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Consumer awareness of edible oil – A study with special reference to Bangalore

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Abstract

The Indian vegetable oil economy is the world's fourth largest after the US, China and Brazil, harvesting about 25 million tons of oilseeds against the world. Since 1995, Indian share in world production of oilseeds has been around 10 percent. Although, India is a major producer of oilseeds, per capita oil consumption in India is only 10.6 kg/annum which is low compared to 12.5 kg/annum in China, 20.8 kg/annum in Japan, 21.3 kg/annum in Brazil and 48.0 kg/annum in USA. Vegetable oil consumption has increased following a rise in household incomes and consumer demand. India imports half of its edible oil requirement, making it the world's third-largest importer of edible oil. The country buys soya oil from Argentina & Brazil and palm oil from Malaysia & Indonesia. Currently, India accounts for 11.2 per cent of vegetable oil import and 9.3 per cent of edible oil consumption. The present study throws an insight into the Consumer Awareness with reference to Edible oil in Bangalore.

Keywords: Consumer preference, consumer awareness, edible oil

Introduction

Consumer awareness

In this age of capitalism and globalization, the main objective of each producer is to maximize his profit. In each and every possible way the producer are trying to increase the sale of their products. Therefore, in fulfillment of their aim they forget the interests of consumers and start exploiting them for example – overcharging, under weighing, selling of adulterated and poor quality goods, misleading the consumers by giving false advertisement etc. Thus in order to save himself from being cheated, it is necessary for a consumer to be aware. In this way, consumer awareness means creating awareness of a consumer towards his rights and duties.

Need and importance of consumer awareness

It has been observed very often that a consumer does not get right goods and services. He is charged a very high price or adulterated or low quality goods are sold to him. Therefore it is necessary to make him aware. Following facts classify the need of making consumers aware:

To achieve maximum satisfaction

The income of every individual is limited. He wants to buy maximum goods and services with his income. He gets full satisfaction only by this limited adjustment. Therefore, it is necessary that he should get the goods which are measured appropriately and he should not be cheated in any way. For this he should be made aware.

Protection against exploitation

Producers and sellers exploit the consumers in many ways as underweighting, taking more price than the market price, selling duplicate goods etc. Big companies through their advertisement also mislead the consumers. Consumer awareness shields them from the exploitation by producers and sellers.

Control over consumption of harmful goods

There are several such goods available in market which cause harm to some consumers. For example we can take goods like cigarette, tobacco, liquor etc. The consumer education and awareness motivate people not to purchase such goods which are very harmful for them.

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Motivation for saving

The awareness controls people from wastage of money and extravagancy and inspire them to take right decision. Such consumers are not attracted by sale, concession, free gifts, attractive packing etc due to which people can use their income in a right way and can save money.

Knowledge regarding solution of problems

The consumers are cheated due to illiteracy, innocence and lack of information. Therefore it becomes necessary that the information about their rights should be provided to them so that they cannot be cheated by producers and sellers. Through consumer awareness they are also made known to the proceedings of laws so that they can solve their problems.

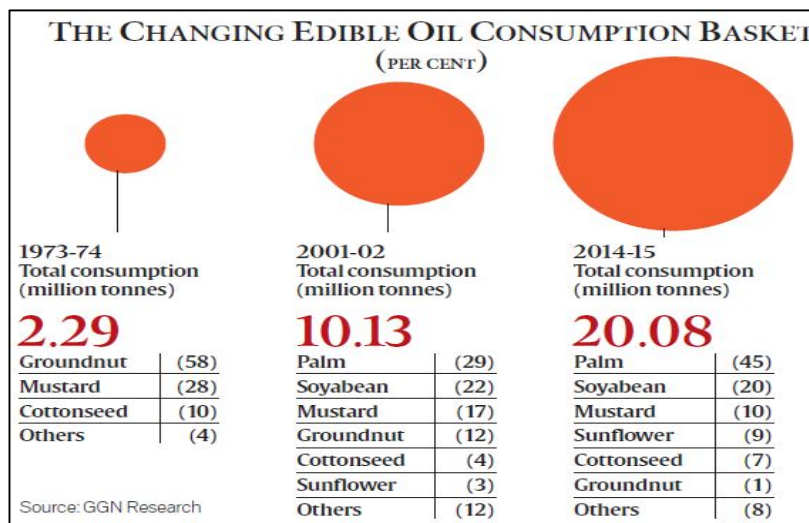
Construction of healthy society

Every member of the society is a consumer. So, if the consumer is aware and rationale, then complete society becomes healthy and alert towards their rights. Manufacturers are adopting new techniques to increase production of edible oils such as cold pressing. This combined with growing disposable incomes and the growing demand for snacks and fried food globally are major drivers in the global market. The rising retail sector is a major boon to the global edible oils market as the wide network organized market has helped bolster growth of the edible oils in the market.

