

Retailers' Buying Behaviour and Brand Preference Towards Idhayam Cooking Oil

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Abstract

In the competitive CPG industry, especially within edible oils, understanding factors influencing retail product choices is crucial for brand growth. As consumer preferences evolve and retail environments grow complex, strategic retailer engagement and targeted marketing are vital. Idhayam, known for premium sesame oil, has built a strong reputation on trust and quality, but sustained leadership depends on retailer perceptions and stocking decisions. Retailers act as key intermediaries, influencing product visibility and sales based on factors like brand perception, product quality, profit margins, and social influences. While existing research offers insights, there's a need for context-specific understanding within the edible oil segment, where traditional preferences, health concerns, and loyalty heavily impact decisions. This study explores these core factors affecting retailer choices regarding Idhayam sesame oil to help optimize marketing and retail strategies.

Keywords: Oil market, Product quality, Brand awareness, Brand loyalty, Reference groups

I. INTRODUCTION

In the competitive consumer-packaged goods (CPG) sector, especially within edible oils, understanding the factors influencing retail product choices is crucial for brands seeking to expand their market share. Idhayam, a prominent brand known for its sesame oil, has built trust among consumers and retailers. However, retailer decision-making regarding stock and promotions involves multiple interconnected factors such as brand perception, product quality, profit margins, and social influences. The success of a brand at the retail level depends not only on its inherent qualities but also on its alignment with retailer preferences and perceptions.

Retailers act as key intermediaries between the brand and end consumers, making their stocking and promotion choices vital for overall brand success. Recognizing what drives these decisions allows brands to craft targeted marketing strategies, enhance product offerings, and foster stronger retailer relationships. This research aims to explore the core factors influencing retailer choices related to Idhayam. It examines how brand awareness influences initial consideration, how brand loyalty sustains long-term relationships, and how perceived product quality affects preference. The study also investigates economic factors such as profit margins and overall profitability, which are key drivers for retail stocking decisions. Additionally, it considers social influences, including reference groups and peer networks, that shape retailer behavior. By systematically analyzing these factors, the study seeks to provide comprehensive insights into retailer decision-making processes. Identifying strategic levers that Idhayam can leverage will help strengthen its market position. The findings are expected to offer practical guidance for brand managers, marketers, and distribution strategists to optimize their outreach and engagement with retail partners. In today's dynamic retail environment, where consumer preferences and market conditions are continually evolving, understanding these nuanced decision-making factors becomes more important than ever. This research contributes to academic discourse on retail marketing and brand management, while also offering actionable recommendations for practitioners navigating the complex landscape of retail product placement.

II. REVIEW OF LITERATURE

Perceived Quality

Perceived quality (PQ) is another essential factor of brand equity and it is described as a customer's perception of the overall quality or superiority of a product or service [1]. Likewise, [2] believe that perceived quality relates to customers' knowledge of what they see and feel when they look at and touch a product of a company. Perceived quality is not the real quality of products or services; alternatively, it is described as the general view of customers about the products or services of a brand [26]. Definition of perceived quality as the customer's assessment of a product's additional values [6]. Moreover, positive perceived quality may influence customer purchase decisions, facilitate differentiation of brands, enable the execution of brand extension, and allow companies to establish premium prices, and perceived quality is linked to corporate profitability [1].

Brand Loyalty

Brand loyalty is the nature of the customer and brand connection [15]. Brand loyalty is defined as a situation that indicates how likely a customer will change to another brand, particularly when that brand makes alterations, either in price or in product features [1]. Brand loyalty is described as a sense of commitment to repurchase a preferred product or service in the future, regardless of marketing strategies or contextual factors that may change customer behavior [20]. Brand loyalty as customers satisfying their previous experiences with the same brand, which leads to repurchase in customers [5].

