

# Consumer Trends in Nigeria's Quick Service Restaurants Industry

Overview of the Quick Service Restaurants Industry in Nigeria



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*Before the emergence of Quick Service Restaurants (QSR) also known as Fast Food Restaurants in Nigeria, small food shops or canteens were the common source of ready to eat food. These food outlets were strategically positioned at street corners and market squares, usually selling a variety of staple food items such as rice, pounded-yam, beans, bread, fried-yam, roasted corn, along with drinks ranging from soft drinks to alcoholic beverages. However, with increased urbanisation and rising levels of disposable income, consumers gradually became more sophisticated, demanding services with higher levels of quality, greater convenience and better ambience. This trend gave rise to the emergence of quick service restaurants.*

Nigeria's fast food industry experienced rapid development between 1970 and 1980 with companies such as Kingsway, Leventis and Kas Chicken leading the market. Today, the demand for ready to eat food as well as the number of fast food restaurants has increased significantly due to the lifestyle of many Nigerians that may not always allow for the luxury of home cooked meals. Tastee Fried Chicken, Tantalizers, Chicken Republic, Mr Biggs, Sweet Sensation, Mama Cass among others are now major players in the industry. Global brands such as Kentucky Fried Chicken (KFC) and Dominos have since made an inroad into the market.

Nigeria's organised fast food industry is currently estimated at N250 billion according to the Association of Fast Food Confectioners of Nigeria (AFFCON) and has grown at an annual rate of 10% over the years. Despite its growth rate, only a few QSRS thrive while

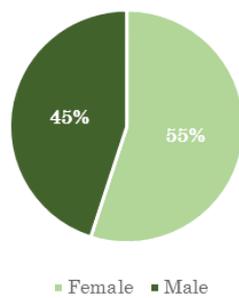
many others struggle to survive. Like many businesses in Nigeria, QSRs constantly face challenging business situations. Many grapple with significant infrastructural deficiencies and strive to master the changing dynamics within the fast food market. While some are subject to unfavourable industry regulations others are threatened by stiff competition.

In the last couple of years, Mr Biggs and Tantalizers have had to raise bailout funds to remain in business. With increasing levels of competition, stifling business environment and evolving lifestyle and preferences of consumers, the need for fast food restaurants to adapt, innovate and evolve in response to the new realities of the 21st century QSR business has never been more critical.

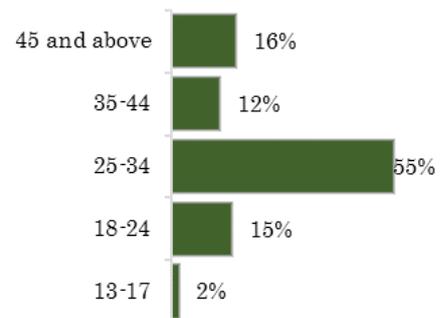
Against this backdrop, this article seeks to provide valuable information and insights on the lifestyle, behaviour and preferences of QSR customers that would assist businesses within the industry in their quest for increased consumer intelligence and competitive edge.

### Insight on the Nigerian Quick Service Restaurant Customer

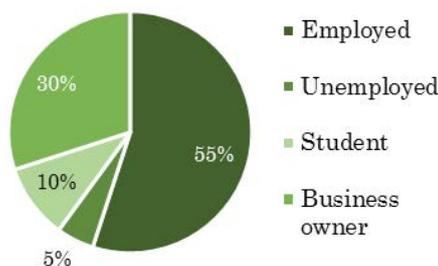
To understand the lifestyle, behaviour and preferences of customers, a survey was conducted in Lagos, focusing on key areas on the Island and Mainland. With a fair representation of the different demographics, 100 randomly selected respondents were interviewed, providing valuable insights on factors that influence their decision to patronise fast food restaurants. Of the total respondents, 55% were female and 45% male; most were between 18 and 34 years old; had at least a post-secondary education; and were in the consuming middle class (individuals with an annual income of more than \$7,500). In addition, 46% of the respondents were married with an average family size of four, 50% were single and 4% divorced. Furthermore, 55% of the respondents were employed, 5% unemployed, 10% students and 30% were business owners.



