Customer Satisfaction : A New Marketing Variable for Indian Petroleum Companies

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Abstract

The research was carried out using a questionnaire which was presented to the respondents, who were customers of the selected companies. Indian petroleum companies in recent years are going through a phase of turmoil as far as product marketing is concern. Since inception, they were operating in an oligopolistic environment with profit margin guaranteed by Government of India. Indian companies started losing their market share to their competitors over the years. Moreover, introduction of world best practices by MNCs and private players in India has also increased the expectation of Indian consumer from the petroleum companies. Thus a new marketing variable for Indian petroleum companies called "Customer Satisfaction" was born. Decontrolling, allowing private participation and availability of cleaner, greener and cheaper alternative fuels in the open market has made Indian petroleum market a very competitive place. Unlike other consumable products, petroleum products marketed in India by any marketer has no distinct attributes to differentiate it from other marketers. In absence of any distinct product features & price differential, this new marketing variable becomes very important for Indian petroleum companies to highlight them out w.r.t. their competitors.

Keywords: *Customers expectation, Customer satisfaction, Competitive marketing environment, Indian petroleum sector.*

Classification-JEL : *E51, C58*

1. INTRODUCTION

Petroleum business in India was controlled by only a few multinational petroleum companies since many years before independence. During Indo-China war in 1962, Indian government felt deprived of consistent supply of petroleum products at the desired location at desired time. Such deprivation might have triggered Indian government to find an alternative method to ensure country's energy security. As a result foreign petroleum companies were driven out from Indian soil.

Nationalization and formation of government owned petroleum companies in India was under taken. To expand economy, Indian government opened up economy in almost every sector of business in the year 1991. A few sectors like petroleum were not liberalized. India perennially being a petroleum deficit country, major portion of demand is being met by import. Over a period of time, with increase in demand, import deficit skyrocketed. Such rising import bill probably resulted in phase wise decontrol, allowing free trade, private participation & permitting FDI / MNC participation in petroleum business in

Fig 1 : Consumption of Petro-Products (MMT)
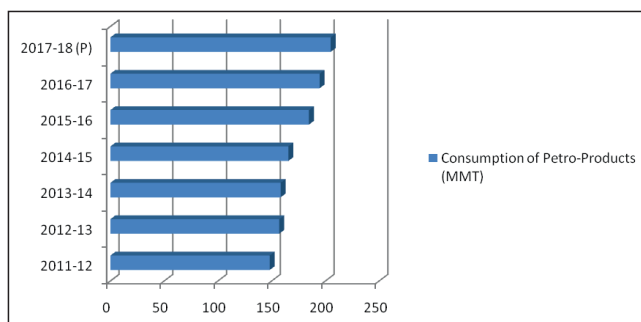
MMT – Million Metric Tons   Source: PNG Statistics

Fig 2 : Import of Crude Oil (MMT)
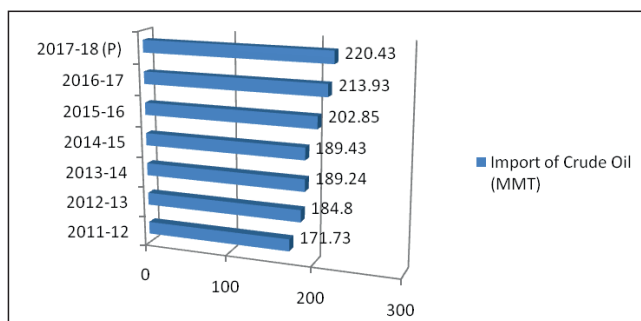
MMT – Million Metric Tons   Source: PNG Statistics

India by GOI. Consistent increase in consumption with almost linear indigenous production, resulted in very high import liability over the years. Thus, sector which was being operated in an oligopolistic environment got converted to an acutely competitive one.

2.   CHALLENGES IN PETROLEUM MARKETING IN INDIA

In any competitive market, business houses finalise their marketing strategies highlighting many factors, like price (particularly in any price sensible market like India), special feature(s) of product to highlight superiority of the item etc. In case of petroleum products marketed by any marketer in India does not have this advantage. Few challenges, in marketing petroleum products in India are as follows:

- Product quality is the same for all the marketers.
- Price of product is the same for all the competitors in a locality
- Quantity delivered to customer is exactly

the same for all the competitors across the country.

