

# A Study of Edible Oil Consumption in Raipur city

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## *Abstract—*

Edible oils constitute an important component of food expenditure in Indian households. India is a vast country and inhabitants of several regions have developed specific preference for certain edible oils largely depending upon the oils available in the region. For example, people in the South and West prefer groundnut oil while those in the East and North use mustard seed/rapeseed oil. Likewise several pockets in the South have a preference for coconut and sesame oil.

The demand for edible oils in India has shown a steady growth at a CAGR of 4.43% over the period from 2001 to 2011. The growth has been driven by improvement in per capita consumption, which in turn is attributable to rising

*Keywords: Edible Oil, Consumption pattern, preferences.*

## I. INTRODUCTION : EDIBLE OIL INDUSTRY IN INDIA

The per capita income of Indian household has risen substantially in the last decade. This was supported by robust growth in the economy resulting in changes in food habits and people getting more habituated to ready-to-eat foods. With the change in per capita income, the edible oil industry in India has also undergone significant changes. For example, today the preference for packed oil over loose has increased due to affordability and increased attention to health and hygiene. The presence of many organized outlets has augmented this across the country that sell packed oil.

India is a vast country and inhabitants of several regions have developed specific preference for certain oils largely depending upon the oils available in the region. For example, people in the South and West prefer groundnut oil while those in the East and North use mustard seed/rapeseed oil. Likewise several pockets in the South have a preference for coconut and sesame oil.

Edible oil consumption is primarily a community-driven phenomenon in India. Going by the traditional cuisines, mustard and rapeseed oil are used in the northern and eastern states of the country. Coconut, peanut and sunflower oils are widely consumed in south India while peanut and cottonseed oils are the cooking medium of choice in Gujarat. Rapeseed oil is popular in north east India; soybean oil is more prevalent in central India.

income levels and living standards. However, the current per capita consumption levels of India (at 13.3 Kg/year for 2009-10) are lower than global averages (24 kg/year). The Indian edible oils market continues to be underpenetrated and given the positive macro and demographic fundamentals it has a favourable demand growth outlook over the medium-to-long term.

Through this paper the researcher tries to understand the factors influencing purchase decisions for edible oils by the households and the consumption patterns of the households. Authors have also tried to analyse the preference of demographic clusters.

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Currently, in India, the refined oil segment has a growth rate of around 20 percent per annum; and for the branded packed oil segment, the consumption growth is 6 percent. The current per capita consumption of edible oil is low compared to the world average. Hence, in the future, there is tremendous opportunity to tap the potential and expand the market of edible oil.

In the above context, an attempt has been made to understand the buyer's behavior and preferences for edible oils in Raipur the state of Chhattisgarh.

## II. REVIEW OF RELATED LITERATURE

Angshu Malik, COO, Adani Wilmar Limited, notes: "The dominant type is Palmolein oil, which has a market share of roughly 40 percent. About 20 percent of the market is occupied by soyabean oil, followed by another 20 percent by mustard oil. Sunflower oil is estimated at around 8 lac tonne, which is around 5 to 6 percent of the market. Another 5 to 6 percent is accounted for by groundnut oil;

5 percent by cottonseed oil; other oils such as rice bran oil, coconut oil, and so on account for 10 percent.”

Extensive literature on personality in psychology and other behavioral sciences has persuaded marketing researchers to theorize that personality characteristics should predict brand or store preference and other types of buyer activity (Engel, 2006). Evans undertook this study using 12 objective variables, such as age, income, and other demographics, to test the assumption that ‘buyers differ in personality structure’. Marketers today need to understand that ‘customer satisfaction is about ‘attitude’; and customer value is about ‘behavior’” (Butz and Goodstein, 2006). Demographic variables are the most popular bases for segments the customer groups, One reason is that consumer needs, wants, preferences and usage rates are often highly associated with demographic variables. Another is that demographic variables are easier to measure (Kotler, Philip, and Gary Armstrong, 2006).

