

Retailers' Preference of Coconut Oil Brands - Distribution Perspective

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Abstract

In this research "Retailers preference of coconut oil, distribution perspective", to study the distribution preference in the Coconut oil industry which is a growing industry along with the growth of population and derived and emerging needs for the product in Tamilnadu. For the study, AVM coconut oil, which was known for its quality from the reputed M.Edison Pvt Ltd, AVM group a Tuticorin based company with its brand which lost its reputation and acceptance in the customers and retailers mind after the quality problem happened a few years ago followed by the distribution issues. This study aimed to explain the current preference level of the retailers of AVM coconut oil after its recovery stage. The research attempts to suggest the company, the ways to overcome the issues to regain the brand and market share. The sample size chosen was 80 retailers from Chennai.

Keywords: Retailers Preference, Coconutoil, Distribution

Need for the Study

- The Opportunities of the study gives the company a clear overview of the preference and awareness of retailers over AVM Coconut oil.
- The study emphasizes more on finding out the effectiveness of current promotional activities carried out by AVM Coconut oil.

Objectives of the Study

- To study the level of brand preference of AVM Coconut oil among the retailers.
- To study the factors influencing the retailers to select a Coconut oil brand.

Introduction

Coconut oil for edible purposes is now being claimed to be the second best edible oil in the world, after Olive oil. Much has been proclaimed about the temperate world's incorrect propaganda of soya bean oil is better than the tropical world's coconut oil. The demand for coconut products will steadily grow at an increasing pace as education, awareness, and prosperity reach more and more people. India has not made tangible progress in product

diversification and by-product utilization except for traditional activities of oil milling and coir products. The drastic change in this situation is the need of the hour to make coconut farming a profitable venture as is being achieved by other coconut growing countries through processing and export of diverse coconut products. For about 3960 years of the past 4000 years of the documented historical use of the fruits of the coconut palm as a food and a pharmaceutical, the news has all been good. It was seen as a sustainable resource from which the harvested materials influenced every aspect of the lives of tropical communities, but most importantly its fruit, the coconut flesh, water, milk & oil. The use of coconut oil around the world in tropical regions is prolific: South and Central America, Africa, the Indian subcontinent, Micro-, Mele- and Polynesia and most of Asia. Early European explorers, including Captain Cook, wrote affectionately about the beauty of communities across the Pacific using coconut oil as an integral part of their daily lives. In England, after the war, coconut oil was sold as "margarine" and in the USA as "coconut butter". AVM Group was established in the year 1937. The group has developed its business in different fields such as gold jewelry, manufacturing edible oil-coconut oil, Gingelly oil and sunflower oil, packaging-woven sacks and FIBCs and Hospital. Founder – Shri. A.V.M MARIMUTHU NADAR, M EDISON, AND COMPANY. M. Edison & company is an associate company of a single family-owned group of companies with a revenue of about US\$ 40 million. In this 75-year-old group concern, M. Edison & company was established in 1964 and was from then on involved in the manufacture and exports of coconut oil, sunflower oil, and sesame oil. Following are the brands of AVM coconut oil.

- TRI GOLD premium refined sunflower oil
- TRIGOLD premium refined sunflower oil
- TRIGOLD premium refined sunflower oil
- TRIGOLD Premium Refined Sunflower Oil
- GINGELLY OIL
- AVM Sovereign Gingelly oil
- COCONUT OIL
- AVM sovereign coconut oil
- TRIGOLD

All this changed in 1954 even though it has been known for nearly a century that coconut oil is more nutritious than other oils. Over many decades, coconut oil received bad publicity due to its saturated fat content but what the proponents of "saturated fat is bad for you" did not do was to differentiate between the three different types of saturated fat. All the saturated fats were simply generalized under one category, ignoring the fact that some saturated fat is, in fact, necessary for human health. Modern research has shown that not all saturated fats are alike and coconut oil is unique in its structural make-up due to its medium chain fatty acids - the closest to those found in human breast milk that nature provides. They are the reason why coconut oil is used extensively in baby formula and also in sports drinks and energy bars, where it is usually described as MCT (medium chain triglycerides).