In absence of any distinctive advantage for any marketing company w.r.t. product quality, price and quantity offered in petroleum marketing scenario in India, customers are free to buy product from any outlet of any marketer to fulfil their needs of fuel.

In such a marketing environment, keeping customer hooked to one company outlet, ensuring word of mouth publicity by them and thereby ensuring business growth, calls for walking an extra mile for the marketing company and excessive focus on new marketing variable called "Customer Satisfaction".

Thus, in present competitive marketing environment prevailing in Indian petroleum market, customer satisfaction has a very big impact on business growth of Indian petroleum companies.

3.   LITERATURE REVIEW

Marit G. Gundersen, Morten Heide and Uff H. Olsson (1996) explained in their article that much of the guest-satisfaction literature focuses on the mechanisms of error reduction and quality management. Rather than concentrating on reducing errors in all areas, the important matter in customer satisfaction is to determine the attributes that guests consider important and focus on those attributes. Customer satisfaction can be defined as a guest's post consumption judgment of a product or service that can, in turn, be measured by assessing guests' evaluation of performance on specific attributes.

Thorsten Hennig-Thurau & Klee, (1998) mentioned in their published journal that customer satisfaction with a company's products or services is often seen as the key to a company's success and long-term competitiveness.

S Mc. Quitty, A. Finn & J. B. Wiley (2000) in their published article stated that the expectations-disconfirmation paradigm provides

the most popular explanation of customer satisfaction. However, and as is occasionally noted, if a customer experiences disconfirmation after consuming a product, future expectations regarding the product should be revised toward the performance perceived by the customer. If expectations do not change in the face of disconfirmation, the implication would be that the customer did not learn from their consumption experience.

Michael K. Brady & Christopher J Robertson (2001) explored in their published article highlighted that there lies a relationship between service quality and satisfaction which has an effect on behavioral intentions of customer. Antecedent role of service quality and satisfaction in the development of service customers' behavioral intentions. They concluded that the effect of service quality on behavioral intentions is mediated by a consumer's level of satisfaction and that this relationship is consistent across cultures.

Yang & Peterson (2004) mentions in their article that customer's perceived value represents an overall mental evaluation of particular goods or services".

Spiteri & Dion, (2004) in their article identifies two types of satisfactions: "Transactional and Cumulative satisfaction". Transactional satisfaction is short-term, is based on the evaluation of one purchase, is narrowly focused on the purchased product and is subjective within the aforementioned definition of customer satisfaction. Conversely, cumulative customer satisfaction can be defined as the overall experience with a purchase, known as general satisfaction.

Floh, Zauner, Koller, & Rusch, (2014) highlights in their article that due to the shortcomings in a uni-dimensional approach to perceived value, it is necessary to choose a multidimensional approach when examining customer perceived value. The construct then reflects the customer's functional, economic, emotional and social value perceptions.

Petr Suchánek & Maria Králová (2019) mentions in their article that customer satisfaction is also based on customer knowledge, specifically the knowledge from the customer. The knowledge from the customer is about products, suppliers and markets.

4. RESEARCH METHODOLOGY

a) **Methodology:** Primary & Secondary data were collected and analyzed to understand the importance of customer satisfaction for Indian petroleum companies in the present competitive marketing environment they are going through.

b) **Sample Design:** Total sample size of 45 respondents was drawn from different age group, demography & economic strata of customer spread across the country.

c) **Tools & Techniques of Analysis:** Likert scale analysis has been used to find out the importance assigns by customer on various attributes offers by Indian petroleum companies.

d) **Research Design:** Both descriptive & experimental research design has been taken into consideration by the researcher to find out the importance of customer satisfaction for the Indian petroleum companies in the present competitive scenario.

