



BRANDED FUELS: STUDY ON THE PERCEPTION OF USER AND NON USERS

Submitted

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By

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MASTER OF BUSINESS ADMINISTRATION



CERTIFICATE

**DEPARTMENT OF MANAGEMENT STUDIES
KUMARAGURU COLLEGE OF TECHNOLOGY**

JULY 2008



**DEPARTMENT OF MANAGEMENT STUDIES
KUMARAGURU COLLEGE OF TECHNOLOGY
COIMBATORE**

BONAFIDE CERTIFICATE

Certified that this project titled **“BRANDED FUELS: STUDY ON THE PERCEPTION OF USERS AND NON USERS”** is the bonafide work of **V.MUTHUMARI (0720400022)** who carried out this research under my supervision. Certified further, that to the best of my knowledge the work reported herein does not from part of any other project report or dissertation on the basis of which a degree or award was conferred on an earlier occasion on this or any other candidate.

Faculty Guide

Director

Evaluated and viva-voce conducted on

DECLARATION

DECLARATION

I, hereby declare that this project report entitled "**BRANDED FUELS: STUDY ON THE PERCEPTION OF USERS AND NONUSERS**" has undertaken for academic purpose submitted to Anna University in partial fulfillment of requirement for the award of the degree of Master of Business Administration. The project report is the record of the original work done by me under the guidance of **DR.K.CHITRA** senior lecturer during the academic year 2008-2009.

I, also declare hereby, that the information given in this report is correct to the best of my knowledge and belief.

PLACE : COIMBATORE

DATE : 24.10.2008

SIGNATURE OF THE CANDIDATE

V. Muthuramai



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ATTENDANCE CERTIFICATE

This is to certify that Miss V. MUTHUMARI, MBA student of your institution has done her summer project on IMPROVEMENT IN BRANDED FUELS CONVERSION for our Corporation at Mangalore area during the period 19th June – 18th July 08..

R. Srinivasan
21/7

R.SRINIVASAN
SRM. MANGALORE RO

ACKNOWLEDGEMENT

ACKNOWLEDGEMENT

Few people are as fortunate as I have been. Throughout my life I have always benefited from many wonderful people around me, and the last two months of my final project have been no exception. I have many people to be thankful to.

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Above all, I thank **Almighty God and My Parents** for giving me the grace and constant support in successfully completing this project to the best of my ability.

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

“As the market becomes competitive, brand management will require careful thought differentiation. Thought differentiation remains the key to competitive advantage, it may no longer serve the purpose.”

-Madan B Lal, chairman and managing director HPCL.

Branding is the art and cornerstone of marketing. The American marketing association defines a brand as a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors. Thus a brand identifies the seller or maker. Under trademark law, the seller is granted exclusive rights to the use of brand name in perpetuity. Brands differ from other assets such as patents and copyrights, which have expiration dates.

A brand is a complex symbol that can convey up to six levels of meaning:

attributes, benefits, values, culture, personality and user.

The objectives that a good brand will use include:

- Deliver the message clearly
- Confirms your credibility
- Connects your target prospects emotionally
- Motivates the buyer
- Concrete user loyalty

Brands vary in the amount of power and value they have in the market place. At one extreme are brands that are not known by most buyers. Then there are brands which the buyers have a fair degree of buyer awareness. Beyond this are brands with a high degree of

brand acceptability. Then there are brands with a high degree of brand preference. Finally there are brands that command a high degree of brand loyalty.

A brand needs to be carefully managed so that its equity does not depreciate. This requires maintaining or improving brand awareness, perceived quality, functionality and positive associations. These tasks require continuous R&D investment, skilful advertising and excellent trade and consumer service.

Marketers are therefore turning to other tools to attract attention to their brands. Among the most important are: public relations and press releases, sponsorship, clubs and consumer communities, factory visits, trade shows, event marketing, public facilities, social cause marketing, high value for money, celebrity personality and mobile phone marketing.

