

Branding Practices at Public & Private Sector Oil Companies

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Abstract—This research focuses on the branding practices adopted by public and private sector oil companies in India. The study is based on the comparison of branding practices being adopted by Public Sector Undertakings and Private Oil Companies services in terms of Technology, Quality and Quantity concepts and how the companies are putting their best efforts in giving best of their services to the customers so that they can be the number one brand preferred by the customers.

Keywords: Branding, Brand, Fuel and Technology.

1. INTRODUCTION

“A Brand is a name, sign, symbol or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition.”¹ The process involved in creating a unique name and image for a product in the consumers' mind, mainly through advertising campaigns with a consistent theme. Branding aims to establish a significant and differentiated presence in the market that attracts and retains loyal customers. A brand is the combination of properties within and outside a product which gives an identity to the generic product. It cannot be separated from the product.

“A Brand is the personification of a product, service, or even entire Company” (Robert Blanchard).

“A Brand should strive to own a word in the mind of the consumer” (Al Reis and Laura Reis). Products are made in the factory, but brands are created in the mind” (Walter Landor)². By attracting both rational and emotional concerns, a strong brand provides consumers with multiple access points to the brand while reducing competitive vulnerability (Bhat and Reddy – 1998). Brand knowledge comprises of two components, brand awareness and brand image. Brand awareness itself consists of two components, brand recognition and brand recall whilst brand image is the

perception about a brand as reflected by brand associations held in consumer memory³ (Keller, 1993, 1998).

Customers buy a brand. The tangible product is not the sole reason anymore. It's now an important part of the brand. Will you buy Coca-Cola, without any label, in a Sprite's bottle? The market is full of similar products. To make a product stand out, one needs to assign to it some identification properties. Such identification properties include certain associations like name, logo, color, and many other attributes.

These branding attributes give the product a certain personality, certain voice, etc, position the product at some distinctive place in the consumers' mind, and give them an experience whenever they have a contact with the brand.

According to the Industry Analysts and Observers, this trend was in line with the global trends wherein petroleum companies tried to build a loyal customer base by branding its services and petroleum products. As petrol had traditionally not been seen as categories with much scope for product differentiation, branding of this product came as a welcome change. It was conscious and proactive effort of the Petroleum companies towards brand building and product differentiation.

As the Industry became more competitive and customer driven, Petroleum Companies needed to focus like never before on marketing strategies for survival and growth in the market. The first significant development in this direction was to brand the outlets, services, products, outlook, and fuel. The entire customer experience needed to be branded from the beginning till the end. So that right from the first touch point till the last experience customers is happy and satisfied with the brand promise and there is an increase in the Brand Equity and Value.

¹ <https://www.economist.com/node/14126533>

² <https://www.brandingstrategyinsider.com/brand-differentiation>

³ Kotler, P., & Keller, K. L. (2016). *Marketing Management*. Manjilal: Pearson Education Limited

2. BACKGROUND

The Indian Petroleum Industry

The origin of Petroleum industry can be tracked to the end of 19th Century. Crude which is the base of the petroleum products was discovered in Digboi, Assam by Britishers. First Oil refinery was started at Digboi. Later International players like Caltex, Stanvac, Esso, and Burmah Shell were given opportunity for production, refining and marketing of petroleum products. These oil companies have set up their own refineries and started marketing Petrol and Diesel through their own Retail Outlets i.e. Petrol pumps across the country. They also started to market LPG for domestic use and lube oils.

3. NATIONALIZATION

Even after Independence, the MNC's controlled the entire Indian Petroleum industry in India till the Oil companies were nationalized. In the year 1975, Esso and Caltex were merged to create Hindustan Petroleum Corporation Ltd. Burmah Shell has become Bharat Petroleum Corporation Ltd. A new Indian company was created called Indian Oil Corporation Ltd. Later Indo Burma Petroleum Ltd or IBP was created. These four nationalized companies have set up their own Refineries and Retail outlets across the country and are selling Petrol and Diesel to its customers. Thus the petroleum sector has become a controlled market. Even though most of the products are decontrolled, Petrol, Diesel and LPG are still under control.⁴

Oil Coordination Committee was formed by the Government of India and administered the prices of Petroleum products through APM (Administered Pricing Mechanism) and all the prices were equalized. The Oil Exploration and production is taken up by the Upstream company ONGC (Oil and Natural Gas Corporation) and the Downstream operations are handled by HPC, IOC, BPC and IBP.

