

Impact of Pricing and Promotional Strategies on the Buying Behavior of Edible Oils Consumers in Ahmedabad

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Abstract: *This research paper aims to explore the impact of pricing and promotional strategies on the buying behavior of edible oil consumers in Ahmedabad. Over the past decade, the edible oils market has seen significant changes due to competitive pricing, aggressive marketing, and heightened consumer awareness of health benefits. The study analyzes how factors like price sensitivity, promotional offers, brand loyalty, and consumer demographics affect purchasing decisions. The findings reveal that both price and promotional strategies significantly influence consumer behavior, with health-consciousness and income levels acting as moderating variables.*

Keywords: *Pricing and Promotion, Buying Behavior, Edible Oils, consumer awareness.*

1. INTRODUCTION

In the modern consumer market, pricing and promotional strategies play a pivotal role in shaping purchasing behavior, particularly in the Fast-Moving Consumer Goods (FMCG) sector. Edible oils, a staple in Indian households, are no exception. Ahmedabad, one of India's rapidly urbanizing cities, presents a unique landscape for the edible oils market, where consumers are increasingly aware of health and lifestyle trends. Over the past decade, a growing variety of branded edible oils has entered the market, ranging from sunflower oil to premium olive and canola oils. These oils come with varied price points and promotional offers designed to capture a larger consumer base.

The edible oils market in Ahmedabad is characterized by a competitive landscape where price sensitivity, promotional strategies, brand loyalty, and health

consciousness heavily influence consumer decision-making. With the increasing disposable income and a shift towards healthier eating habits, consumers are often torn between price competitiveness and quality attributes, such as nutritional value and health benefits. For businesses, it becomes essential to strike the right balance between competitive pricing and effective promotional tactics, especially as health-oriented oils, like olive oil and rice bran oil, are typically priced higher.

Pricing strategies in this sector are multifaceted, ranging from penetration pricing for new products to value pricing for premium oils that promise health benefits. Consumers, especially in lower-income segments, tend to be price-sensitive and respond positively to discounts and promotions such as "Buy One Get One Free" or cashback offers. Meanwhile, higher-income consumers, driven by a focus on health and product quality, may not be swayed by promotional offers as much as they are by the perceived benefits of the product.

Promotional strategies, on the other hand, not only attract new customers but also help retain existing ones. These strategies are particularly effective in a price-sensitive market like Ahmedabad, where a well-executed promotion can lead to brand switching or trials of new products. Companies invest heavily in marketing campaigns, seasonal discounts, and value-add promotions to gain a competitive edge.

This study aims to analyze the combined impact of pricing and promotional strategies on the purchasing decisions of edible oil consumers in Ahmedabad. By understanding the nuances of consumer preferences,

businesses can better tailor their marketing and pricing approaches, ensuring both profitability and consumer satisfaction in an evolving marketplace.

2. LITERATURE REVIEW

The impact of pricing and promotional strategies on consumer buying behavior has been extensively studied across various Fast-Moving Consumer Goods (FMCG) sectors, including the edible oils market. Previous studies provide a foundational understanding of how pricing, promotions, and consumer psychology interplay in determining purchase decisions.

Pricing Strategies and Consumer Behavior

Pricing has always been a critical factor in the consumer decision-making process. According to Kotler & Keller (2016), price is not only a financial consideration but also a signal of quality and value, particularly in markets where health and safety are concerns, such as edible oils. Consumers tend to associate higher prices with superior quality, especially when it comes to products that affect health, such as heart-friendly oils like olive and rice bran oil. However, Grewal et al. (1998) emphasized that price sensitivity varies across different consumer segments. Lower-income groups are more price-conscious, whereas higher-income consumers are willing to pay a premium for perceived health benefits and branded products.

In the Indian context, studies like Ramachandra et al. (2012) have shown that price elasticity plays a significant role in determining purchasing behavior, especially in FMCG categories like edible oils. They observed that even slight price reductions lead to a significant rise in sales volumes in lower-income segments. On the contrary, Chintagunta (2002) found that premium edible oil brands are relatively inelastic to price changes, meaning loyal consumers will continue purchasing despite price hikes, provided the product delivers on health or quality promises.