The demographic environment is of major interest to marketers because it involves people and people make up market (Kotler,2006). Most of marketers’ strategic decision making heavily depends on the demographic variables of people in the region where they focus on marketing their products. Demographic variable make known the ongoing trends, such as shifts in age, sex and income distribution that signal new business opportunities

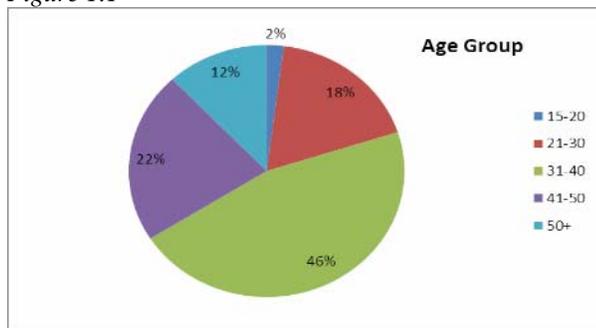
#### IV. RESEARCH METHODOLOGY

To complete this study primary as well as secondary source of information is used. To study the market trends and brand preferences of edible oils, *primary data* is collected by using a detailed questionnaire which was administered to a small sample of 50 families selected on the basis of convenience sampling method. The study has been carried out in Raipur city. The *secondary data* is

#### 5. DATA ANALYSIS

Most of the people surveyed were in the age group of 31 to 40, followed by age group of 41 to 50 (fig.1.1)

Figure 1.1



Source : Compiled data collected through Questionnaire

to the marketers (Schiffman, Leon G. and Leslie Lazer Kanuk ,2007). These aspects highly motivated the researcher to take up the present study.

Some of the outstanding studies conducted on edible oil marketing and purchasing practices, production, sales and marketing strategies of business firms in respect of edible oil products were thoroughly examined in the literature review. The main thrust of these studies is the evaluation of edible oil brand extension practices of some reputed brands preferences equity and the market share. In fact the findings of the studies are very valuable for new researchers and marketers though who want to chalk out edible oil branding strategies in a professional way regarding to this study, some eminent professors and academician’s quality research papers review has been taken by studying their research papers on edible oils.

#### III. OBJECTIVES OF THE STUDY

The study has following objectives:

- To understand the factors influencing purchase decision for edible oils
- To understand the buying and consumption patterns of the product
- To understand the preference of demographic clusters

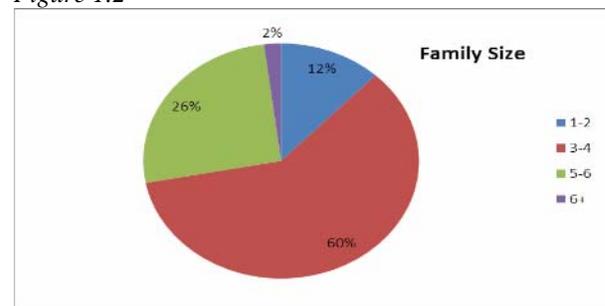
#### Collection of Data

collected from published thesis, books from library well reputed journals, magazines and related Websites.

The data so collected is scrutinized, tabulated, analyzed and finally used for the study purpose. For the calculation and analysis of data statistical tools and techniques are used like Variance analysis and *Cluster Analysis*.  
 5.1 Demographic Analysis using Univariate Analysis

More than 50% of people were small family with 3 to 4 members in their family (fig 1.2).

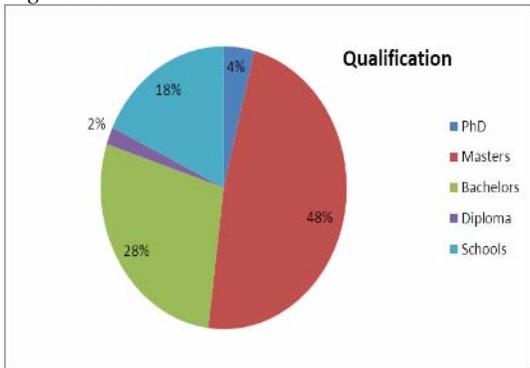
Figure 1.2



Source : Compiled data collected through Questionnaire

Almost 50% of the people were holding Masters degree followed by Bachelors (fig1.3).

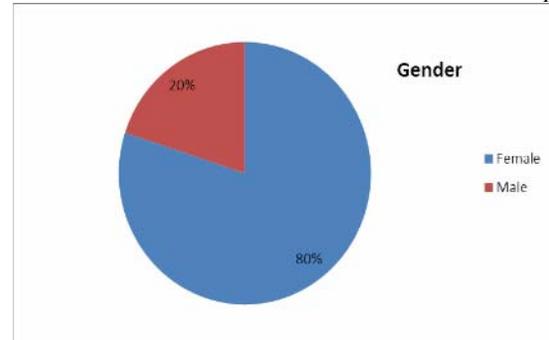
Figure 1.3



Source : Compiled data collected through Questionnaire

Majority of candidate surveyed were female (fig1.4).