4. LIBERALIZATION:

Indian Economy Liberalized after 1990 and the industry witnessed fundamental changes. In the year 2000, Government dismantled Administered Pricing Mechanism (APM) and initiated deregulation and has given way to Market Determined Pricing Mechanism. With the deregulation of marketing and refining sectors, the industry opened and more private players have started their operations. Reliance, Shell, Essar, Numaligarh Refinery, MRPL and ONGC have started their retail operations.

With the deregulation of the sector, companies are allowed to set their own domestic petroleum product prices. However, Government still controlled the prices of Petrol, Diesel, LPG and oil companies were forced to explore other segments of

the market where they could increase prices without waiting for the Government approval. Hence the decision to introduce the Branded Fuel was executed and implemented. However, MOP NG has permitted OMCs recently for a change in Retail prices on daily basis.

5. LAUNCH OF BRANDED FUELS:

In July 2002, BPCL launched Premium grade petrol under the brand name "Speed". This was the first instance any company launched branded fuel in the market. Later in September 2002, HPCL launched its branded petrol, "Power" and later Power 99. Soon it was followed by IOCL with its 91 Octane "Xtra Premium" and Shell Super unleaded. Within a short span of time, the country had seen the emergence of an entirely new market category of branded fuels. Later all these companies followed the trend and launched its Diesel version of branded fuels like Turbojet by HPCL, Xtra Mile by IOCL, High Speed Diesel by BPCL. Slowly these branded fuels started to become very popular among the customers and their sales increased tremendously.⁵

6. BRANDING OF SERVICES:

HPCL in the year 2001, branded its services under one umbrella "CLUB HP". Club HP is rendering services in two categories – 1) Customer Care and 2) Vehicle Care. The "Club HP" concept aims to provide the assurance of "Quick Fills", "Expert Personalised Service", "Total Vehicle Management" and "Consumer Conveniences"

A part from HPCL, BPCL has also branded its outlets as "PURE FOR SURE". Launched in 2001, the programme made the first ever promise of purity and service at fuel stations for its customers. Pure for Sure promise comes with the assurance of Pure Fuel at the right quality & quantity, courteous service and fuelling efficiency for our customers.

IOC has branded their outlets under "X TRA CARE". Complete vehicle care begins at an Indian Oil Xtra Care petrol pump. From branded auto fuels, to speedy windshield wipes to quick oil checks and snappy air service, you will experience the superior services that will leave your vehicle feeling special.⁶

Shell an MNC has branded its services V Power .The fuel stations are equipped with convenience stores and a Lube bay for two wheelers. In addition, the outlets also offers free services like under-bonnet check and windshield cleaning. This is how some of the petroleum companies have used branding for product differentiation and customer retention.

⁵ www.Hindustanpetroleum.com

⁶ www.Hindustanpetroleum.com

⁴ <https://economictimes.indiatimes.com/hindustan-petroleum-corporation-ltd/infocompanyhistory/companyid-12078.cms>

7. BRANDING OF IDENTITY

HPCL pioneered in changing the outlook of the outlets by replacing the good old look with new identity called "Retail Visual Identity" (RVI). The logo is changed to round HP logo and the pump islands, spreaders, spines, canopy are all replaced with special material called Alucobond Material which has changed the entire look of the outlet. This has further added a change in the outlook of the customers regarding the brand and its products. Followed by the rivals IOCL, BPCL, Reliance and Essar.