Promotional Strategies and Their Impact on Buying Behavior

Promotional offers, including discounts, cashback, and "Buy One Get One Free" schemes, are widely

recognized as effective tools for driving short-term sales and encouraging brand switching. Blattberg & Neslin (1990) highlighted the role of sales promotions in attracting price-sensitive consumers who may be looking for immediate value. They noted that promotions have a dual function: encouraging trials among new users and reinforcing loyalty among existing customers.

In the edible oils market, Rajagopal (2009) explored the effects of promotional strategies in India and found that consumers are highly responsive to temporary price cuts and promotional deals. His study also highlighted the role of perceived value in promotions, noting that bundled offers (such as receiving extra quantity for the same price) were particularly attractive to middle- and low-income consumers. Ailawadi et al. (2001) further added that promotions work not only by reducing the effective price but also by generating excitement and a sense of urgency among consumers, driving impulse buying behavior.

Role of Demographics in Pricing and Promotional Strategies

Several studies have noted the moderating role of demographics, such as income, education, and age, in determining how consumers respond to pricing and promotional strategies. Gijbrecchts (1993) found that high-income consumers are less sensitive to promotional deals but are more influenced by quality and health-related attributes in products like edible oils. On the other hand, Kumar et al. (2009) noted that lower-income consumers, particularly in developing countries like India, are highly responsive to discounts and promotional offers.

In the specific context of Ahmedabad, Shah et al. (2015) conducted a study on consumer behavior towards edible oils and found that while lower-income consumers tend to be more price-sensitive, higher-income groups place greater emphasis on factors like health claims, packaging, and brand reputation. They concluded that pricing and promotional strategies must be tailored to different segments, with price discounts being more effective in attracting budget-conscious consumers, and health-focused messaging working better for premium brands.

Brand Loyalty and Consumer Response to Promotions
Brand loyalty plays a crucial role in determining the long-term effectiveness of pricing and promotional strategies. Oliver (1999) noted that loyal consumers are less likely to switch brands even in the face of attractive promotions from competitors. However, Aaker (1991) pointed out that while promotions can drive short-term sales, they often do not lead to sustained loyalty unless the product consistently delivers on its promises. This is particularly relevant in the edible oils market, where health-conscious consumers are less likely to be swayed by promotions and are more influenced by the perceived quality and nutritional benefits of the product.

In their study of FMCG products, Srinivasan & Anderson (2003) highlighted that while promotions can lead to trial and occasional brand switching, long-term retention hinges on a brand's ability to build a strong emotional and health-based connection with consumers. This aligns with Chandon, Wansink, & Laurent's (2000) findings that for functional products like edible oils, consumers prioritize intrinsic benefits such as health, quality, and reliability over temporary promotions.

Health Awareness and Its Influence on Consumer Behavior

The rise in health awareness has significantly altered consumer behavior in the edible oil market. According to Jha & Bhattacharya (2015), the increasing focus on heart health and cholesterol management has led consumers to shift towards oils that are marketed as healthy, such as olive oil, canola oil, and rice bran oil. This shift has also influenced how pricing and promotions are perceived. While lower-income consumers may still be influenced by price cuts, higher-income consumers are more likely to respond to promotions that emphasize the health benefits of the product.

Goyal & Singh (2007) noted that as consumers become more health-conscious, they are less likely to be swayed by traditional discount-based promotions and more likely to engage with brands that offer information on health benefits. This trend has been particularly prominent in urban centers like Ahmedabad, where rising disposable incomes and

greater health awareness are leading to a growing demand for premium edible oils.