5. OBJECTIVE OF THE RESEARCH PAPER

The main objective of the proposed research paper is to study the effect of the new marketing variable called customer satisfaction on the growth of Indian petroleum companies in the present competitive marketing scenario prevailing in Indian petroleum sector.

6. ANALYSIS OF DATA

Total no. of respondents under taken for data collections is 45 from different age group, demography & economic strata spread across the country.

To study the impact of customer satisfaction on growth of Indian petroleum companies secondary data was collected through questionnaire from:

a) Petroleum Marketing Companies – 05
b) Regions – 04 (North, East, West & Southern)
c) Petroleum Retailers –22
d) Male Customer – 25
e) Female Customer – 20
f) Age Group – 05 [18-35 yrs, 36-55, Above 55 yrs]

Interpretation of Table 1 & Figure 3- Out of total 45nos of respondents, 11nos (24%), 09nos (20%), 13nos (29%) & 12nos (27%) of responses have been collected from Northern, Eastern, Western & Southern region respectively. It can be concluded that reasonably uniform percentage of opinion pool could be

Table 1 : To make a proper representative sample response were collected from All India

Region	Count of Respondents	Percentage
Northern	11	24
Eastern	9	20
Western	13	29
Southern	12	27
Total	45	100

Figure 3 : Topographical profile of respondents

collected by the researcher from all over the country for the research which can be considered as a proper representative sample.

Interpretation of Table 2 & Figure 4- Out of 45 respondents, there were 21 nos of from age group of 18-35 years, 16 nos of age group of 36-55 years & 8 nos of age group above 55 yrs. Respondents from all age groups have been considered to have an estimate of effect of customer age group on buying behavior and preferences on attributes assigned.

Table 2 : In order to find out impact of age group on buying behaviour respondents are grouped as

Age Group (yrs.)	Count of Respondents	Percentage
18-35	21	47
36-55	16	36
Above 55	8	7
Total	45	100

Figure 4 : Grouping of respondents w.r.t. age

Interpretation of Table 3 & Figure 5 - Analysis of responses collected during research and figures mentioned above reveals that younger customers up to 35yrs of age exhibit
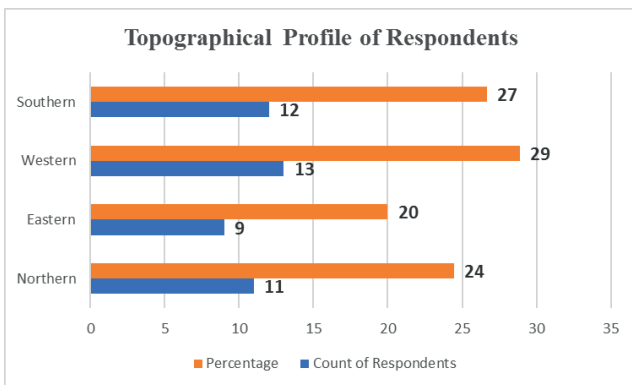
Table 3 : In order to identify the preferences assigned by customer of different age groups on attributes available at fuel stations

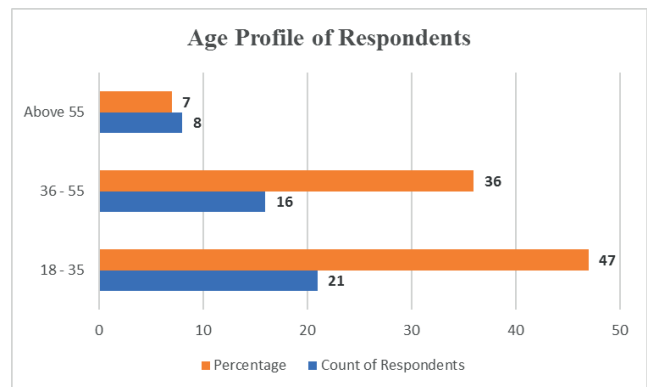| Age Group of Customer	Cleanliness	Overall Appearance	Fuel Quality	Quantity Delivered	Clean Toilet	Free Air Facility	Drinking Water	Less Time Spent	Product Price	Alternate Fuel Station
18-35	10	16	8	8	9	22	15	19	11	19
36-55	12	14	13	16	14	17	16	15	15	17
Above 55	23	15	24	21	22	6	14	11	19	9
Total	45	45	45	45	45	45	45	45	45	45