Brand Awareness

Brand awareness involves brand recognition and brand recall. Brand recognition refers to a person's ability to distinguish a specific brand from a group of brands. Brand recall refers to a person's ability to remember a brand when presented with a product category or need [14]. There are several levels of brand awareness such as brand recognition, brand recall, top of mind, brand dominance, brand knowledge, and brand opinion [1]. Brand awareness indicates how much a brand can be understood by the consumer or the extent to which customers identify and recognize a brand [22]. Brand awareness is an important component in consumer buying intention and some brands will accumulate in consumers' minds to affect customer purchase decisions [10].

Reference groups

Despite being influenced by several reference groups like family, friends, or co-workers, their influences are not equally powerful for all types of products and activities [3]. Opinion leaders express/send information and opinions in a word-of-mouth process which influences the other person's decision [4]. These known personalities are complex to define, because they have several interests that absorb several types of information regarding products, services, and brands, despite this being superficial information. The diffusion of information by social media through the available channels affects not just the opinion leaders but also the remaining individuals, promoting unknown products and services [7]. The same author indicates a group of online opinion leaders called e-affluentials and carried out a study where they verified that the choices of consumers are influenced on their choices due to the visualization of online recommendations [22].

However, they add that not all the recommendations have the same effect regarding the way they affect the consumer. The influence of reference groups innately varies across different consumer segments and across different cultures [17]. Studies have indicated that women are receptive to reference group influence through family, siblings, spouses, celebrities, advertisements, friends, and others [12]. Those who are considered as the main reference groups are: family, professional associations, community associations, and friends. It can be any person that serves as a comparison point (or reference) for an individual in the context of the evolution of their general or specific morals, attitudes, or behaviors [20].

Margin & Profitability

In relatively recent times, CLV has been a topic of considerable research. Most of the early research used CLV to solve specific marketing decision problems pertaining to customer acquisition/retention decisions [4]. Determination or

calculation of CLV was done mainly by considering specific numerical examples in particular business settings. It was amongst the first to offer a systematic general approach to CLV computation by presenting a series of mathematical models that may be used in different instances [5]. Over time, research importance and interest in the concept of lifetime value grew prompting more review papers that summarized the findings and future directions of CLV-based research and reviewed the various CLV approaches and best practice applications [6]. While the review papers offered an excellent conceptual overview of CLV computation theory, some research has also been done to develop and calculate the CLV model using real-company data, thereby providing an empirical validation of the findings. It used data from an insurance service company in The Netherlands to calculate the potential value of a customer as the product of the probability of a customer purchasing and the profit margin of that purchase [7].

III. RESEARCH FRAMEWORK

Higher perceived quality positively influences brand loyalty. As indicated by [1] and others, positive perceived quality can lead to increased customer commitment to repurchase. Brand awareness positively influences perceived quality. It suggests that brand awareness can enhance customer perceptions of quality. Brand loyalty positively influences profitability [1]. Loyal customers are more likely to repurchase, which can lead to increased profitability for the company. Reference groups positively influence brand awareness.

As noted by [20] and others, reference groups can significantly impact consumer perceptions and awareness of brands. Reference groups positively influence perceived quality. The influence of opinion leaders and reference groups can shape customer perceptions of quality [21]. Brand loyalty mediates the relationship between perceived quality and profitability. If perceived quality leads to brand loyalty, which in turn drives profitability, brand loyalty may serve as a mediator in this relationship.