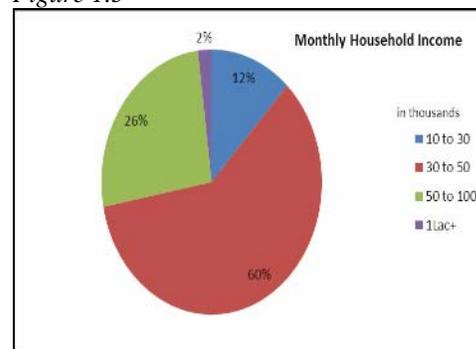
Figure 1.4



Source : Compiled data collected through Questionnaire

More than 50% of people surveyed have monthly household income of 30 to 50K (fig 1.5)

Figure 1.5



Source : Compiled data collected through Questionnaire

## 5.2 Brand Preference

Around 30% people prefer Fortune, followed by 24% people preferring Suffola. The third most preferred brand in oil is Sundrop (fig 1.6). Interesting thing to note here is the most of the people believe that different oils should be consumed over a period of time, as different oil has different content and nutrition value.

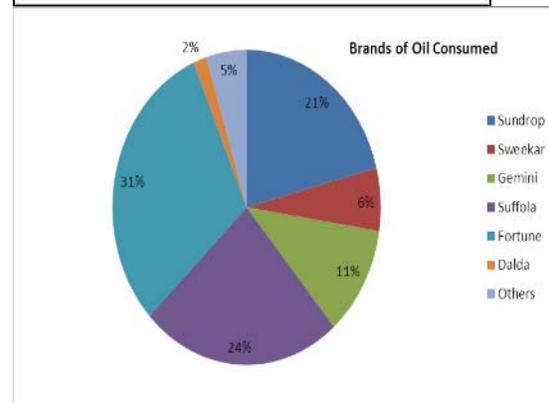
Vanaspasi Ghee “Dalda” which was the most selling brand once upon a time has lost its market. We will see using the other data in next sections, which more than Brand, people are more Price Conscious and Taste conscious with respect to edible oil, and they prefer to change oil brand from time to time along with type of oil.

Figure 1.6

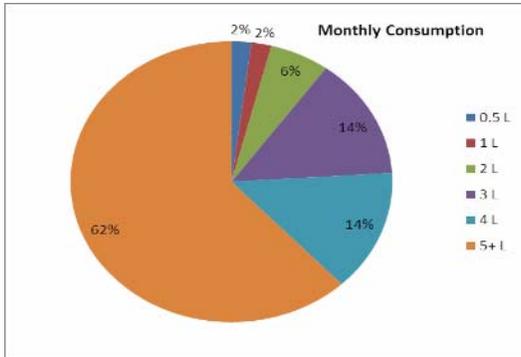
## 5.3 Consumer Preference and Buying Patterns

Most of the household consume more than 5 Liters of Oil every month (fig 1.7). This reflects that per capita consumption of oil in India is very low.

Figure 1.7



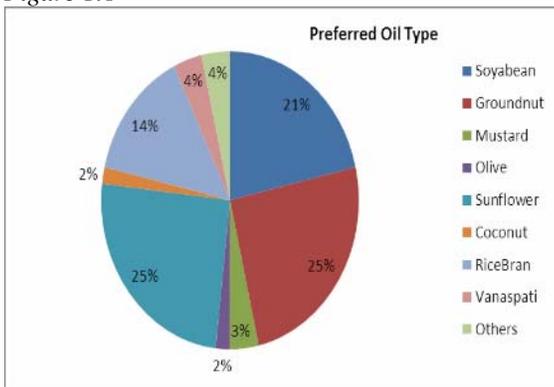
Source : Compiled data collected through Questionnaire



Source : Compiled data collected through Questionnaire

Almost equal liking is for Sunflower oil, Groundnut Oil and Soybean oil (fig 1.8). Mustard Oil and Coconut oils are not very prevalent in Central India, as compared to South India, for example - Kerala and East India (Kolkata for Mustard Oil).