Hair Oil Categories

There are Three Main Categories of Hair Oil in India

- The light hair oil segment
- The heavy Amla hair oil
- Cooling Oils

Research Methodology

Research Design: Descriptive Research Design

Sampling Method: Convenience Sampling

Population: The targeted population includes all the retailers of AVM Coconut Oil in north Chennai.

Sample frame: This research was conducted in the various areas in north Chennai like Triplicane, and New Washermentpet etc.

Sample size: 80

Data Collection Method

The data collected for the study is primary in nature. As the study was mainly concerned with retailers' preference of AVM COCONUT OIL, in North Chennai, interview schedule method was adopted to collect the primary data with the series of questions.

Source of Data

- PRIMARY DATA: Primary Data was collected on the basis of the survey method with the help of interview schedule through Questionnaire.
- SECONDARY DATA: Secondary Data were collected from the Magazines, Company journals, and through the internet.

Statistical Tools for Data Analysis

The Data Analyzing Tools used For the Study are as Follows

- Percentage method.
- Weighted Average method.

Limitations of the Study

- Due to time constraints, the survey had not been conducted in all areas of Chennai.
- Only 80 respondents are surveyed, so that result may not be accurate.
- Time is also the factor of limitation as the researcher felt difficult in finding the targeted respondents.

Table 1 Retailers Most Preferred Coconut Oil Brand

Most Preferred Coconut oil brand	No. of respondents	Percentage (%)
AVM oil	8	10
VVD	70	87.5
Parachute	64	80
Vatika	8	10
Aswini oil	5	6.25
Amla	3	3.75
KPL	6	7.5

Source: Primary Data

Inference

- Preferred VVD coconut oil followed by Parachute (80%)
- AVM coconut oil Preferred by only (10%) of respondents
- Amla, Aswini, KPL were least preferred coconut oil brands.

Table 2 Most Preferred SKU (Coconut Oil) by the Retailers

Available SKU's	No. of respondents	Percentage (%)
1 Litre Pouch	5	6.25
500ml Pouch	8	10
225ml Pouch	4	5
100ml Pouch	27	33.75
50ml Pouch	5	6.25
5ml Pouch	5	6.25
500ml Can	0	0
225ml Can	16	20
100ml Can	10	12.5
50ml can	0	0
15kg Tin	0	0
Total	80	100

Source: Primary Data

Inference

- 33.75% of the respondents preferred to buy 100ml package mostly.
- 5% of the respondents are preferred 225ml package rarely.
- 500ml, 50ml and 15kg Tin are not of all preferred by the retailers.

Table 3 Packaging Preferred by Consumers in Most

Package	No. of respondents	Percentage (%)
Can	10	12.50
Sachet	3	3.75
Pouch	66	82.50
Tin	1	1.25
Total	80	100.00

Source: Primary Data

Inference

- Most of the respondents (82.50%) are preferred to buy coconut oil in the pouch.
- Least no. of respondents (1.25%) are preferred to buy coconut oil in the tin.

Table 4 Retailers' Opinion Customers Regarding Their Factors of Consideration for Purchasing Coconut Oil

Factors	No of respondents	Percentage (%)
Quality	22	27.5
Availability	2	2.5
Price	5	6.25
Brand Name	26	32.5
Promotion	4	5
Advertisement	21	26.25
Others	0	0
Total	80	100

Inference

- Out of 80 respondents, 32.5% of the respondents provide a first preference for brand name followed by Quality (27.5%).
- Least of the respondents provide (2.5%), (5%) expressed their priority for buying Coconut oil.