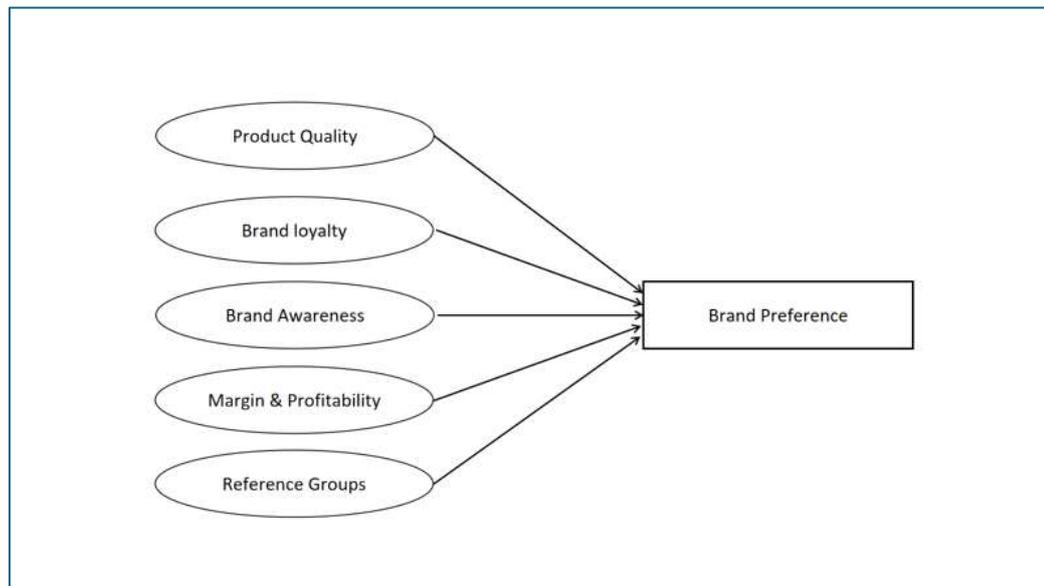


Fig 1. Research Model

IV. RESEARCH METHODOLOGY

The research design used in this study is Descriptive in nature. Primary data and secondary data are used for research. The information required for this research was collected from the respondents, using a Structured Questionnaire through Physical form. The primary data was collected by direct survey method using Physical form from retailers of the cooking oil. The Questionnaire contains 5-point scale, ranking questions and demographic questions. Structured Questionnaire was used as the data collection instrument. Population size is unknown. Population represents retailers of the cooking oil. The sample size is 200 and it is collected from retailers of the cooking oil. The sampling period starts from June 12, 2024 to June 26, 2024. The sampling method used in this research is convenience sampling method. The following tools are used for analyzing the data like ranking and correlation analysis.

V. DATA ANALYSIS AND INTERPRETATION

Ranking of the Product Selection Decision

Product Selection Decision	Average	Ranking
Product Quality		
I prefer the brand when the oil is pure and fresh	4.355	1
I prefer the brand that maintain consistent and reliable quality	4.34	2
The packaging of the product gives an impression of good quality	2.47	3
Brand loyalty		
My regular customers trust the brand that I prefer and recommend over other brands.	4.305	1
The brand has built strong brand loyalty among consumers.	3.97	2
Customer loyalty to the product encourages me to restock it.	3.295	3
I have been consistently stocking the product for a long time.	2	4
Brand awareness		
The brand I preferred the most is well recognized by the people.	4.725	1
The brand’s advertisements and promotions created awareness to my customers.	3.665	2
Customers choose the oil based on their awareness	3.23	3
Margin and profitability		
I consider profitability as a key factor when choosing a brand.	3.76	1
The brand I prefer most should have high profit margin.	3.705	2
I stock the product if has more profit margin.	3.565	3
My buying decision is based on offers, discounts, or schemes.	1.95	4
Reference groups		
My customers’ preferences influence my purchase decision.	4.59	1
Peer retailers’ experiences influence my product selection.	4.07	2
The brand I prefer is recommended by other retailers.	3.195	3
The brand I prefer is based on the feedback from Family or friends.	2.345	4