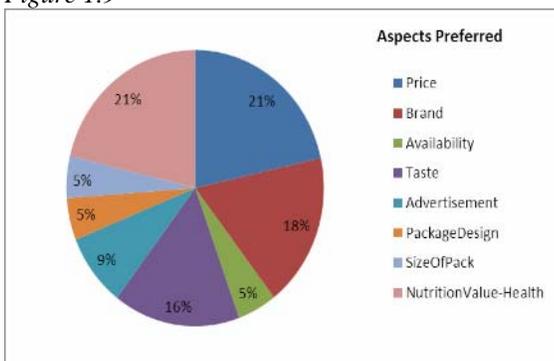
Figure 1.8



Source : Compiled data collected through Questionnaire

The consumers generally give preference to Price when it comes to Oil (fig 1.9). They are also Health conscious, Brand conscious, and give preference to Taste while purchasing Oil. The packaging, or size of pack or availability does not play a key role, however, advertisement does influence buyer.

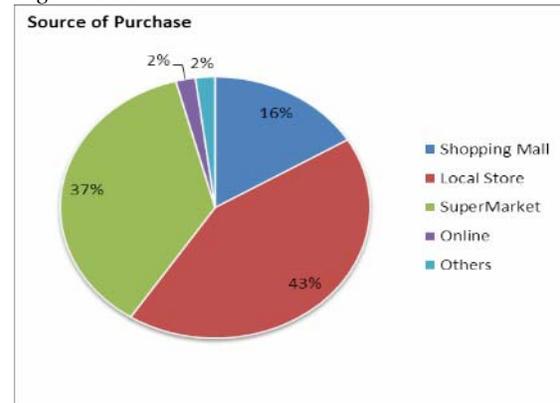
Figure 1.9



Source : Compiled data collected through Questionnaire

Consumers purchase oil from local store and supermarket (fig 1.10).

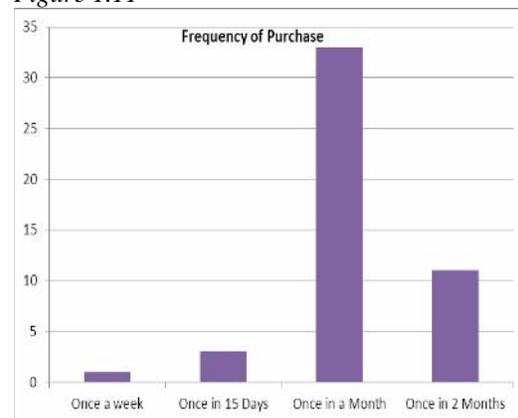
Figure 1.10



Source : Compiled data collected through Questionnaire

Maximum consumer purchase oil *Once* in a Month (fig 1.11). Buying oil is not a daily affair, hence the production and stocking needs to be aligned with this behavior.

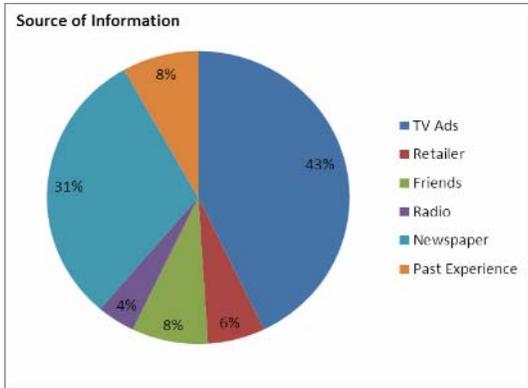
Figure 1.11



Source : Compiled data collected through Questionnaire

The primary source of information for consumer regarding oil is TV Ads and Newspaper (fig1.12). So, the Sales team can use this information to advertise their products to reach maximum penetration.

