

**Are Quick Service Restaurants Popular in Russia:
Assessing Consumers' Preferences for Western-Style Fast
Food in Perm Region**

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Research Background

- It was January 1990 when McDonald's, a leading US fast food company opened its first branch in Moscow, USSR capital that attracted hundreds of Soviet customers who never had any opportunity to eat Western style fast food.
- After a quarter of century passed since then a number of fast food chains opened and operate successfully in different cities of Russia.
- Does fast food popular remain popular in Russia?
- In this article we seek to evaluate consumer attitudes and preferences for eating fast food in Perm that is located in country's Ural region.

Methodology

- The contingent valuation method (CVM) will be applied to estimate willingness to pay (WTP).
- This method is widely used for assessing individual WTP based on the responses of market-type questions with binary choices (Kanninen, 1993).
- The planned survey for this study will comprise CV questions regarding respondents' willingness to pay a premium or accept a discount in order to purchase and eat Western-style fast food.

Methodology

- We will use a double-bounded binary choice model to evaluate respondents' outcomes from the survey (Hanemann et.al, 1991).
- There will be four possible results in the model:
- Respondents are not willing to eat fast food at the same price as Russian traditional food (pelmeni) and they are not willing to eat it even at a discount price (NO followed by NO).
- Respondents are not willing to eat fast food at the same price as Russian traditional food (pelmeni) but under a given random discount they are willing to eat fast food (NO followed by YES).
- Respondents are willing to eat fast food at the same price as Russian traditional food (pelmeni) but are not willing to eat fast food at a higher price (YES followed by NO).
- Respondents are willing to eat fast food at the same price as Russian traditional food (pelmeni) and they are willing to eat it at a randomly assigned premium (YES followed by YES).

Methodology

The WTP function is represented in the following form:

$$WTP = \alpha - \tau B + \lambda'z + \varepsilon$$

where B is the ultimate bid amount each respondent faces, z is a column vector of observable characteristics of the individual respondent, ε is a random variable that comprises unobservable characteristics, and α , τ and λ are unknown parameters to be estimated.

In the empirical implementation of the model, we define $G(\cdot)$ to be the standard logistic distribution with mean zero and standard deviation $\sigma = \pi/\sqrt{3}$.

The maximum likelihood method (MLM) will be used to estimate the equation.

Data and Sample

- We hope to get data for the study from NRU HSE – Perm. Respondents will be faculty members, staff and students.
- It would adequate should we cover about 15 or 20% of campus population for this article.
- Several socio-demographic as well as consumer perception variables will be requested from respondents.

Data and Sample

Socio-Demographic Variables: Age, Gender, Marital Status, Years of Education, Household Monthly Income, Children under 18 in household, student, faculty, staff, respondent from Perm or not.

Consumer Perception Variables: opinion, safety, risk, taste, price, restaurant location, frequency of fast food eating, etc.

Tentative Article Content

- Introduction
- Fast Food Consumption in Russia
- Related Studies
- Survey Data
- Methodology
- Empirical Results
- Conclusions
- References

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Thank you for your attention.

Your suggestions and inputs are welcomed.