In terms of type, the global edible oils market is segmented into palm oil, soybean oil, sunflower oil, olive oil, corn oil, canola oil, specialty blended oils, and other oils. The palm oil segment is projected to register the fastest growth rate through the forecast period, with the segment accounting for over 32% share in the global market, in terms of volume, in 2015. Soybean oil segment is projected to register a slight negative growth owing to the surplus availability of raw materials and shifting consumer preferences towards healthier edible oil options such as olive and canola oil. This shifting market trend is a result of increasing disposable income levels in the households worldwide and the growing awareness in regards to healthy eating (Shreyas Deshmukh 2016) [1].

Edible oil industry

Edible oil industry in India is a predominantly retail demand driven industry. The industry has been flourishing lately given the constant expansion in retail segment coupled with increased earnings. India’s oil and fats per capita consumption is slated to touch 12.1 kilos this year. Interestingly, the industry is making a marked shift from what was once a Palm oil dominated to soy oil. This fact is very much prevalent in India Oil Statistic. Domestically sourced soy oil consumption that stood at 1.99 million tonnes at the beginning of 2001 is estimated to have increased to 2.69 million tonnes in the current year. On the other hand, palm oil consumption during the same period has slipped from 3.81 million tonnes to 3.17 million tonnes.



Similar trend are witnessed in case of imports that have shown steady decline over the years. Palm oil imports stood at 3.85 million tonnes in 2000-01, topped 4.11 million tonnes in 2002-03 and is estimated to have declined to 3.12 million tonnes in 2005-06. Soy oil imports, on the other hand, have consolidated over the years. This year soybean oil imports are expected to gross 1.75 million tones as against 1.36 million tonnes in 2000-01. This pattern associates with rising income of middle class that is now open for changing dietary habits and is health conscious too.

Having said that it goes without saying demand from industrial segment continues to be the major driving force. In terms of volumes, palm oil, soyabean oil and mustard oil are the three largest consumed edible oils in India, with respective shares of 46%, 16% and 14% in total oil consumption in 2010. Given the high price consciousness and varied taste preferences of Indian consumers, ICRA expects these three oils to continue to account for the bulk of edible oil consumption in the country (Anjan Ghosh, K. Ravichandran, Ankur Malik, Neha Joshi and Karan Dave 2011; ICRA Rating Feature July 2011) [2].

State-wise Area, Yield and Production of Castor Seeds in India (2011-12)									
District	Estimated Area Under Crop * ('000 ha.)			Estimated Production * ('000 tonnes)			Estimated Yield * (Kg/ha.)		
	2010-11	2011-12	% Change	2010-11 @	2011-12	% Change	2010-11 @	2011-12	% Change
Gujarat	483	697	44%	900	1226	36%	1863	1760	-6%
Rajasthan	127	169	33%	180	207	15%	1417	1222	-14%
Andhra Pradesh	198	230	16%	140	156	11%	707	677	-4%
Other States #	52	54	3%	30	30	1%	576	564	-2%
Total	860	1150	34%	1250	1619	30%	1453	1417	-3%

* Nielsen India estimates; # Secondary sources; revised in June 2011

”Edible” refers to any substance that can be used as food, metabolized to give energy and build tissue. Fats and oils are recognized as essential nutrients in both human and animal diets. Edible oils are the oils which are used for

cooking purposes or are suitable for intake in any form for the body. All cooking oil are edible oils [3].

Review of literature

Table 1

1	A Study on Brand Loyalty of Consumer Brand Switching Behaviour in The Twin Cities Of Hyderabad And Secunderabad – A Survey On Edible Oils
2	A Study on Customer Awareness And Satisfaction Of Selected Ayurvedic & Herbal Products
3	A Study of Edible Oil Consumption in Raipur City
4	Women Consumer’s Preferences On Grocery Items – A Study With Reference To Hyderabad City In A.P
5	A Study On Consumer Preference Towards Selected FMCG Personal Care Products In Erode Town, Tamil Nadu
6	Consumer Knowledge, Perception And Preference Of Edible Oil: Evidence From Ghana

Kumaraswamy Kandukuri (2016) [4] contends that the study of consumer behaviour is complex analysis to understand in various situations like when they buy, where they buy, how much they buy, how much they will pay etc., to the products and services. The consumer learns how to respond the market situations and they apply it to future related behaviour. The consumer gain purchasing knowledge through reading, thinking, observing and from actual experience.

