

## **An Empirical Study on Impact of Services Provided By Petroleum Retail Chains Over Retaining The Loyalty of Customers – Chennai Arena, India**

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### **Abstract**

The convenience store in petroleum retail outlets have undergone substantial changes in the recent times where as the entire market advances on the stereotype which contemplate their solemnity in supplementing their retails outlets where the business focus on something else other than distribution of petroleum products which helps to haul the customers loyalty. Petroleum is a commodity of “product with same price” this arena was under subjugated by Indian Government more than half millennium in which marketing had no or very less involvement. There is no interference of term competition as petroleum zone was restricted entry to private players. In the year 2002 the entire scenario was changed when the Indian Government decided to dismantled Administered Pricing Mechanism (APM) in oil and gas sector that when private players came to action, the petroleum products had massive transformation from an undifferentiated low involvement commodity into high involvement brands. That was elongated when entire concentration turned over customer comfort by offering many products and services in petroleum retail outlet from Automated Teller Machine (ATM) to many portal counters. The aim of the contemporary study is to determine the influence of services or products of petrol provided by the chain store over the brand loyalty of customer. It further identifies several other factors that also influence customer preference in the choice of petroleum retail outlets. The study is limited to Chennai arena with samples of 130 has been taken for the study by using simple random method. The concluding observation is that there is a significant relationship between the refueling the petrol or gas with services offered in the retail stores.

**Keywords:** *Chain Retail, Loyalty, Petroleum/gas, Retail Outlet, Retaining Customers.*

### **Introduction**

The petroleum retail outlet is chain store has single line of products by serving constantly higher range of item with better service quality than its competitor. The Indian oil market which

has large production zone with higher involvement of distribution scale, retail outlet have providing services for decades still one of greatest surveillance from market completion. The companies like Hindustan petroleum, Essar petroleum, Shell petroleum were few private players still struggling to get in to domestic market along with larger government zone ruling this industry like Hindustan Petroleum, Bharat Petroleum and Indian Oil. The competition arises in distribution sector enhances the profit of the retail outlet introduced services for their customers to retain the loyalty towards their vent outlet, by providing various services are attempted to encourage the customer to repeat patronage of their products and services and impress with the outlet and henceforth retain the loyalty of the customers.

<b>Table: 1 Company-wise Percentage of Retail Outlets for Distribution of Petroleum Products in India from 2011 to 2017 in Percentage</b>							
<b>Year</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Name of the Company</b>							
<b>BPCL</b>	22.145	22.858	23.91	23.373	23.978	23.917	24.463
<b>HPCL</b>	24.345	24.949	25.012	24.811	24.772	24.563	21.183
<b>IOCL</b>	46.399	45.617	45.968	46.258	45.686	45.138	43.984
<b>Others</b>	7.11	6.576	5.11	5.558	5.564	6.382	8.34

**Source: Oil Companies; Data values are as on 31st March of every year.**  
**Source: Ministry of Petroleum and Natural Gas India 2018**  
**Dataset URL: <https://data.gov.in/catalog/indian-petroleum-and-natural-gas-statistics-2016-17>**  
**Resource Title: Total Retail Outlets in India from 2011 to 2017**  
**Compiled by the authors from the above source**

**Table 1 shows and according to Visualization of the Day, 14<sup>th</sup> September, 2018, Ministry of Petroleum and Natural Gas India 2018,** as on 31st March 2011, there were 41947 retail outlets in India for distribution of Petroleum products. It has increased by 7.53% to 45104 outlets as on 31st March 2012 over as on 31st March 2011. Out of these 41947 retail outlets; 9289 (22.15%) outlets were from Bharat Petroleum Corporation Limited (BPCL), 10212 (24.35%) outlets were from Hindustan Petroleum Corporation Limited (HPCL), 19463 (46.4%) outlets were from Indian Oil Corporation Limited (IOCL) and 2983 (7.11%) outlets were from others as on 31st March 2011. There is an annual growth of 6.06% in retail outlets in India to 59595 outlets as on 31st March 2017 versus 56190 outlets as on 31st March 2016. Out of the total 56190 retail outlets as on 31st March 2016; 13439 (23.92%) outlets were from BPCL, 13802 (24.56%) outlets were from