Weighted Average Mean

Table 5 Retailers' Ranking of Factors of Preferred to Purchase Coconut Oil for Eelling to Customers

Weight age Score Rank	1	2	3	4	5	6	7	8	9	10	Total score	Weighted Mean	Rank
	10	9	8	7	6	5	4	3	2	1			
Customer Demand	0	1	0	2	11	23	12	5	9	17	578	7.23	4
Quality	0	0	0	1	4	3	5	11	26	30	699	8.74	1
Price	0	0	0	5	3	0	18	32	21	1	616	7.70	3
Brand Name	5	0	2	5	1	1	9	14	19	24	628	7.85	2
Regular Supply	0	3	2	6	9	26	23	5	1	5	497	6.21	5
Schemes on purchase	25	20	13	9	10	3	0	0	0	0	208	2.60	10
Credit Policy	17	12	18	15	8	6	1	3	0	0	262	3.28	8
Profit Margin	4	3	11	15	15	11	6	9	3	3	415	5.19	6
Replacement facility	9	39	19	4	4	4	0	0	1	0	213	2.66	9
Relation with Distributor	19	2	14	19	17	3	5	1	0	0	287	3.59	7

Source: Primary Data

Inference

From the weighted arithmetic mean analysis, Quality, Brand name and Price are ranked as first, second and third as the most important factors respectively.

- Customer demand, regular supply, and profit margin ranked four, fifth and sixth among the respondents respectively.
- Other factors like relation to the distributor, credit policy, replacement facility and schemes on purchase are scored least rank respectively.

Findings

- Most of the respondents (57.5%) are in the retail business for more than 10 years.
- Out of 80 respondents, 70 respondents prefer to buy VVD coconut oil and only 3 respondents are buying Amla coconut oil.
- Majority of 83.75% of the respondents are purchasing coconut oil weekly.
- 33.75% of the respondents purchased 100ml package. Compared with all SKU's 100ml pouch pack is selling more.
- According to the WAM analysis, most of the retailers are keen on Quality, Brand-name, and Price. Among all retailers least no. of retailers are giving importance to maintain rapport with the distributor, credit policy and schemes on the purchase.
- Moreover, all the retailers are preferred to use both modes of payments like Cash and Credit which is convenience.
- Majority of the respondents (82.5%) are a favor to buy in a pouch rather than another package.
- Among all the customer's preference, most of them are wish to buy coconut oil in the 100ml pouch and 225ml cans.

- According to the survey, we can understand that most of the customers are intense on the Brand name, Quality and Advertisement to buy their preferred brands.
- Most of the retailers are expecting a regular visit from the distributor side.
- According to the WAM analysis, most of the distributors of VVD, Parachute, and Vatika are maintaining a good relationship with the retailers. AVM and Amla distributors are maintaining a poor relationship with the retailers.
- Most of the retailers are used to rack the AVM Coconut Oil on the shelf and least no. of respondents place the AVM Coconut Oil in the display area.
- Majority of the retailers are suggesting the AVM Company increase consumer promotional activities.
- According to WAM analysis, most of the customers are preferred to buy VVD, Parachute, & Vatika and AVM & Amla are chosen by least no. of customers.

Suggestions

- To increase the market share, the company has to focus on promotional activities to attract the customers.
- According to the survey result, 100ml pouch is mostly preferred by the customers. So that we can give consumer promotion with a 100ml pouch to boost up the sales of down trending SKU's.
- To know the customer attitude towards the product, the sales force should maintain a strong rapport with retailers.
- The company has the least number of distributors and especially those distributors are not covering the interior part of the city.
- The awareness level of the product is very low. So that the company has to give frequent advertisements through mass media like TV and Radios. Through this, the company can strongly position their brand name.

Conclusion

FMCG retailing faces challenges from company and retailers side in reaching end customers. Though many types of promotion are available for the manufacturer, retail promotion is very essential and need for understanding the retailer's preference for the products and brands. In coconut oil business, retail preference and satisfaction are mainly made of the branding and customer preference through quality products at a reasonable price. Regarding AVM oil as the quality is at the satisfied level, branding and promotion for enhancing the brand are necessary for the current retailing scenario.

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