Branding in petroleum industry was confined only to lubricants. But due to liberation of Indian economy in 1990's the industry witnessed some fundamental changes. The administered pricing mechanism was changed to market driven pricing mechanism. The industry was now opened for private sectors, hence the petroleum industry tried to build a loyal customer base by branding petroleum products. As petrol and diesel has not been seen as categories with much scope for conscious and proactive effort of companies towards brand building, in the wake of radical changes taking place in the industry.

As the industry became more competitive and customer driven, companies needed to focus like never before on marketing strategies. The first significant development in this direction was conversion of petrol pumps to retailing outlets. The launch of branded fuels was the next logical step for the companies.

The project is mainly related to the study of the performance of branded fuels in HPCL in North Mangalore sales area. In august 2002, HPCL introduced their branded fuels namely POWER petrol and TURBOJET diesel in their retail outlets of major cities. Recently they introduced them in Mangalore retail outlets. Hence the project was aimed to convert

club hp outlets were explained the benefits they would derive from branded fuels thereby creating awareness among people.

A questionnaire was prepared to collect feedback on expectation of customer towards branded fuels and was personally interacted in 4 club hp outlets.

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CHAPTER 1

INTRODUCTION

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INTRODUCTION

1.1 BACKGROUND

THE INDIAN PETROLEUM INDUSTRY TOWARDS BRANDED FUELS In July 2002 Bharat Petroleum Corporation (BPCL), one of the leading players in Indian petroleum industry, launched premium grade petrol under brand name 'SPEED'. This was the first instant oil companies, Indian Oil Corporation and Hindustan Petroleum Corporation Limited also launched their new generation fuels.

While IOC's branded fuel was called 'PREMIUM', HPCL called it 'POWER'. IOC and HPCL also launched branded diesel called 'DIESEL SUPER' and 'TURBOJET' respectively. In Dec 2002 another company IBP launched a new brand of premium petrol JOSH and premium grade high speed diesel SHAKTI. Within a short span of time, the country had seen the emergence of an entirely new market category.

As petrol and diesel had traditionally not been seen as category with much scope for product differentiation, branding of these products came as welcome change. It was a conscious and proactive effort of the companies towards brand building, in the wake of the radical changes taken place in the industry since the beginning of the country's economic liberalization in the early 1990s.

The new brands were being extensively promoted through the print, electronic and outdoor media. Since these new fuels were priced higher than conventionally sold petrol or diesel, BPCL, IOC, HPCL, and IBP, were working hard to communicate

expressed their reservations as to whether the extremely price conscious Indian customers would be willing to pay more even though these brands were supposed to be technically superior.

The branded fuels of HPCL are power petrol and turbojet diesel. Recently petroleum market has faced lots of controversies. Due to the hike in the petroleum prices also due to the petrol dealer strikes there were shortage of petroleum everywhere across the nation. In many petrol bunks only branded fuels were supplied. Due to the dealers strike for seeking increase in dealer commission petrol bunks across the nations remained closed for some days. This led the people to greater inconvenience; many vehicles became stranded on the roads at due to no availability of petrols. Since the petrol prices keeps increasing this leads the customers to greater inconvenience and uneconomical.

1.2 OBJECTIVES

- To identify the profile of users and non users of branded fuels.
- To analyse the reasons for using / or not using the branded fuels.
- To analyse the perception of the non users regarding the branded fuels.
- To analyse the gap between the level of expectation and satisfaction from the usage of branded fuels.
- To provide recommendations based on the findings.

1.3 SCOPE OF THE STUDY

The Hindustan petroleum corporation is one of the potential fuel sectors in the country. Their introduction of branded fuels is however facing less awareness and sale among the people. Since there are many other competitors in the market with the branded fuels segment the scope of the study is concentrated on the usage of these branded fuels.