HPCL, 25363 (45.14%) outlets were from IOCL and 3586 (6.38%) outlets were from others. Out of the total 59595 retail outlets as on 31st March 2017; 13983 (23.46%) outlets were from BPCL, 14412 (24.18%) outlets were from HPCL, 26212 (43.98%) outlets were from IOCL and 4988 (8.37%) outlets were from others. Maximum annual growth of 12.87% has been seen in retail outlets of BPCL as on 31st March 2013 during the period under consideration. Maximum annual growth of 10.19% has been seen in retail outlets of HPCL as on 31st March 2012 during the period under consideration. Maximum annual growth of 8.73% has been seen in retail outlets of IOCL as on 31st March 2013 during the period under consideration. Maximum annual growth of 39.1% has been seen in retail outlets of others as on 31st March 2017 during the period under consideration.

### **Review of literature**

**Dr. G.Kavitha and J.Sagaya Anglien Mary 2018** conducted the research on customer perception towards service quality of retail petrol outlets. The research conducted on perception of customer and relationship of the service quality with the customer perception. The result of study shows that the demographic factors like age, gender, education have association between services provided in the retail outlet and above factors where as the factors like occupation and monthly income does not have any inference with the services of retail outlet. **R Krishna Kumari and Dr. N Yesodha Devi 2016** proceed their research on consumer behavior towards retail petrol outlet services in Coimbatore city in their research, the finding of their research states that the relationship between customer behavior towards the petroleum retail outlet was moderate with few of services that the customer visit towards the outlet does not have any association between the services provided the result of the study states that there is no association between the customer satisfaction and services utilization of the customer. **Shayla Price 2016** written article over the strategies of fuel brand loyalty through customer engagement which has given five strategies to influence the customer to retain the loyalty for the station. **Focus on acquiring data:** data helps in understanding market efficiency and accuracy of the target which is to be focused by the team. **Invest in on boarding brand advocates:** to retain solidify relationship with customer target should be focused on review of the service and maintain contact by providing services which make regular customer feel special. **Show relevancy through social media:** social media helps has grand platform to display the customer loyalty and relationship with the people. **Create content to educate and entertain consumers:** by educating the customers constantly with new updating market and entertaining them with service retain the customers towards business. **Personalize to**

**enhance the shopping experience:** over years of togetherness it is necessary to show the customers how important and special are them by personalizing their experience while shopping. **Robinson M.L 2014** made research on brand loyalty how it improve the retail fueling experience, the study talks about customer reaction over the visit of fuel station and the outer appearance of the station and its maintenance, the effect of brand loyalty and its relationship over the external appearance of the fuel station, through research theory the improved external appearance of the petrol station leads to the loyalty of the customer along with higher revenue and positive image of the station.

### **Research gap**

For the years together oil and gas market was subjugate under government players with less involvement of private sectors or market competition which made the entire sector to back lag from running in to the competition of advancement in market, importance of service quality was considered secondly in the mass production homogenous sector and being single pricing commodity it lost its specialness in differentiating the retail outlet or filling station from each other. The core differentiation in service quality by giving better competition in market with offering of various services as ATM, carwash, cafeteria, chocolates snacks, travel agency in filling station was rose up to enhance the market profitability. The researcher had made intensive study on brand loyalty with these services provided in fuel station. This study need to understand the impact of these services in individual's commitment to the outlet and sustainability of approaching the station.

### **Objective of the study**

To study the Services offered by petroleum outlet through convenience stores to retain the loyalty and galvanize the customers in the vicinity of stores.

### **Research methodology**

The methodology adopted for this study is simple random sampling based on structured questionnaire and quantitative research. Primary data questionnaire from the sample size of 130 respondents were selected from various part of Chennai district. For this research, sampling unit is selected from different customers paying visits to the gas station. Questionnaire consisted of various services which directly or indirectly implemented in gas station. Secondary data are collected from various research papers, books, journals, reviews and websites. SPSS version 20.0 statistical software is used and the results obtained

thereby have been analyzed and interpreted. Descriptive analysis and correlation test is used to analyze the objective.

### Results and discussions

The Services offered by petroleum outlet through convenience stores to retain the loyalty and galvanize the customers in the vicinity of stores.