Fig 5 : Preferences assigned by customer of different age groups on various attributes available at fuel stations

Responses on Attributes w.r.t. Customer Age Group
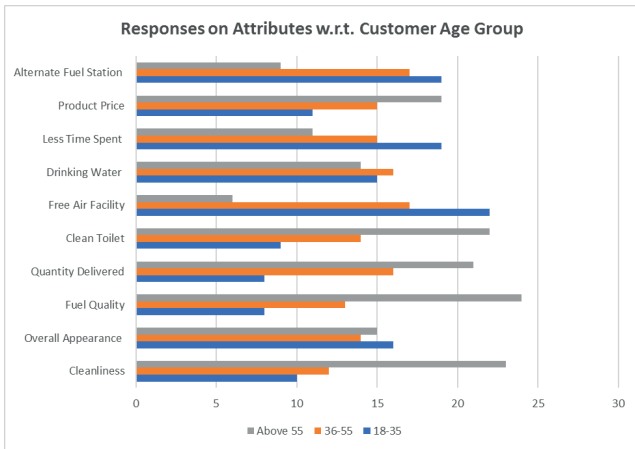
Interpretation of Table 4 & Figure 6 : Repurchase by existing customer and positive recommendation by them ensures market goodwill of the petroleum company and also ensures growth of business in times to come. Analysis of secondary data reveals that is customers of higher age group are satisfied, they express intention to repurchase and recommend positively thereby positive growth of the petroleum company can be ensured. In case of younger customers, repurchase decision of fuel keeps fluctuating based on offering of freebies by the company / retail station. If this group of customers are also made satisfied with offering of the attributes they value most, possibility of repurchase by them also increases.

Table 4: Repurchase Intention and Recommendation by satisfied customer w.r.t. age group

Age	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
18-35	9	13	10	7	6	45
36-55	12	11	9	8	5	45
Above 55	23	11	5	3	3	45

similar preferences on attributes and buying behavior. They are more concern on peripheral attributes like cleanliness, appearance of fuel station, less time spent on fueling, availability of free biz like free air, clean drinking water facility and also alternate fuel station around. Customer of this age groups are less concern on attributes of the product they purchase like price, quantity delivered and quality of fuel. Thus it can be infer here that with younger customer, fuel buying intention is positively impacted by peripheral attributes than the attributes of the product sold. Analysis also reveals that with increase in age group of customers, there is a clear shift of preferences on attributes. Trend analysis shows that matured customer of age group of 36 and above during purchase of fuel offers more weightage to fulfilment of their needs than peripheral attributes. This customer group offers more preference on attributes of the product like quality of fuel, price of fuel, quantity delivered compared to availability of peripheral attributes.

Figure 6: Repurchase intention and recommendation–Impact of Customer Satisfaction

Repurchase Intention - Impact of Customer Satisfaction
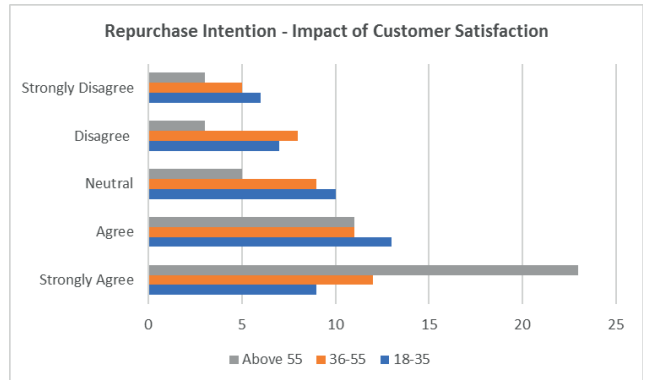
Above analysis clearly indicates that customer of different age group offers preferences to different attributes available. Indian petroleum companies need to ensure availability of all these attributes to satisfy customer of all age groups. Thus Indian petroleum companies need to exert all out effort to ensure that satisfaction level of their customer irrespective of their age group remains always satisfied.