Mangalore city area is analysed and people from this area were interviewed regarding the usage of branded fuels. Branded fuels has got a large scope if promoted in the right way by making the people aware about its advantages and disadvantages of better mileage and increased speed along with low vehicle maintenance.

Various aspects like the reasons for using branded fuels among the users, their expectations and satisfactions regarding the branded fuels of HPCL were analysed. The reasons for not using the branded fuels and their expectations for future for branded fuels were analysed among the non users of branded fuels were analysed. All together there were 80 respondents in the Mangalore city and among which 40 were users of branded fuels and 40 were non users of branded fuels.

1.4 RESEARCH METHODOLOGY

Research method

Descriptive research

It includes surveys and fact findings enquiries of different kinds. The major purpose of descriptive research is description of the state of affairs as it exists at present. The method of research utilized in descriptive research is survey methods of all kinds. As the project is done on the study of the perception of the users and non users of branded fuels the profile of customers already existing so it is a descriptive study.

Research plan:

Survey was conducted in four club hp outlets in north Mangalore sales area by analysing the usage of branded fuels.

Method of Collection of data:

- PRIMARY DATA
- Questionnaire was prepared to collect information about the performance of branded fuels. It deals with questions regarding the reasons for usage and non usage of branded fuels, the expectations and satisfactions of users and the expectations of non users for their future use of branded fuels.
- Personal interaction with the customers in 4 club hp outlets.
- SECONDAY DATA
- HPCL annual report and HPCL websites

Report research findings:

The research mainly aims to recommend the company the best method to increase the sales of branded fuels in north Mangalore sales area

Sampling plan:

- **Sampling units:** segmentation of customers is done based on the vehicles they own.
- **Sample size:** survey was conducted in 4 club hp outlets assigned by the company and 40 users of branded fuels and 40 nonusers of branded fuels were personally interviewed.
- **Types of vehicles:** survey was conducted on all types of vehicles including 4 wheelers and two wheelers.
- **Area of data collection:** Mangalore city
- **Tools of analysis:** percentage analysis, mean score and dependent t test were used as tools to analyse the facts.

1.5 LIMITATIONS

- The study was restricted to hp petrol bunks alone. Other petrol bunks were not covered.
- Unawareness about branded fuels among the people.
- 20% of the users of branded fuels are business people this might basically be due to the high prices.
- Increase in the prices of petrol and recent hike in the petrol bunks made the survey difficult as people were frustrated.

1.6 REVIEW OF LITERATURE

Premium fuels: debate over product value is too narrow.

Source:

- Market Watch: Global Round-up; Dec2007, Vol. 6 Issue 12, p154-154, 2/3p

Document Type:

- Editorial

Subject Terms:

- *INTERORGANIZATIONAL relations
 - *PETROLEUM products
 - *PETROLEUM industry & trade
 - EDITORIALS
- WHICH Car? (Periodical)

Geographic Terms:

- EUROPE

Company/Entity:

BP PLC

TOTAL SA

NAICS / Industry Codes 519110 News Syndicates

324199 All Other Petroleum and Coal Products Manufacturing

424720 Petroleum and Petroleum Products Merchant Wholesalers (except Bulk Stations and Terminals)

486910 Pipeline Transportation of Refined Petroleum Products

Abstract:

The author reflects on the dispute between BP PLC and Total SA and the "Which Car?" motoring magazine in Europe. He cited the claim of the magazine that Shell V-Power, Esso Supreme and Total Excellium performed little compared with their cheaper counterparts. Total ascertained that its Excellium - branded fuel provides increased fuel economy. Furthermore, Total will reimburse the difference in price between its product and standard fuels if motorists do not gain more miles per tank.

Title:

- Key Facts.