<b>Table: 2 Demographic Profile</b>		
<b>Qualification</b>		
<b>Particulars</b>	<b>Frequency</b>	<b>Percent</b>
Below Graduation	18	13.8%
Graduation	50	38.5%
Post Graduation	38	29.2%
others	24	18.5%
Total	130	100.0%
<b>Age</b>		
<b>Particulars</b>	<b>Frequency</b>	<b>Percent</b>
18-28	43	33.1%
28-38	38	29.2%
38-48	22	16.9%
48-58	17	13.1%
above 58	10	7.7%
Total	130	100.0%
<b>Gender</b>		
<b>Particulars</b>	<b>Frequency</b>	<b>Percent</b>
Male	64	49.2%
Female	66	50.8%
Total	130	100%
<b>Source: Primary Data Analysis</b>		

**Interpretation:** Table 2 shows that out of the total 130 respondents in which 13.8% belongs to below graduation, while 38.5% were under the category of graduation, 29.2% belong to post graduation and 18.5% belong to other educational factor. The respondents 33.1% falls under the age group of 18-28 where as 29.2% were under the age group of 28-38, 16.9% were under 38-48, 13.1% category falls under 48-58,

whereas remaining 7.7% were above the age of 58.. There were 49.32% male respondents taken to study and 50.8% study was done with female respondents.

**Table 3: Govern of convenience stores in Petrol Station**

Services offered	ATM	Rest room	Vehicle wash/ repair	Refreshments	Sweets & snacks	Grocery	Books	Music	Motor accessories	Travel agency
Very good	42.3%	26.9%	18.5%	16.9%	13.8%	7.7%	12.3%	16.2%	18.5%	14.6%
Good	31.5%	32.3%	30.8%	28.5%	28.5%	25.4%	16.9%	23.8%	30.8%	22.3%
Average	13.8%	21.5%	28.5%	29.2%	29.2%	30.0%	33.1%	26.9%	28.5%	30.8%
Below average	6.9%	10.8%	13.1%	20.0%	20.8%	27.7%	25.4%	21.5%	13.1%	23.8%
Poor	5.4%	8.5%	9.2%	5.4%	7.7%	9.2%	12.3%	11.5%	9.2%	8.5%
Total in percentage	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**Source: Primary Data Analysis**

**Hypothesis of the Study: H0-** there is no relationship between regularity in refueling and services offered in petroleum retail outlet.

**Table 4: Correlation Analysis of the Services Offered**

Correlation test		ATM	Rest room	Vehicle wash/ repair	Refreshments	Sweets & snacks	Grocery	Books	Music	Motor accessories	Travel agency
Regularity in Refueling	Pearson Correlation	-.080	.216*	-.088	-.028	-.121	-.156	-.247**	-.129	-.217*	-.240**
	Sig. (2-tailed)	.364	.014	.322	.754	.171	.077	.005	.145	.013	.006
	N	130	130	130	130	130	130	130	130	130	130

**Source: Primary Data Analysis**

**Interpretation:** Tables 3 and 4 indicate hypothesis is framed to know whether there is any relationship between the refueling the petrol or gas with services offered in the retail stores. To test this, researcher used correlation test and the significance value is 0.05. The results revealed that since the variables are greater than 0.05 which is more than the significant value shows that