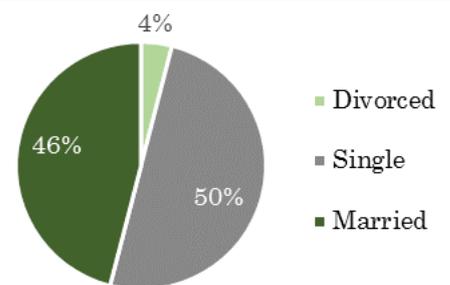
Gender



Age Distribution



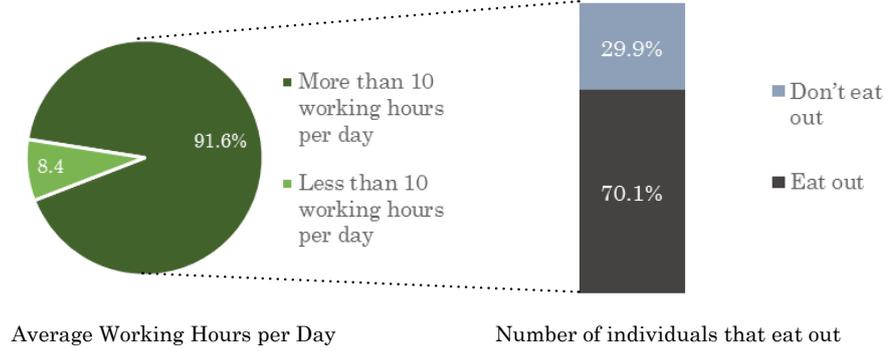
Employment Status



Marital Status

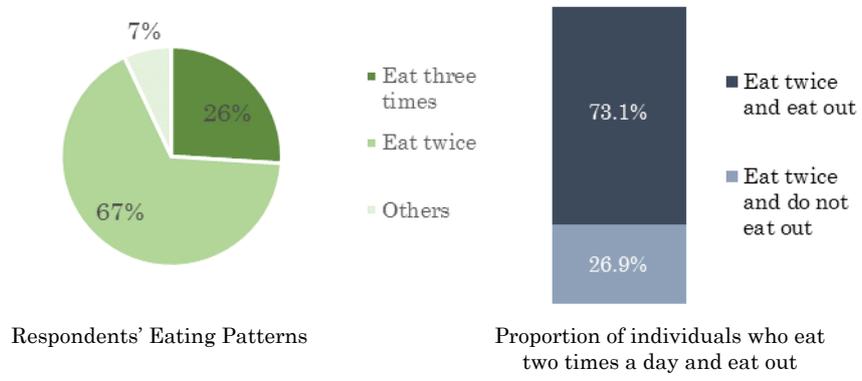
**Consumers' demand for fast food is on the rise**

Analysis of the factors that influence respondents' eating habits revealed that their lifestyle and increasing work rate are two of the major reasons why they eat out. Of the respondents interviewed, 92% work an average of 10 hours per week day and about 70% of them eat out. Eating out refers to either eating at or buying food from a restaurant. Respondents considered visiting fast food restaurants a stop gap for addressing their eating needs. This trend is expected to increase in the coming years as more people take on more challenging and demanding jobs.



**Eating out twice a day is now a common trend**

Studies have shown that as more people get involved with very challenging and demanding jobs, their eating pattern is significantly affected. From eating three meals in a day, these individuals now eat twice a day. While nutrition experts have identified breakfast as an important meal of the day, a number of young adults skip breakfast. The reason is because they are either not hungry or do not have the time as they are on the go. From the survey about 80% of the respondents skip breakfast regularly, indicating that eight in every ten people skip morning meals. Respondents were asked what their eating pattern is and how often they eat out, 67% of them eat twice a day and 73% eat out every day. Most of them agreed that the change in their eating pattern was due to their busy work schedule and have consequently reduced their daily meal from three times to twice a day.



### Family outings at restaurants is a common trend

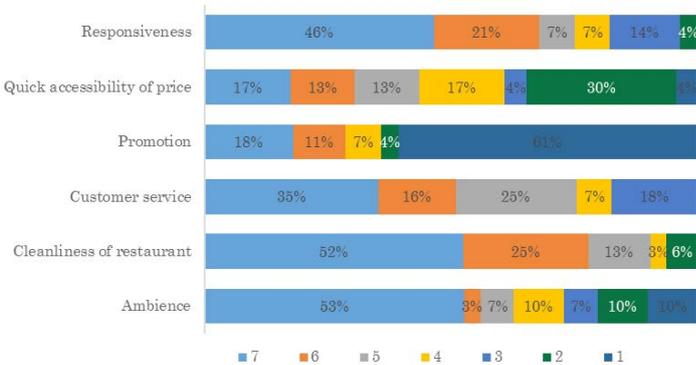
In a fast paced work environment where parents work so hard with little time for the family, the need for family outings has become more crucial. Spending quality time together as a family has been known to foster bonding and unity among family members. Analyses of responses from the survey revealed that 31% of respondents who are married go to restaurants as one of the activities aimed at spending time together as family. Parents interviewed also indicated that they would take advantage of special occasions and events to spend some time with their family at a restaurant.

### Customers’ decision drivers on choosing fast food restaurants

In identifying the decision drivers for customers who visit fast food restaurants, key factors were analysed. When interviewed, QSR customers identified quality of food, quality of service, cleanliness of the environment, and ambience as key decision drivers. Of the respondents surveyed, 23.7% indicated that quality of food was the main decision driver for visiting a particular restaurant; while 16.9% indicated quality of service. Another 20.3% indicated ambience of the restaurant while 20.3% indicated cleanliness of the environment as their decision driver. Interestingly, only 6% of the respondents indicated price as their decision driver for visiting a fast food restaurant, indicating that price is not a major factor.

In addition to these decision drivers, the quality of frontline staff also influenced the decision of respondents to patronise a QSR. Across all income levels and age groups; customer relationship management, politeness and responsiveness were attractive values respondents expect from frontline staff at fast food restaurants.

Respondents’ perception of quality of service by QSR



1 stands for “not important” and 7 stands for “very important”

## Conclusion

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To remain relevant and stay competitive in Nigeria's highly competitive QSR industry, it is critical for QSRs to have an in-depth understanding of its target customers, their buying behaviour, lifestyle and preferences. Although capital-intensive, the undertaking of capturing, analysing, and applying consumer intelligence is also highly rewarding.

Once customers' needs and preferences have been understood, the most profitable customer segment should be identified. Emphasis should be placed on targeting a particular customer segment with targeted offers when the time is right. Timing is critical—to avoid frustrating customers with offers that they don't need, it's important to know how to identify life cycle triggers and to respond appropriately with only the products that address those needs, only then can QSRs maximise customer value.

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