Source:

- Hindustan Petroleum Corporation Limited SWOT Analysis; Jan2008, p4, 1p

Document Type:

- Company Report

Subject Terms:

- *BUSINESS enterprises – Finance
- *BUSINESS cycles
- *INDUSTRIAL location
- *FINANCIAL performance
- *CORPORATE profits
- *CORPORATIONS – Growth
- *CORPORATIONS, Government
- *PETROLEUM industry & trade
- *MARKET positioning
- *COMPETITION

Company/Entity:

HINDUSTAN Petroleum Corp. Ltd.

NAICS/Industry Codes 324199 All Other Petroleum and Coal Products Manufacturing

424720 Petroleum and Petroleum Products Merchant Wholesalers (except Bulk Stations and Terminals)

Abstract:

Key facts about Hindustan Petroleum Corp. Ltd. (HPCL), a state-owned company, engaged in the refining of crude oil and marketing of oil products, are presented. Address and contact information is given, as well as statistics on revenues, financial year end data and number of employees

Title:

- Hindustan Petroleum's Structural Analysis of Current Reality.

Authors:

- Sen, Ashis¹ ashissen@hpcl.co.in

Source:

- Reflections; 2005, Vol. 6 Issue 8-10, p42-45, 4p

Document Type:

- Article

Subject Terms:

- HINDUSTAN Petroleum Corp. Ltd.
- FORUMS (Discussion & debate)
- MARKETING strategy
- GASOLINE – Prices
- OIL consumption

Abstract:

The article reports that Hindustan Petroleum Corp. Ltd. conducted a workshop, in which analysis of current reality by the members of the sales team introduced a number of structural challenges. Sales officers said that customers were increasingly demanding higher discounts. It suggests that price is the primary competitive edge in the market. The direct sales team also found that their efforts to get new customers diverted focus from existing customers. Based on this approach, the team members talked to competitor oil companies to coordinate in managing with substantially lower discounts.

Title:

- Exxon to expand ties to India.

Source:

- Wall Street Journal - Eastern Edition; 11/15/95, Vol. 226 Issue 96, pC19

Document Type:

- Article

Subject Terms:

- EXXON Corp.

Company/Entity:

- EXXON Corp.
- HINDUSTAN Petroleum Corp. Ltd.

Abstract:

Reports that Exxon Company International said it will expand its ties with Hindustan Petroleum Corporation Limited of India. Details on agreement by companies.

Title:

- Hindustan Petroleum Corporation Limited SWOT Analysis.

Source:

- Hindustan Petroleum Corporation Limited SWOT Analysis; Jan2008, p1, 8p

Document Type:

- Company Report

Subject Terms:

- *BUSINESS enterprises – Finance
- *BUSINESS cycles
- *INDUSTRIAL location
- *FINANCIAL performance
- *CORPORATE profits
- *CORPORATIONS – Growth
- *CORPORATIONS, Government
- *PETROLEUM industry & trade
- *MARKETING

PETROLEUM refineries



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Company/Entity:

HINDUSTAN Petroleum Corp. Ltd.

NAICS/Industry Codes 324199 All Other Petroleum and Coal Products Manufacturing

424720 Petroleum and Petroleum Products Merchant Wholesalers (except Bulk Stations and Terminals) 324110 Petroleum Refineries

Abstract:

A company profile of Hindustan Petroleum Corp. Ltd. (HPCL), a state-owned

presented. An overview of the company is given, along with key facts including contact information, number of employees and revenues. A SWOT analysis is provided which includes strengths, weaknesses, opportunities for improvement and threats.

Title:

- INSTITUTIONAL NEWS.

