



A Study of Consumer Sensitivity in the Direction of Branded Petrol and Diesel in Kadi and Mehsana City

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ABSTRACT

The external environments affecting the organization are changing. These have led to increase in pressure on the firm. Threats in the form of competition, product commonality, increasing cost of attracting new customers have brought the firms under pressure. In the new business scenario, brands are becoming the most valuable assets that a business can possess. Competition is customer friendly. It shifts the balance of power from seller to the buyer. Brands in this context are new business warriors. They connect corporations with customers. They are tools of monopoly creation within the competitive setting. Petroleum Companies like IOC, BPCL, and Reliance are trying to differentiate their products by branding them. In this paper the researchers have tried to find how the concept of branding is successful in the case of petrol and diesel. The researchers have surveyed 100 petrol and diesel consumers from North Gujarat region on the basis of convenience sampling method. To make the research the middleman i.e. petrol pump owners/managers/employees are also surveyed.

KEYWORDS : branding of petrol and diesel, consumer perception.

Introduction:

Currently there are three major players in the petroleum sector in India: Indian Oil Corporation Limited (IOCL), Bharat Petroleum Corporation Limited (BPCL) and Hindustan Petroleum Corporation Limited (HPCL). All three of these organizations are PSUs and the government of India has a majority stake in these. There are only two private players with minuscule presence in the market: Shell and Essar. The first company to launch a branded fuel in India was BPCL. In July 2002, BPCL introduced Speed brand of petrol, the brand assured in the concept of positioning and differentiation in the Petroleum marketing which was by nature a commodity. Speed was initially 88 octane petrol (national standard at that time) with additives to give enhanced performance in vehicles. Now, with the compulsion of 91 octane petrol under the Bharat Stage 3 norms in 14 major cities of India, Speed is 91 octane petrol + additives in the 14 major cities of India. And, for the rest of the country it is 88 octane petrol + additives. Speed is marketed as high performance petrol. Speed is the blend of petrol with high speed additives sourced from Chevron Texaco. The additives are expected to increase the performance of the vehicle. Speed also extended itself to include Diesel fuel under the Hi Speed diesel brand. This was the first instance of an oil company launching branded fuel in the market. Soon, the two other leading oil companies, IOCL and HPCL also launched their own "new generation" fuels and came up with their own value added fuel brands by late 2002. While IOCL's branded petrol was called "Premium". HPCL called it "Power". IOCL and HPCL launched branded diesel called "XtraMile" and "Turbojet" respectively. In December 2002, IBP launched Josh Petrol and Shakti Diesel. Later the company became a subsidiary of IOCL and the products were replaced by IOCL's existing fuel brands. IOCL's XtraPremium was launched as 91 octane petrol with performance boosting additives in the times when 88 octane was national norm. Even now, in the cities that do not have to comply with Bharat Stage 3 norms of 91 octane petrol, XtraPremium is sold as 91 octane petrol with additives. According to industry observers, this trend of launching fuel brands was in line with the global trends wherein petroleum companies tried to build a loyal customer base by branding petroleum products

Leapfrogs in Branded Fuels:

Information for this section was obtained from the various secondary data sources:

- The core team for XtraPremium and Xtramile had a task at their hand when they launched their product after BPCL. It was decided that Indian Oil will come up with higher octane petrol compared to other brands plus the additives.
- The logo design for XtraPremium and XtraMile was purposefully done in orange and blue color so that the brands have a resemblance with the company. Experts claim that the very naming of

these fuels was a challenge because XtraPremium could not be associated with fuel in those days. Whereas BPCL's Speed and HPCL's Power could be easily recognized as fuel brands.

- A tough decision had to be taken when the claim for extra mileage was made because mileage improvement with branded fuel usage could be observed only over a huge period of time at very negligible level that too indirectly. Keeping in mind that the Indian consumer is price sensitive and the fact he would buy an expensive fuel only if he gets more kilometers per litre, it was decided to name the diesel XTRA + MILE. Also, the advertisements for XtraPremium claimed to provide better mileage.
 - The association was cricketers like Yuvraj Singh, Irfan Pathan and Anil Kumble was an attempt to convey a message that our branded fuels are better performers.
- Hiring sports personalities as brand ambassadors became a norm with the three major oil PSUs.
- BPCL hired cricketer Mahendra Singh Dhoni whereas HPCL hired tennis player Sania Mirza.
- Currently, BPCL is the only oil PSU in India that has a brand ambassador for its Speed brands.
- In the current market scenario one can say that as the market become competitive brand management will require careful thought. Though differentiation remains the key to competitive advantage, it may no longer serve the purpose. All players will have to focus largely on brand building and marketing to grow in the market place.
- IOCL has created a hybrid of house of brands and branded house. IOCL itself being such a huge brand takes advantage to promote its brands. IOCL's brands have a distinction in name but logos have a standard resemblance. Such a strategy helps in the long run. But, contrastingly, in the survey conducted half the respondents could not connect IOCL and XtraPremium/XtraMile even with the logos visible for making the match.