Every industry and economy is idiosyncratic especially in terms of what drives consumer loyalty and so, extrapolating knowledge may not always provide the right basis for competitive advantage. Brand choice is an important aspect of the purchasing behaviour of household.

Chandiraleka E and Dr. Hamsalakshmi R (2016) [5] opines that Ayurveda or Ayurvedic medicine is the traditional holistic medical system in India. Natural scientists and Ancient seers developed this system based on centuries of experiments, studies, and meditations. Word Ayurveda is formed by "ayus" meaning life and "Veda" meaning knowledge. Ayurveda is about knowing more about life. It tells about happy and sad life, good and bad life and what is good for healthy and happy life. History of Ayurveda can be traced way back to the evolution of the civilization. Herbal is "a collection of descriptions of plants put together for medicinal purposes." Ayurvedic herbs, practices and recommendations, including yoga and/or meditation, have also been shown to be helpful as a home remedy for acne, relieving chronic constipation or IBS, fighting chronic fatigue syndrome, reducing pain and lowering obesity risk. It states that traditional herbal products benefited from an increasingly educated consumer base, which uses herbal remedies to complement other medicines or vitamins and dietary supplements to prevent health conditions and to improve their general health.

Dr. J.H. Vyas, Imran N. Siddiqui Jay K. Dewangan (2013) [6] propounds that 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 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.

Mr. Nagunuri Srinivas (2013) [7] examine the “women consumer’s references towards branded and unbranded grocery items in Organized/Unorganized Retail Environment” and also aim to study the changing market scenario i.e. transition from unorganized sector to an organized one, Due to increasing self-service and changing consumers’ lifestyle the interest in branding and stimulator of impulsive buying behaviour is growing increasingly. The researcher has collected the data through questionnaire to know the consumer Awareness level and preference about branded and unbranded grocery items and also an attempt is made to find out the factors that push a customer from unbranded to branded items.

Ms. M. Gomathi (2013) [8] Aexamine the consumer preference on personal care products in FMCG sector and to study the factors which influence them to prefer a particular product of Fast Moving Consumer Goods (FMCG).The taste and preferences of consumer are changed often. Every customer in the market has his/her own Brand Preferences.

Customers will be looking for certain attributes before purchasing the products i.e., FMCG. The brand Preference is showing increasing tendency everywhere and Erode city of Tamilnadu State is not an exception to it. They give much importance to personal care products, due to it involved mostly in day to day life.

Horsu Emmanuel Nondzor, Yeboah Solomon Tawiah and Addai Michael (2015) [9] opines that edible oil is one of the most important components of food and a major source of energy for human survival. It also contains saturated fats which when consumed in excess can result in developing coronary diseases. Most Ghanaian households use edible oils in preparation of their day-to-day meals. However there is a paucity of literature on the knowledge, preference and perceptions of consumers on these edible oils.

The study ascertains consumer’s knowledge, perceptions and preference of edible oil. A cross sectional approach study suggests that, these consumers lack the requisite knowledge on saturated fats and unsaturated fats content of edible oils. As a result, these consumers purchased the refined edible oils because they perceived them to be healthy to consume, quality and nutritious. Moreover, unrefined edible oils were perceived to be substandard in packaging and poor in quality. Edible oils were mostly used by consumers in frying various foods and preparation of different kind of stews.

Statement of the problem

The growing demand for edible oils has been a concern for the edible oil industry. The consumer preferences in this segment has seen a sea change because of the advent of new combinations, advertisement, growing consumer awareness and others have led for the development of the industry. Keeping this in mind this segment becomes important for the marketers to develop their further plan to get the maximum share of consumer attention and business. Hence in the present study an effort is made to profile the edible oil market segment and to understand their preferences which will help the marketers to formulate a specific market strategy.

Table 4: Rising Use of Edible Oil Consumption Attributed To Which of The Following

SI. No.	Statement	Scale				
		SA	A	N	D	SD
1	Consumption in rural households	21	8	0	1	0
2	Rising population and growing prosperity	19	9	0	2	0
3	Predominance use in the food industry	15	7	4	2	2
4	Fast expanding middle class	19	9	2	0	0
5	Fast growing Fast Moving Consumer Goods industry	16	8	0	5	1
6	Consumers moving towards premium and lifestyle categories of products	12	11	0	6	1
7	Edible oil as an important component of food expenditure in Indian households	9	13	7	1	0
8	Consumption pattern heavily influenced by the regional preferences	22	6	1	1	0
9	Increased health awareness due to rising living standards	8	12	0	4	6
	Total Score	141	83	14	22	10
	Percentage of Response	52.2	31	5.2	8.15	3.704
	Mean Score	17	9	2	2	1

Analysis

Though few limitation in the research as it's been considered 30 respondents, 52% of the sample respondents viewed that strongly agreed with many of the reasons leading to

Objectives of the study

- i) To know the trends in consumer preferences towards edible oils;
- ii) To know the factors influencing the Consumer preferences in buying edible oils.