Source:

- Journal of the Textile Association; Sep/Oct2004, Vol. 65 Issue 3, p132-132, 1p

Document Type:

- Article

Subject Terms:

- TEXTILE industry
- ASSOCIATIONS, institutions, etc.
- TRAINING
- TEXTILE machinery

Geographic Terms:

- INDIA

Abstract:

This article presents updates on the activities done by Bombay Textile Research Association (BTRA) as of September 2004. BTRA has organized a training program on New Trends in Lubrication of Textile Machineries for the sales engineers of Hindustan Petroleum Corp. Limited (HPCL). This program was held at Hotel Leela Kempinsky, in Mumbai, India. This was a four days program, conducted from July 27

Director A.N. Desai of BTRA and general manager K.R. Shankaran of HPCL delivered by keynote and inaugural addresses. Deputy General Manager A.B. Pai and senior manager J. Samuel, both from HPCL, welcomed and thanked the participants. BTRA has also brought out a publication on Norms for Chemical Processing that will provide useful guidelines to the textile wet processing industry who increasingly looked for quality or productivity benchmarks. This booklet of norms covers all aspects of chemical processing of textiles. The norms are based on the data collected during shop-floor studies, pilot plant studies and mill samples analyzed in BTRA laboratories. This publication covers preparatory, dyeing, printing and finishing sections, norms for desizing, fluidity values for cotton fabrics, quality indices, guidelines to mangle expressions for drying and to rubber roll hardness of important machines, water, machine breakdown, process control measures, and list of banned amines.

Title:

- Company Overview.

Source:

- Hindustan Petroleum Corporation Limited SWOT Analysis; 2006, p4, 1p

Document Type:

- Company Report

Subject Terms:

- *BUSINESS enterprises – Finance
- *BUSINESS cycles
- *INDUSTRIAL location
- *FINANCIAL performance
- *CORPORATE profits

- *PETROLEUM industry & trade
- *EMPLOYEES
- *REVENUE
- PETROLEUM refineries

Company / Entity:

HINDUSTAN Petroleum Corp. Ltd.

NAICS/Industry Codes 324199 All Other Petroleum and Coal Products Manufacturing

424720 Petroleum and Petroleum Products Merchant Wholesalers (except Bulk Stations and Terminals)

324110 Petroleum Refineries

Abstract:

An overview of Hindustan Petroleum Corp. Ltd., which is engaged in the refining of crude oil and marketing of oil products, is presented. Data is included on revenues generated in fiscal year ended March 2005, the number of employees, as well as principal business offered, including refining of crude oil and marketing of oil products.

Title:

- HPCL refining capacity to touch 28 MTPA by 2000.

Source:

- Chemical Business; Aug95, Vol. 9 Issue 1, p17, 0p

Document Type:

- Article

Subject Terms:

*PETROLEUM industry & trade

Geographic Terms:

- INDIA

Company/Entity:

HINDUSTAN Petroleum Corp. Ltd.

NAICS/Industry Codes 324199 All Other Petroleum and Coal Products Manufacturing
424720 Petroleum and Petroleum Products Merchant Wholesalers (except Bulk
Stations and Terminals)

Abstract:

Reports that oil company Hindustan Petroleum Corporation Limited (HPCL) of India, may reach 28 MT per annum (MTPA) by the turn of the 20th century. Statistics on the company's refining capacity; Details on refineries set up by the company.

Title:

- Battle of the Brands. (cover story)

Authors:

- Embrey, Alison

Source:

- Convenience Store News; 6/14/2004, Vol. 40 Issue 8, p20-26, 5p, 3 color, 1
bw

Document Type:

- Article

Subject Terms:

- *GASOLINE – Prices
- *NATURAL gas

- *PETROLEUM industry & trade
- *PETROLEUM products
- *ENERGY industries

Company / Entity:

NAICS/Industry Codes 221210 Natural Gas Distribution

324199 All Other Petroleum and Coal Products Manufacturing

424720 Petroleum and Petroleum Products Merchant Wholesalers (except Bulk Stations and Terminals)

486910 Pipeline Transportation of Refined Petroleum Products

Abstract:

Branded fuel differentiation in the petroleum industry seems once again to be taking the forefront. Advertising and marketing campaigns among some of the major oil companies have turned back to the fuel itself, with companies launching new alternative fuels and branding their gasoline as the "cleanest" and "best" fuel out there. With gas prices continuously on the rise, companies need more than the lowest price to keep customers coming back, and the quality of the fuel itself is again coming into the picture

CHAPTER 2

ORGANISATION PROFILE

CHAPTER 2

ORGANISATION PROFILE

2.1 HISTORY OF THE ORGANISATION

Hindustan Petroleum Corporation limited is the result of a successful convergence of four established companies. Today the second largest oil refining and marketing company in India. HPCL was born of the merger of ESSO; lube India limited, Caltex oil refining ltd and kosan Gas Company limited.