7. FINDINGS AND SUGGESTIONS

a) Petroleum vs. Alternate Fuels: Existing reserves of petroleum crude is depleting globally with increase in demand and no new finding of crude reserve in sight. Awareness of air pollution due to burning of fossil fuels across the globe has also increased. Accordingly, across the globe researches are being carried out since long to find out an economically viable green & cheaper alternative to fossil fuels. Compressed Natural gas (CNG), Electricity, Solar powered vehicle are a reality today. Hydrogen fueled vehicle is touted to be in the pipeline. Use of all these alternative sources of energies has a palpable impact on petroleum business with India being no exception. Today, Indian petroleum customers have plenty of choices before them from different marketer be it fossil fuels or alternative fuels. In such a competitive marketing environment, keeping customer hooked to one petroleum company's outlet, ensuring word of mouth publicity by them and thereby ensuring business growth, calls for excessive focus by the Indian petroleum companies on new marketing variable called "Customer Satisfaction". Customers need to be kept satisfied on a cumulative basis by the petroleum companies to ensure that business progresses smoothly.

b) No distinctive features for petroleum products marketed in India: Petroleum products, though consumable, but are not seen and felt by the consumer. Volume purchased is judged by the consumer from displacement of fuel meter of the vehicle. Moreover, petroleum products marketed in India by all the petroleum companies are similar with no special features to boast on for any marketers. Customers can buy from any competitor's outlet and get similar result. In such an environment, to attract customer and to ensure repeat purchase by them, petroleum company's needs to enhance their focus on the new marketing variable called customer satisfaction to distinguish them from their competitors.

c) Customer Satisfaction an intangible variable having tangible impact on business: Customer satisfaction is a feeling by an individual post use of a product or service. Feelings vary with every individual. As the Indian petroleum companies do not have much to boast on product quality, quantity and price, to attract customer additional attributes needs to be offered to the customer. Categorisation of customer, creating customer profile, detailed analysis of customer need, buying pattern, preferences offered on attributes is the need of the hour.

d) Derived value for money spent by customer: Indian market is a price sensitive market for every product including petroleum products. Customer who spent their hard-earned money to buy desires to get the value for money spent. Unlike other consumable products, petroleum products post purchase cannot be touched and felt. Fuel meter display of vehicle apparently indicates the quantity purchased. In absence of touch and feel factor, quality and quantity assessment of the product purchased is judged by customer apparently on the basis of kilometer traveled till refueling. Moreover, petroleum products are evaporative in nature and very sensitive to the ambient temperature. Rate of evaporation and loss of product inversely varies with the fuel quantity available in the fuel tank of the vehicle as well. Thus, assessment by customer of the quality and quantity purchased is empirical and variable in nature based on road traffic condition, driving style, fuel quantity, consumption pattern etc. to name a few. In such an environment with many constrains to make customer satisfied and to ensure not only repurchase by them but positive recommendation to others, ensuring their satisfaction at every stage is a must do for all Indian petroleum companies in the present and ensuing competitive marketing environment in India to offer a feel to customer that they have received their perceived value of money spent on buying fuel from a fuel station of an indian petroleum company.

e) Increased customer satisfaction shall improve performance of Indian petroleum companies: To win over competition from different marketer and to ensure business growth, Indian petroleum companies need to assign too much importance on the new marketing variable called customer satisfaction. They will have to keep their customers always satisfied. To make this happen, the companies must take the following immediate steps:

i) Create customer database

ii) Categorize customer w.r.t. different performance specific variables,

iii) Perform customer's need analysis,

iv) Study buying patterns of different age group of customers

v) Analyze preference assigned by customer on different attributes available at fuel stations

vi) Identify attributes of fuel station preferred by majority of customers

vii) Ensure availability of preferred attributes at fuel stations of the company across the country

Such corrective action by Indian petroleum company shall ensure repurchase, positive recommendation by the satisfied group of customer and hence shall have a positive impact on growth of the company.

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