Methodology

The present article has undertaken a sample of 30 respondents for the study.

Data analysis and interpretation

Table 2: Gender-Wise Classification of Respondents

Gender	Responses (n=30)	
	Number	Percent%
Male	19	63
Female	11	37
Total	30	100

(Source: Primary data)

Analysis

Under the study, 62 percent of the respondents are male and remaining are female. This elicits the representation of both male and female

Table 3: Age-Wise Distribution of Respondents

Age in Years	Responses (n=30)	
	Number	Percent%
24 - 30 Years	4	13
30 - 36 Years	7	23
36 - 42 Years	16	53
42 - 48 Years	3	10
Total	30	100

Analysis

Half of the respondents are in the age group of below 35 years and 26-42 years.

increased consumption of the edible oil in Bangalore. 31% of the people agreed that a very significant and comprehensive role played by many factors in leading to increased consumption of edible oils in India.

Table 5: The Negative impact and challenges in the Edible oil industry

Sl. No.	Statement	Scale				
		SA	A	N	D	SD
1	Fragmented industry with regional preferences	11	16	0	2	1
2	Unorganised participants and low capacity utilization in the processing of oilseed	21	9	0	0	0
3	Gradual shift in the consumer preferences towards branded and hygienic Refined oil in Consumer Packs (ROCP)	6	17	3	3	1
4	Increased imports of edible oils	24	6	0	0	0
5	Mismatch between increasing demand with the level of production	7	19	0	3	1
6	Under- utilization of the capacity and closing down of the plants	5	19	0	1	5
7	Distress among Indian oilseeds growing farmers and losing interest in oilseed crop	3	5	1	15	6
8	Continuous increase in the gap between demand and supply of edible oil	9	11	4	6	0
9	Limited availability of oil seeds and shifting acreage to other crops	8	12	0	4	6
Total Score		94	114	8	34	20
Percentage of Response		34.8	42	3	13	7
Mean Score		10	17	1	4	2

Analysis

The edible oil industry has witnessed a considerable rise in the consumption and at the same time witnessing a wide range of challenges.

The numbers show that 35% to 42% of respondent felt strongly agreed on a negative impact on the edible oil industry in India.

Hypothesis testing

Ho: There is no considerable association between rising income levels and consumer preference towards edible oils in Bangalore

Ha: There is a considerable association between rising income levels and consumer preference towards edible oils in Bangalore

Table 6

Statement	Responses	Number	Chi Square Results
Impact of rising income levels and consumer preference towards edible oils in Bengaluru	SA	18	Alpha=0.05 Degree of freedom=5-1 Chi Square=17.36 Tabel value of F (0.05) at 95% Level of significance=9.96
	A	9	
	N	2	
	DA	1	
	SDA	0	
Total Respondents		30	

Conclusion

The hypothesis is rejected but the alternate hypothesis is accepted.

The chi-square statistic is 17.3689. The p-value is .36212.

The result is not significant at $p < .05$.

Health concerns and brand influence in consumer preference towards edible oil Chi-Square Test

Table 7: The contingency table below provides the following information: the Observed cell totals, (the expected cell totals)

	Branded Oils	Non-Branded Oil	Marginal Row Tables
Health Consciousness	25 (15) (6.67)	5 (15) (6.67)	30
Other Factors	5 (15) (6.67)	25 (15) (6.67)	30
Marginal Column Tables	30	30	60 (Grand Total)

Chi-square statistic is 26.6667. P value is < 0.00001 . This result is significant at $p < .05$.

Findings

Under the study, 62 percent of the respondents are male and remaining are female. This elicits the representation of both male and female 52% of the sample respondents viewed that strongly agreed with many of the reasons leading to increased consumption of the edible oil in Bangalore. 31% of the people agreed that a very significant and comprehensive role played by many factors in leading to increased consumption of edible oils in India.

The edible oil industry has witnessed a considerable rise in the consumption and at the same time witnessing a wide range of challenges.

The numbers show that 35% to 42% of respondent felt strongly agreed on a negative impact on the edible oil industry in India.

Conclusion

The edible oils form essential commodities in Indian Fast Moving Consumer Goods industry in India. India being the forth largest vegetable oil economy. Oilseed cultivation is becoming increasingly unattractive due to low and unstable yields. The edible oil industry has seen a transition towards more organized and back integration move from the major players. The rising imports call for the increase in the domestic production.

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