The company was first incorporated as standard vacuum reining company of India limited on July 5, 1952 and later named as ESSO India limited on March 31, 1962. On July 12, 1974, when ESSO and lube India were nationalised, the company was renamed Hindustan Petroleum Corporation limited with effect from July 15, 1974. The undertakings after nationalisation were vested in the year 1976, which were subsequently merged with HPCL in 1978. In the following year KOSAN gas limited, the concessionaires of HPCL in the domestic LPG market were merged with HPCL. Thus the various amalgamations at different points in time have given rise to HPCL that has never since been growing from strength to strength.

HPCL had a humble beginning in 1974 with one refinery at Mumbai that had a refining capacity of 1.5 million metric tonnes.per annum (MMTPA). The lube oil refinery at Mumbai stood around 165000 tonnes per annum. The sales turnover of that year was only 3.67 billion, and the net profit was 58 million. But over the years the corporation has made tremendous achievements to achieve growth. Dedicated and well experienced manpower, strategically located refineries at Mumbai and Vishakhapatnam and a wide spread marketing network have enabled the company to serve a niche in the Indian oil industry today

2.2 COMPANY PROFILE

- **NAME OF THE COMPANY:** HINDUSTAN PETROLEUM CORPORATION

- **HEAD OFFICE** MUMBAI
- **BRANCH** MANGALORE
- **LOCATION** KATIPALLA, VILLAGE BALA MANGALORE
- **CEO** Shri Arun Balakrishnan
- **BUSINESS** REFINING AND MARKETING OF PETROLEUM
- **SALES TURNOVER** RS. 1, 03837 CRORES.
- **MARKET SHARE** 91,448 crores

2.3 CEO AND BOAD OF DIRECTORS

CEO

Shri.Arun Balakrishnan

Board of directors

- Shri. Arun Balakrishnan chairman and managing director
- Shri S. Roy choudhury
- Shri MA.Tankiwala
- Shri V. Vizia Saradhi
- Shri B.Mukerjee
- Shri P.K Sinha
- Shri L.N Gupta
- Shri T.L Sankar
- Shri IM Pandey
- Prof.Prakash G apte
- Shri P.V Rajaraman

2.4 HPCL MARKETING NETWORK

Regional offices	86
Terminals/installations/tops	37
depots	93
lpg bottling plants	42
ASF'S	13
Retail outlets	7909
SKO/LDO Dealers	1648

2.5 JOINT VENTURES AND PROJECTS

In effort fulfil its vision and achieve its objectives, HPCL has formulated plans for expansion, diversification and internal restructuring. Their future efforts include some major projects which are under implementation.

Joint ventures

- Mangalore refineries and petro chemicals limited
- Bitumen emulsions
- Petro net India limited
- Manglore-banglore pipeline
- Oil exploration and production
- LPG cavern storage
- Marketing of green fuels

HPCL projects

- Punjab refinery project
- Green /clean fuel project at refineries

2.6 BRANDED FUELS OF HPCL

With the advent of new generation vehicles and MPFI engines along with continuous progress in automotive engineering. It was imperative for fuels and lubricants to be constantly modified in order to keep pace with the new developments. This was the beginning of additives story.