As the competition was bound to intensify in the future and the industry was moving towards deregulation being completely implemented, it was expected that companies could even undercut their prices. The need for greater product/price differentiation was expected to be stronger. The branded fuels companies are environment friendly and helped the customers in complying with the emission norms of their vehicles as prescribed by the concerned authorities.

Considering the increasing awareness for environment friendly products among Indian consumers, the introduction of branded fuels seemed to be a timely move and is expected to generate sufficient interest in the market and the market will soon grow very high. The customers today are very aware and update and would like to prefer to use only branded products for their vehicles so that they get short term and long term benefits.

8. BRANDING OF TECHNOLOGY

Petrol, Diesel and Lubes which are basically sold in outlets have to be sold with total Quality and Quantity so that the Brand Image of the company is maintained. Since most of the outlets are run by the respective licensees of Oil Companies, it is the prime importance and onus of Oil companies to ensure giving best product in terms of quality and quantity to customers. These days practically all the companies are leveraging technology by automating their outlets and improving the entire customer experience in terms of product, price, process, dispensing units, underground.

Retail Automation is the automation of all the operations and business processes of a Retail Outlet. This is achieved by capturing, collating and analyzing all the transactions electronically. The system helps to seamlessly manage the forecourt, sales room (at the outlet) and office (operation & business) transactions pertaining to Retail Outlets. The system benefits all the stakeholders. It provides transparency and control of all facets of Retail Outlet operations and the database generated reinforces control and analysis of the outlet performance. This automation helps in making the entire customer experience very satisfied and enhances the brand image and the equity of the company in the minds of the consumers.

The main objective of Retail Automation is Customer Relationship Management to enhance the brand equity. Manual intervention is eliminated, and speed of transaction and operations is increased, resulting in a Quick Fill Experience. This strengthens the 'Club HP' brand image which is based on Quality & Quantity (Q&Q), Customer care and Vehicle care. These automated outlets have been branded as "e-fuel stations". Indian Oil outlets are automated under Extra Care outlets. Similarly BPCL also automated their outlets under Pure For Sure.⁷

Private players like Reliance is a pioneer in automating its outlets totally from indenting to last point of delivery. Even MNC Shell has also automated its outlets and is one of the pioneers to introduce automated pumps throughout the world. They ensure 100% automated bills to customers and ensure end to end solutions from its transportation to the delivery of fuel. These efforts of Oil companies have revolutionized the Branding Practices of Oil Companies.

9. LOYALTY PROGRAM

The best way to keep customers Loyal is to incentivise them with extra benefits in the form of extra points, bonus points etc which can be redeemable. Oil companies like any other retail companies launched their loyalty cards to keep their loyal customers intact.

Cards to suit the specific requirement of specific segments like fleet, regular, rural customers. HPCL has Drive Track plus to suit its big fleet customers. IOCL has Xtra Rewards, Xtra Power and Rural Card. BPCL has its Petro Card, Smart Fleet Cards. Also Private Companies Reliance has TransConnect fleet card. Shell has its Shell Cash Card. All the loyalty programmes have equal presence in the market and ensure its loyal customers to incentivise in terms of fuels, service etc.

Apart from this, also explored tie ups with Credit Cards with Banks like ICICI, HDFC, Amex, SBI etc.

10. CONCLUSION

The Indian Oil Industry is going under lot of changes, additions, improvements, renovations in these turbulent times, it is imperative for the Public Sector Undertakings to stay ahead in branding their services, identity, products and technology. Public Sector Undertakings have to adopt relevant and latest strategies to face the onslaught competition which is expected in the free market.

The entry of private sector companies like Reliance, Shell, Essar etc., the entire gamut of product and service has changed and is bound to change further in the near future. Hence it is very important for the Public Sector Undertakings oil

companies to keep a breast with technology and to be more innovative in creating special products and special services to fight competition in the market. The PSU also need to change the outlook of the retail outlets with latest branding techniques, technology and material for survival in the market. Overall, OMCs have to look ahead beyond 20 years from now and adopt the change to be in the business so that they can serve the customers well and retain and maintain them.

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