Inference: Retailers place a premium on the intrinsic qualities of products, particularly purity and freshness, as evidenced by the high average ratings for statements related to these attributes. The emphasis on consistent and reliable quality further underscores the importance of building trust with consumers, which is essential for fostering repeat purchases. Conversely, the lower rating for packaging suggests that while it may influence perceptions, it is secondary to the actual quality of the product. Trust emerges as a critical component of Brand Loyalty, with retailers recognizing that customer confidence in a brand can significantly impact sales and repeat business. Although brand loyalty is valued, the data indicates that it is not the sole determinant of restocking decisions. Retailers may prioritize other factors, such as product quality and profitability, over mere loyalty, suggesting a more nuanced approach to product selection. The findings highlight the significance of Brand Awareness in shaping consumer choices. Retailers acknowledge that brand recognition plays a vital role in driving sales, supported by effective marketing efforts. However, the data also indicates that awareness alone does not dictate purchasing decisions, as other factors like quality and loyalty are equally influential. Financial considerations are paramount in the product selection process, with retailers emphasizing the need for profitability alongside quality and loyalty. The high average ratings for profitability-related statements reflect a strategic approach to balancing these elements. The low rating for decisions based on promotions indicates a preference for sustainable profitability over short-term incentives, suggesting that retailers are focused on long-term financial viability. The influence of Reference Groups is significant, with retailers valuing customer preferences and peer insights in their decision-making. This highlights the importance of understanding market dynamics and consumer behavior, as retailers seek to align their product selections with the needs and preferences of their customer base.

Correlation Analysis

Relationship between Brand Loyalty and Margin Profitability

Particulars		Brand loyalty	Margin and profitability
Brand loyalty	Pearson Correlation	1	Brand loyalty
	Sig. (2-tailed)		.051
	N	200	200
Margin and profitability	Pearson Correlation	.114	Margin and profitability
	Sig. (2-tailed)	.108	
	N	200	200

Inference: The observed weak positive correlation (Pearson $r = 0.114$) between brand loyalty and margin profitability, coupled with a non-significant p-value ($p = 0.108$), suggests that while there might be a slight tendency for profitability to increase with higher brand loyalty, this relationship is not statistically robust. The lack of statistical significance indicates that the association could be attributable to random variation within the sample rather than a consistent, underlying relationship. Therefore, while fostering brand loyalty is generally beneficial, its direct and isolated impact on margin profitability, as measured in this study, appears to be limited or not definitively established.

Relationship between Margin and profitability and Brand awareness

Particulars		Margin and profitability	Brand awareness
Margin and profitability	Pearson Correlation	1	Margin and profitability
	Sig. (2-tailed)		.051
	N	200	200
Brand awareness	Pearson Correlation	-.204**	Brand awareness
	Sig. (2-tailed)	.004	
	N	200	200

Inference: The analysis reveals a statistically significant negative correlation (Pearson $r = -0.204$, $p = 0.004$) between brand awareness and margin profitability. This indicates that as brand awareness increases, there is a tendency for margin profitability to decrease. This counter-intuitive finding suggests that highly recognized brands might operate with lower profit margins, possibly due to increased competition, price sensitivity among a broader consumer base, or higher marketing expenditures required to maintain widespread awareness. Further investigation is warranted to explore the specific market dynamics and strategic implications contributing to this inverse relationship.

Relationship between product quality and Margin and profitability

Particulars		product quality	Margin and profitability
product quality	Pearson Correlation	1	-.138
	Sig. (2-tailed)		.051
	N	200	200
Margin and profitability	Pearson Correlation	-.138	1
	Sig. (2-tailed)	.051	
	N	200	200

Inference: A weak negative correlation (Pearson $r = -0.138$) was identified between product quality and margin profitability, with a p-value ($p = 0.051$) that is marginally above the conventional threshold for statistical significance. While not definitively significant at the 0.05 level, this result hints at a potential inverse relationship where higher product quality might be associated with slightly lower profit margins. This could imply that the costs associated with achieving and maintaining superior product quality may not always be fully recouped through higher prices or increased sales volume, thereby impacting profitability. This finding merits further exploration with a larger sample or more refined measures to ascertain the true nature and strength of this relationship.