POWER PETROL

- It is a brand name for new generation petrol that contains specially imported additives.
- It cleans deposits and prevents gum formation in engine
- Better performance, increased mileage, quicker acceleration and lower emissions.
- Power removes existing deposits and prevents the formation of new deposits.
- Regular use of power will increase the performance of the vehicle.
- Power will get the best out of old vehicles as well.
- Benefits will be noticed only after two or three tank fills while the existing deposits are completely cleaned.
- Power is marginally more expensive than the unleaded petrol.but once calculated will give a small difference in cost on a tank full

ADVANTAGES

- Removes deposits on intake valves, port fuel injectors an combustion chamber
- Reduces exhaust emission
- Improves vehicle performance and acceleration
- Improves driving comfort

- Enhances fuel economy
- Prevents the sticking of intake valves

TURBOJET DIESEL

- Turbojet has specially imported multi functional additives to keep your vehicle healthier.
- It cleans deposits and prevents formation of fresh deposits in the engine.
- Better performance, more mileage, easier acceleration, and lesser emissions.
- It is a new generation fuel designed for new generation vehicles in the passenger cars segment , light commercial vehicles, and heavy duty vehicles.
- It also deals with farm equipment, power generator sets off road construction equipment.
- Results in peak performance of the vehicle
- It will take one or two tank fill s before a change is noticed

ADVANTAGES

- Keeps the fuel injector clean
- Protects engine parts from corrosion
- Prevents formation of fuel water emulsion
- Reduces foaming
- Enhances fuel pump life
- Reduces exhaust emission

2.7 QUALITY ASSURANCE

- **Quality assurance initiative focussed on ensuring good fuel promise through quality and quality assurance.**
- **HPCL has pioneered through the concepts of exclusive mobile labs, for ensuring product quality and strengthen the commitment of good fuel promise at the retail outlets. 10 mobile labs have been commissioned during the year of conducting quality assurance checks at the club hp outlets.**
- **The reputed international agency m/s bureau veritas has been engaged for conducting surveillance audit of HP club outlets to cross 1500 outlets across the country.**
- **Concerted steps were introduced to cover retail outlets under ISO Accreditation 5.3 retail outlets have been accredited during the year and work is in progress at over 200 outlets for ISO Accreditation.**
- **Retail automation is on in a big way to strengthen the quality and quantity efforts of HPCL. During the year 40 retail outlets in Mumbai and vashi were covered under the retail automation program which would strengthen further quality and quantity efforts of HPCL.**

CHAPTER 3

MACRO AND MICRO ANALYSIS

3.1 THE EVOLUTION OF OIL INDIA LIMITED

By arrangement with the AR & T co Ltd the Burma oil company of UK who was at that time operating in Burma across the patkai hills took over the operation of AOC in 1921. BOC/AOC continued development of digboi oilfield and intensified exploration activities. In 1953, the first oil discovery of independent India was made at nahorkatiya near digboi and then at moran in 1956. The success at nahorkatiya was the culmination of a long story of failure, frustration and despair in the oil exploration activities of upper Assam. It was also the prelude to a string of oil exploration programmes else where in the country.

Oil India private limited was incorporated on February 18, 1959 for the purpose of development and production of the discovered aspects of nahorkatiya and Moran and to increase the pace of exploration in the northeast India. It was registered as a rupee company with two third shares owned by AOC/BOC and one third by the government of India. By a subsequent agreement on 27 th July 1961. Goi and boc transformed oil to a joint venture company with equal partnership.

Oil remained a joint venture company for over two decades. The atmosphere of tolerance and adjustment between the partners was such that our late Prime Minister Mrs. Indira Gandhi remarked: n"oil is a fine example of the co operation between the public and private sectors.

ON 14 TH OCTOBER 1981 India limited became a wholly owned government of India enterprise by taking over BOC's 50 % equity and the management of Digboi oilfields changed hands from erstwhile AOC to oil. During this span of time, a total of 1001 wells were drilled in the Digboi oilfield in an area of only 13 sq kms with peak

production achievement of 200 kilo litres per day

3.2 MARKETING

The marketing of petroleum products is dominated by four state owned companies. Their market share as on 31 st march 2001 were as follows.