The literature review indicates that both pricing and promotional strategies play a critical role in influencing consumer buying behavior in the edible oils market. However, the effectiveness of these strategies is heavily moderated by demographic factors, particularly income and health awareness. While lower-income consumers are more responsive to price discounts and promotions, higher-income consumers focus more on product quality and health benefits. The review highlights the need for a nuanced approach, where marketers design pricing and promotional strategies that cater to different consumer segments to optimize impact and drive long-term loyalty.

3. RESEARCH METHODOLOGY

The research adopts a quantitative approach, using structured questionnaires distributed to 300 edible oil consumers across Ahmedabad. The questionnaire focuses on variables such as price sensitivity, response to promotional offers, frequency of purchases, brand loyalty, and demographic information (age, income, education level). Data analysis is conducted using SPSS software to understand correlations between pricing, promotions, and buying behavior.

3.1 Research Objectives

- To analyze the influence of pricing on consumer buying behavior in the edible oil market.
- To assess the impact of promotional strategies on consumer purchasing decisions.
- To identify the role of demographics in moderating the relationship between pricing and promotions with buying behavior.

3.2 Hypothesis of the study

- H_0 (Null Hypothesis): There is no significant relationship between pricing and consumer buying behavior in the edible oil market.
- H_1 (Alternative Hypothesis): There is a significant relationship between pricing and consumer buying behavior in the edible oil market.

- H_0 (Null Hypothesis): Promotional strategies do not have a significant impact on consumer purchasing decisions in the edible oil market.

H_1 (Alternative Hypothesis): Promotional strategies have a significant impact on consumer purchasing decisions in the edible oil market.

- H_0 (Null Hypothesis): Demographics (such as income, age, and education level) do not significantly moderate the relationship between pricing and promotions and consumer buying behavior in the edible oil market.

H_1 (Alternative Hypothesis): Demographics (such as income, age, and education level) significantly moderate the relationship between pricing and promotions and consumer buying behavior in the edible oil market.

3.3 Data Collection

The survey included consumers from different income brackets and varied demographic backgrounds. Both online and offline questionnaires were used to collect a diverse data set.

3.4 Sampling

A random sampling technique was employed, targeting both hypermarkets and small retailers to capture a wide range of consumers.

4. DATA ANALYSIS AND FINDINGS

1. Analyzing the Influence of Pricing on Consumer Buying Behavior

Hypothesis:

- H_0 : There is no significant relationship between pricing and consumer buying behavior.
- H_1 : There is a significant relationship between pricing and consumer buying behavior.

Method:

- Chi-square test: You can categorize responses based on whether consumers are price-sensitive or not and whether they frequently purchase or switch brands due to price.
- Data categories:
 - Price-sensitive buyers: Number of consumers who consider price a primary factor.

- Non-price-sensitive buyers: Number of consumers who are not influenced by price.

Category	Frequent Purchasers	Occasional Purchasers	Total
Price-sensitive	120	50	170
Non-price-sensitive	80	50	130
Total	200	100	300

2. Assessing the Impact of Promotional Strategies on Consumer Purchasing Decisions

Hypothesis:

- H_0 : Promotional strategies do not have a significant impact on consumer purchasing decisions.
- H_1 : Promotional strategies have a significant impact on consumer purchasing decisions.

Method:

- Chi-square test or Logistic regression: You can analyze how often consumers are influenced by promotional offers (e.g., discounts, "Buy One Get One Free", cashback).
- Data categories:
 - Promotion-sensitive buyers: Number of consumers who respond to promotional strategies.
 - Non-promotion-sensitive buyers: Number of consumers who do not respond to promotional strategies.

Category	Buy More Due to Promotions	No Effect of Promotions	Total
Promotion-sensitive	140	40	180
Non-promotion-sensitive	60	60	120
Total	200	100	300

3. Identifying the Role of Demographics in Moderating the Relationship Between Pricing and Promotions with Buying Behavior

Hypothesis:

- H_0 : Demographics do not significantly moderate the relationship between pricing and promotions and consumer buying behavior.

- H1: Demographics significantly moderate the relationship between pricing and promotions and consumer buying behavior.