Relationship between Margin and profitability and Reference group

Particulars		Margin and profitability	Reference group
Margin and profitability	Pearson Correlation	1	Margin and profitability
	Sig. (2-tailed)		.051
	N	200	200
Reference group	Pearson Correlation	.215**	Reference group
	Sig. (2-tailed)	.002	
	N	200	200

Inference: A statistically significant positive correlation (Pearson $r = 0.215$, $p = 0.002$) exists between the influence of reference groups and margin profitability. This indicates that as the impact of reference groups (such as customer preferences and peer recommendations) on retailers' product selection decisions increases, there is a corresponding tendency for margin profitability to rise. This suggests that aligning product offerings with the preferences and recommendations of key reference groups can lead to enhanced financial performance, likely by driving sales volume, improving inventory turnover, or reducing marketing costs due to organic endorsements. This finding underscores the strategic importance of understanding and leveraging social influences in the retail environment.

VI. FINDINGS, SUGGESTIONS AND CONCLUSION

Findings

- Freshness and purity of cooking oil are the top priorities for retailers, indicating a strong focus on health and safety.
- Consistency and reliability in product quality are also crucial, as they build trust with customers.
- Packaging plays a role in perceived quality but is less critical than the actual product quality.
- Trust and recommendations are key drivers of brand loyalty, with retailers favoring brands that have established a loyal customer base.
- There is a weak positive correlation between brand loyalty and margin profitability, suggesting that while loyalty may contribute to profitability, it is not a strong determinant.
- Brand recognition and familiarity are critical for product selection, with advertising playing a significant role in creating awareness.
- A statistically significant negative correlation exists between brand awareness and margin profitability, indicating that higher awareness may not always translate to higher profitability.
- Profitability is the most important factor for retailers when selecting brands, with a strong preference for high profit margins.
- There is a weak negative correlation between product quality and margin profitability, suggesting that higher quality does not necessarily lead to higher margins.
- Customer preferences are the most influential factor in retailers' product selection, followed by peer experiences and recommendations.
- A statistically significant positive correlation exists between margin and profitability, indicating that higher margins lead to increased profitability.

Suggestions

- The Brands should prioritize quality assurance to build trust and loyalty among retailers.
- To invest in marketing strategies that emphasize product quality, freshness, and brand recognition.

- To provide training and resources to retailers on the benefits of stocking high-quality products and understanding consumer preferences.
- To encourage retailers to share positive experiences and recommendations within their networks to enhance brand visibility and trust.
- To monitor market trends and retailer feedback to adapt strategies that align with changing preferences and profitability considerations.

Conclusion

The findings from the analysis highlight the critical factors influencing retailer behavior and consumer preferences in the marketplace, emphasizing the importance of product quality, brand loyalty, brand awareness, margin and profitability, and the role of reference groups. Retailers' preference for brands that consistently deliver high-quality products underscores the necessity for brands to maintain rigorous quality control and innovation to meet consumer expectations, as this not only enhances customer satisfaction but also strengthens market presence. Furthermore, the observation that retailers exhibit brand loyalty suggests that fostering strong relationships with customers through loyalty programs and personalized marketing can significantly enhance profitability, as loyal customers are more likely to make repeat purchases and advocate for the brand. The emphasis on brand awareness indicates that retailers must invest in targeted marketing strategies to educate consumers about their offerings, thereby converting them into informed buyers who are more likely to choose their products over competitors. Additionally, the findings regarding margin and profitability highlight the need for retailers to implement regular promotional campaigns and loyalty programs to attract price-sensitive customers, ensuring that they remain competitive in a market where consumers are increasingly price-conscious. Lastly, the insights related to reference groups reveal that understanding consumer behavior and leveraging recommendations can help retailers tailor their products and services to better meet market demands, ultimately leading to improved customer satisfaction and loyalty. By integrating these findings into their strategic planning, retailers can enhance their market strategies, drive sales, and achieve sustainable growth in an ever-evolving retail landscape.

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