wanted to investigate this before going forward. He also wanted to find out whether the repeat customers came for the store ambience or food choices.

FOOD QUALITY

Sharma had an entirely contradictory view on the situation. He believed that improving the food quality and variety they could improve the performance of Chic-Chicken in India. His argument was that Chic-Chicken was able to flourish in India due to its menu sensitive to Indian cultural sentiment and food choices appealing to the price sensitive customers; be it the introduction of vegetarian menu or the avoidance of beef and pork from the menu, the 'Happy Meals' etc.

Thus he felt that improving the food quality and food taste would help to maintain customer loyalty and attract customers for repeat buying. The recent media coverage on poor food quality and using beef flavor in its French fries in Chic-Chicken has tarnished its reputation of food quality and ingredient used. Despite consistently advertising about its food quality, Chic-Chicken had lower food-quality perception scores than its main rivals, and myths about its products and practices were wide spread. In order to improve it Sharma felt that inviting the participation of customer on the quality of food would be welcoming. Improving the quality of ingredients used in the food and ensuring transparency in the process would improve the customer perceptions about the food and the brand. As per Sharma's instruction in the month of May Chic-Chicken launched Ad campaign showing kitchen tours and educating the customers about the food preparation process in order to gain their trust. For the first time anywhere in the world, the company demonstrated how the vegetarian and non-vegetarian cooking platforms were separated. Sharma thought this Ad campaign had definitely shown positive effect on customer purchase and their satisfaction.

Sharma was also in opinion that increasing the variety of items was another way to increase sale. Customer will have more options to choose from he thought. He was contemplating Chic-Chicken should launch some variant of pasta that could be freshly made and served. However, he was not sure how to go about it. Sharma felt that with highly innovative and variant menu Chic-Chicken can cater to a larger variety of customers and thus improve the performance. He felt that investment in non productive things like store ambience and interior would accumulate loss and worsen the existing condition. Since Chic-Chicken was a fast food joint he felt that the store ambience was less significant in building the brand strength.

EMPLOYEE TURNOVER

Gautam Sen, HR Head had whole set of different problem. The brand image of Chic-Chicken also depended on its service quality. Service quality in turn greatly depend on how committed the employees are. He was surprised to note in the meeting that other two heads think service is falling in Chic-Chicken store. Chic-Chicken hire staff both on full time as well as part time basis. The basic serving personnel are generally on part time basis and while supervisors and chefs of the individual stores are hired full time. While he is aware that the problem that Chic-Chicken stores face those days was the high turnover of employees in the stores, but he was last to believe that service is not significantly effecting customer satisfaction and repeat buying. The hiring and training of service people for the stores was highly expensive in the matter of resources and time. High turnover of employees thus incurred high cost. Although it was not a direct indicator of the company performance but it still affected the bottom line negatively.

Sen wanted to streamline the recruiting and training process in the Organisation. He felt that better service in the store would of course help the existing situation. For that he needed to know the employee perceptions regarding the company's work environment; what percentage of staffs are committed and not committed to the organization, what type of people are they, and how likely they are searching for new job. Sen also wanted to find what made some employees less committed to the job; was it their job characteristics, the attitude of the company towards the employees or the employees' perception regarding the company.

GUPTA'S DILEMMA

After hearing the argument from all three heads Gupta was confused. It seemed to him that all the three heads were talking merit, but he was not sure where the problem was. He knew that Akhil Bose, one summer intern from IIM Kozhikode did some qualitative research a few months back. In fact, Gupta, anticipating problem in customer service, engaged a formally trained IIM graduate to investigate the issue. He remembered one of Akhil's presentations during end of May where Akhil showed how he conducted FGD and other qualitative research for customers of Chic-Chicken and Dominos. He has also conducted some qualitative research with the employees. He had then developed a questionnaire and did pilot survey to verify the questionnaire. He had then revised the questionnaire. Jetia remembered that Akhil recommended engaging an external agency for data collection. While the agency was collecting data, Akhil had to go back to Kozhikode as the internship period was over by that time and he had to start his second year course work. Being impressed by the way Akhil conducted the study, Jetia thought of engaging Kiran, a IIM Kozhikode graduate who joined Chic-Chicken just a month back.

Gupta was convinced that these guys get good training on marketing research from their institute.

As he discussed with Kiran, Jetia informed him about the work of Akhil and suggested that he collect the file of available data from that have already been collected by the agency. He handed over two data sets to Kiran that were done among the customers and employees.

As Kiran came back to office and looked at the data, he saw a customer data file of 200 sample size. This data set consisted 12 customer perception variables, four importance variable , four customer decision variables, . Such was the case with survey done among employees. The data collected were found to be valid and relevant. The analysis was not yet done on the data.

Kiran was asked to perform a data analysis on this data set and address the issues presented to him.

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