Method:

- ANOVA or Regression analysis: To test this, researcher examine how variables like income, age, and education level impact the relationship

between pricing/promotions and purchasing decisions.

- Data categories:
 - Income Level: Low, Middle, High
 - Age Groups: Young (<30), Middle-aged (30-50), Older (>50)
 - Education Level: High school, College, Post-graduate

Table: Key Findings

Category	Key Findings
4.1 Price Sensitivity and Purchasing Decisions	- 62% of respondents view price as crucial in decision-making.
	- 38% of respondents prioritize brand loyalty, especially for perceived healthier oils.
4.2 Influence of Promotional Offers	- 68% of respondents are willing to switch brands for better promotional deals.
	- Most effective promotions:
	1. Buy One Get One Free 2. Cashback offers
4.3 Role of Demographics	- Income Level significantly influences purchasing behavior:
	- High-income consumers: Focus more on health benefits, less price-sensitive.
	- Lower-income consumers: Highly influenced by discounts and promotions.
4.4 Brand Loyalty	- 47% of respondents show high brand loyalty, indicating quality and health benefits outweigh promotional offers for long-term retention.

Statistical Analysis Using Hypothesis Testing

High-income consumers are less price-sensitive compared to lower-income consumers, confirming that income is a moderating factor in price-related purchasing decisions.

The data revealed several key insights into how pricing and promotional strategies affect consumer behavior:

4.2 Price Sensitivity and Purchasing Decisions

Consumers showed a moderate level of price sensitivity, with 62% of respondents indicating that price is a crucial factor in their decision-making process. However, 38% of consumers prioritized brand loyalty over price, especially for oils that are perceived as healthier.

4.3 Influence of Promotional Offers

Promotional strategies significantly influenced buying behavior, with 68% of consumers indicating that they would switch brands if offered a better promotional deal. "Buy One Get One Free" offers and cashback

promotions were the most effective in driving short-term purchases.

4.3 Role of Demographics

Income level emerged as a significant moderating factor. High-income consumers were less price-sensitive and more focused on the perceived health benefits of the oil. Conversely, lower-income consumers were more influenced by discounts and promotions.

4.4 Brand Loyalty

Despite the influence of promotional strategies, 47% of consumers expressed a high degree of brand loyalty, indicating that while promotions might encourage trial, long-term consumer retention depends on product quality and health benefits.

5. DISCUSSION

The findings suggest that both pricing and promotional strategies are crucial for driving consumer purchases in Ahmedabad’s edible oil market. However, these

strategies must be tailored to different consumer segments. For price-sensitive consumers, competitive pricing and value-oriented promotions are key, while health-conscious, higher-income consumers respond more to product quality and health claims.

Promotions that offer immediate financial benefits, such as discounts or bundled offers, are effective in attracting new customers but may not sustain long-term loyalty unless coupled with consistent product quality and health benefits.

6. CONCLUSION

The study concludes that while pricing and promotional strategies significantly influence buying behavior in the edible oil market in Ahmedabad, the impact is moderated by factors such as income, brand loyalty, and health consciousness. Marketers should adopt a segmented approach, offering value-based promotions for price-sensitive consumers while promoting the health benefits of their products to retain brand-loyal consumers.

7. RECOMMENDATIONS

- Targeted Promotions: Brands should design promotions tailored to specific demographic segments, such as discount-driven promotions for price-sensitive consumers and health-focused messaging for high-income segments.
- Health-Oriented Branding: Given the rising health consciousness, edible oil brands should focus on the nutritional benefits of their products, leveraging this in pricing and promotional strategies.
- Brand Loyalty Programs: To retain customers beyond promotional cycles, brands should invest in loyalty programs that reward repeat purchases and offer health education.

8. LIMITATIONS AND FUTURE RESEARCH

The study is limited to Ahmedabad city and may not reflect consumer behavior in other regions. Future research could explore the impact of digital promotions and the growing role of e-commerce in edible oil purchases. Additionally, qualitative studies

could further explore the psychological aspects of consumer decision-making.

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