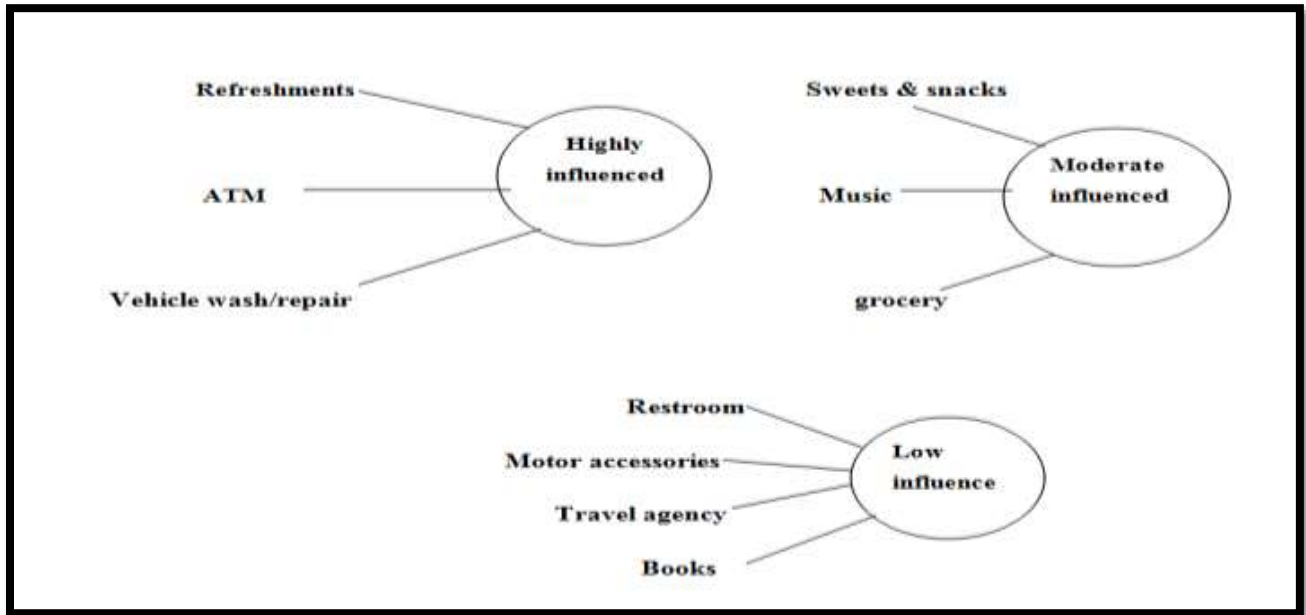
null hypothesis got rejected and there is association between regularity in refueling and services offered in petroleum retail outlet.

The following points explain how the variables have been impacted.

- **ATM:** services have strong association or more impact on customer refueling regularity in retail outlet.
- **Restroom:** the services have very less impact over regularity pattern of refueling in retail outlet.
- **Vehicle wash/repair:** the services have moderate impact over regularity pattern of refueling in retail outlet.
- **Refreshments:** this facility has strong association in pattern of regularity refueling in retail outlet.
- **Sweets & snacks:** the services have moderate impact over regularity pattern of refueling in retail outlet.
- **Grocery:** providing grocery service has very less impact shows there week relationship between refueling pattern.
- **Books:** this service of books shops in petroleum outlet does not provide any strong impact over the refueling pattern structure among customers.
- **Music:** service of music displaying the moderate relationship they having with pattern of customer refueling in the outlet.
- **Motor accessories:** the factor had very less influence in making customer to choose same outlet for refueling.
- **Travel agency:** the factor had very less influence in making customer to choose same outlet for refueling.

Figure 1 is the model of factors that influence constant refilling in retail outlets.

Figure : 1 Model of factors influencing Constant Refilling in Retail Outlet



Source: Primary Data Analysis

### Findings from the study

The convenience store having huge hand in inviting the individual over the petroleum stores, the services and quality provided in the retail outlets of fuel station like ATM, restroom, motor accessories, travel agency, refreshments, and grocery having the impact over the individual preference to choose the particular outlet. The factors of ATM, vehicle wash/repair, refreshments having strong influence of individual preference over the fueling pattern and outlet. The factors like sweets and snacks, music, grocery possessing the moderate impact for the retain of customer loyalty over the stations. The features such as restroom, books, travel agency, motor accessories containing low scale involvement in the retainable customer dedication over the retail store.



### **Suggestions**

The quality of service should be improved among retail outlet with more convenience features to encourage customers and build strong loyalty in the market still petrol sector being huge government player arena, the involvement of private players is in budding stage. The individual have high dissatisfaction over lack of employees which force them to spend more time than required and suggestion box provision in outlet helps the individual to express their gratitude over the experience.

### **Conclusion**

The convenience store helps the petroleum retail outlet to help in active participation in market, being all low involvement sectors the generation gap should be taken by retailing outlet. The services should facilitates the individuals and ensure to remind their special importance by providing personalized service, the stores improve the infrastructure and services offered by them that was stretch were entire concentration turned over customer comfort will return the loyalty of customer through repeat visit and profit as result of the inwards steps of retail outlets. The improved efficiency of services will lead and help to retain allegiance over the outlet with special and strong intangible bond build up with the customers.

### **Scope for Future Research**

This study identified the impact of the various Services offered by petroleum outlet through convenience stores to retain the loyalty and galvanize the customers in the vicinity of stores. Further study can be conducted on how the services identified in this study can be improved to sustain the loyalty of the customers.

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