NEED OF THE STUDY:

The increase amount of branded Petroleum products in the market with various competitors, make the petroleum market the most competitive. The companies have to compete with each other as well as the unbranded petroleum products. Thus it is necessary to study the consumer behavior regarding the branded petrol and diesel products of various companies.

OBJECTIVES:

This research paper is based on the following objectives:

- 1) To study the perception of people towards the branded petrol and diesel products.
- 2) To study the brand recall of branded petrol and diesel among consumers.
- 3) To study the factors affecting the people while purchasing the branded petrol and diesel.
- 4) To study the promotional initiatives done by the major companies.

METHODOLOGY:

The study covers both the primary and secondary data. Descriptive research design is most suitable. The primary data was collected by using a structured questionnaire. For the purpose of the study, the data has been collected in Kadi, Mehsana of North Gujarat region. 100 respondents were randomly selected for the study as sample. Out of 100 respondents, all respondents are included in the analysis of this study.

SOURCES OF DATA COLLECTION:

The secondary data was collected from the e-magazines and web portals. The primary data was collected by administering questionnaire to customers.

Sampling Technique:

Sampling Unit: The sampling unit was limited to Kadi and Mehsana Cities of North Gujarat region.

Sampling Size: 100

Sampling design: Convenience Sampling method

Promotions:

Communications here refer to communication done by the company for building and promoting its brands. Indian Oil Corporation Limited has a 360 degree marketing approach for its branded fuels, as in promotions are done through all possible medias: - Electronic, Print, Radio, BTL, Outdoor and Web. Indian Oil outsources promotional activities. Ad agencies like FCBulka and Rediffusion have designed ads for IOCL on many occasions. The competitor BPCL follows similar methods for promotions whereas HPCL does restricted promotional activities for their branded fuels. In the following segments a compiled structure of promotional activities done by major players:

PROMOTING XTRAPREMIUM AND XTRAMILE:

we see screenshots from TV advertisements for XtraPremium. The ad conveys a value of better performance wherein the kid is enjoying his car beating all other vehicles on road and even a train. The ad was more of an educator showing metallic terminator lookalike figures as friction busters removing carbon deposits from the pistons and the girl passenger in the car is amazed how the car is cruising ahead.

PROMOTING PARENT BRANDS:

IOCL and BPCL spend a lot of money promoting the company. These ads basically try to communicate strong value associated with them. HPCL launched its television promos "Club HP achcha lagta hai" to promote its retail outlets being the only company out of the three to promote its retail outlets on television. The campaign was also a brand builder for the mother brand HPCL.

DATA ANALYSIS:

PERCEPTION:

Analyzing the various factors like brand recall, brand preference, perceived benefits and values, correlation between variables like: usage, Socio Economic Classification, Age, Vehicle type, Education and Occupation etc.

DEMOGRAPHIC PROFILE:

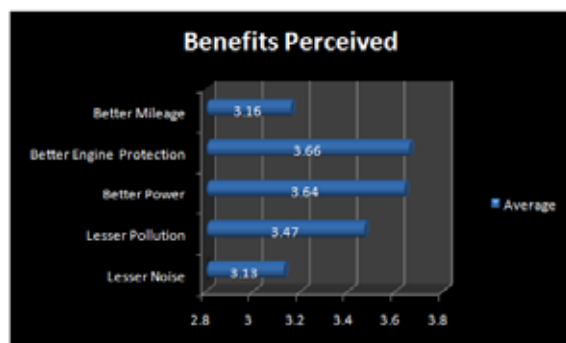
MOST PREFERRED BRANDED PETROL:



Indian Oil's XtraPremium was the most preferred brand in the petrol category with more than half the respondents choosing Indian Oil over other brands.

BENEFITS PERCEIVED:

1: Strongly Disagree 2: Disagree 3: Neutral 4: Agree 5: Strongly Agree



The respondents had an average agreeability to the benefits associated with branded fuels.

KEY FINDINGS:

- The most preferred branded petrol is XtraPremium 53%, than speed 28%.
- The most preferred branded diesel is XtraMile with 45%, than Hi Speed with 33%.
- The perceived benefits like better mileage, lesser noise are identified by respondents.
- 78% of respondents have come across branded fuel advertisements.
- 71% respondents prefer TV advertisement, while 20% respondents prefer Print advertisement as most effective medium to convey information.
- 57% respondents are purchasing branded fuel due to its benefits while 11% are purchasing branded fuel due to unavailability of regular or unbranded fuel.
- 76% respondents agree that branded fuel give value for their money.
- The highest recall was for speed Petro for BPCL with 63.48%, while 50% of respondents could connect XtraPremium with Indian oil and less than 40% of the respondents could connect XtraMile with Indian Oil.

CONCLUSION:

The all branded fuel brands are well placed in the market and need a few brand building exercises to emerge from the recent negative publicities. The promotions conducted through electronic and print media were immensely successful. But, increasing the price margin between normal and branded fuels led to steep fall in sales. The consumers are liking the branded petrol due to its advantage over the regular fuel, companies should focus more on the advertisement of their branded products and show the benefits of branded fuel to customers.

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