Figure 1.12

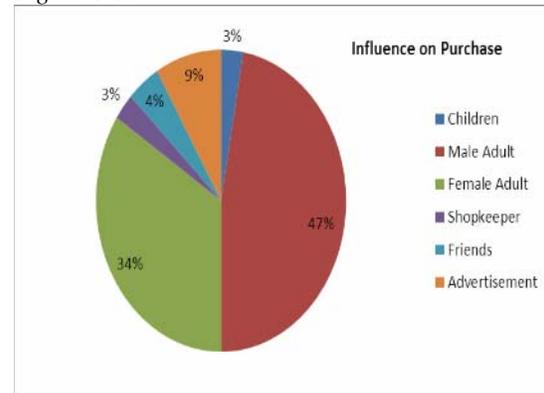


Source : Compiled data collected through Questionnaire

Majority of the time, it is Male Adult in the family who decides which Oil to buy, followed by Female Adult in the family (fig1.13). The target audience for the company should be this adult category to increase the sales.

Source : Compiled data collected through Questionnaire

Figure 1.13



#### 5.4 Cluster Analysis

- Number of Clusters is 3, based on scale of 8 in the Dendogram

The cluster analysis has been done on the following demographic variables:-

- Age, Gender, Family Size, Educational Qualification, Income Group

Cluster 1: Mostly Male Group – Health is top most preference, followed by Price (Table 1.1).

Table 1.1

Price	4.166667
Brand	2.75
Availability	3.833333
Taste	4
Advertisement	3.857143
Package Design	2.428571
Size Of Pack	3.25
Nutrition Value-Health	4.75

Cluster 2: Mostly Female Group with Middle Aged and Mid Size Family – There preferences are distributed (Table 1.2).

Table 1.2

Price	3.4
Brand	3.882353
Availability	3.904762
Taste	3.583333
Advertisement	3.315789
Package Design	1.625
Size Of Pack	3
Nutrition Value-Health	4.666667

Cluster 3: Senior Citizen – Preference is distributed, with *Health, Taste and Brand as most preferred* (Table 1.3). It can be noted that none of the group has preference on package design and size of pack.

Table 1.3

Price	3.4
Brand	4.3
Availability	3.5
Taste	4
Advertisement	2.3
Package Design	1.5
Size Of Pack	2.3
Nutrition Value-Health	4.3

As majority of respondents were female and there is distinctly 2 clusters (male and female) is cropping up, to avoid any type of biasness within the study the researcher have omitted one of the demographic variable Gender for further explanations.

After removing Gender from the demographic variables following results has come up:

Cluster 1: Young Group, Small Size Family with Low Income – Top preference is Health Conscious, followed by Taste and Price (Table 1.4).

Table 1.4

Price	3.777778
Brand	3.428571
Availability	2.875
Taste	4
Advertisement	3
Package Design	2.25
Size Of Pack	2.444444
Nutrition Value-Health	4.666667

Cluster 2: Middle Aged, Mid-Size Family – Distributed preference, but Health remains the most preferred aspect (Table 1.5)

Table 1.5

Price	3.571429
Brand	3.8125
Availability	4.1
Taste	3.384615
Advertisement	3.529412
Package Design	1.8
Size Of Pack	3.222222
Nutrition Value-Health	4.705882

Cluster 3: Senior Citizen – Health receives the top most preference, followed by Taste and Brand (Table 1.6).

Table 1.6

Price	3.5
Brand	3.75
Availability	3
Taste	4
Advertisement	2.7
Package Design	1.5

Size Of Pack	2.1
Nutrition Value-Health	4.33

### Conclusion:

Cluster analysis proves that Health factor plays a predominant role in selecting the brands among selected respondents. As most of the respondents change their oil for better health, very strong brand loyalty is not displayed for oil consumption.

The primary source of information for consumer regarding oil is TV Ads and Newspaper. Hence, it is recommended that the cooking oil marketers could take maximum efforts in designing the advertisements in such a way that the advertisements provide reliable and maximum information about the nutrition and health aspects, price of the oil. The companies could increase the frequency of advertisements also in order to make the brands positioned in the minds of the prospects and this will, definitely, help the prospects to consider those brands while the evaluation of alternatives. Further, it is noted that advertisement does not create a need for cooking oil in the minds of prospects but at the same time, prospects consider advertisement as an important source of information. Hence, it is recommended that advertisements could be used only for the purpose of creating brand awareness among the prospects.

Generally, the prospects give higher importance to safety aspects, and the brand image of the cooking oil rather than the other sales promotional schemes offered by the companies while they purchase the cooking oil. Hence, it is recommended that the cooking oil marketers could concentrate on improving the safety aspects, quality and brand image of the cooking oil instead of concentrating heavily on the sales promotional activities.

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