Indian oil corporation	55% approx*
Bharat petroleum corporation	21% approx*
Hindustan petroleum corporation	19.5% approx*
IBP company	4.5 approx*

3.3. KEY DEVELOPMENTS IN THE RECENT PAST

- 1. In November 1997 the government approved a phased dismantling of the APM. The cost plus formula for Indian crude oil producers has been abolished, and so has the retention of pricing for all refineries. However, refinery gate prices of controlled products are still fixed. Custom crude oil is reduced from 27 to 22 %, furnace oil and naphtha exports have been decanalised and the refining sector was delicensed on June 8th 1998.**
- 2. The oil fields amendment bill, 1998 was passed by the lok Shaba in December of the same year. The purpose of the bill was , to increase the fdi in the oil sector.**
- 3. To cancel the oil pool deficit, the government issued special onetime government bonds. The oil companies were required to invest in these bonds issued by the RBI.**
- 4. In January 1999 the government under help, invited bidding for 48 blocks- 10 onshore, 26 shallow water and 12 deep water. The terms offered were better than the earlier rounds. A new petroleum tax guide was also put into place.**
- 5. Promotional presentations and road shows, in India and abroad were organized to publicize the new terms and incentives.**

3.4 OIL REFINING COMPANIES IN INDIA

- INDIAN OIL
- RELIANCE PETROLEUM
- HINDUSTAN PETROLEUM
- MANGLORE REFINERIES AND PETROCHEMICALS LIMITED
- KOCHI REFINERIES
- CHENNAI PETROLEUM
- BHARAT PETROLEUM
- BONGAIGAON PETROLEUM
- NUMALIGARH REFINERIES

3.5 SWOT ANALYSIS

3.3.1 Strength

- India's second largest oil refineries and marketing company
- Good network of dealership-4727 outlets
- High standard of club hp outlets
- Excellent service providing
- Devoted pump boys

3.3.2 Weakness

- less advertisement for creating awareness among people
- lack of communication with outlet workers

3.3.3 Opportunities

- Branded fuels

3.3.4 Threats

- Competitors also have launched branded fuels in the market
- IOCL
- BPCL
- RELIANCE
- ONGC

CHAPTER 4

ANAYSIS AND INTERPRETATION

CHAPTER 4
ANALYSES AND INTERPRETATION

4.1 PROFILE OF THE USERS / NON USERS

4.1.1 TYPE OF THE VEHICLE

Type	Users of branded fuels		Non users of branded fuels	
	Number	Percentage	Number	Percentage
Four wheelers	35	87.5	31	77.5
Two wheelers	5	12.5	9	22.5
Total	40	100	40	100

INFERENCE

In the users category 35 people are using 4 wheelers and 5 people are using two wheelers out of 40 respondents. In the non users of branded fuels category 31 people are using 4 wheelers and 9 people are using two wheelers out of 40 respondents.

4.1.2 INCOME

Income	Users of branded fuels		Non users of branded fuels	
	Number	Percentage	Number	Percentage
5000-10000	10	25	12	30
10001-20000	8	20	4	10
Above 20000	11	27.5	23	57.5
Nil	11	27.5	1	2.5
Total	40	100	40	100

INFERENCE

Among the users of branded fuels people who earn more than 20000 use branded fuels more. Likewise out of 40 respondents in the non user's category too people who earn more than 20000 are the highest by 57.5 percentages.

4.1.3 PURPOSE OF THE VEHICLE

Purpose	Users of branded fuels		Non users of branded fuels	
	Number	Percentage	Number	Percentage
Business	13	32.5	17	42.5
Personal	27	67.5	23	57.5
Total	40	100	40	100

INFERENCE

Among the users of branded fuels 27 of the people among 40 respondents use the vehicle for personal purposes. Likewise among the non users too people who use the vehicle for personal purposes are more by 57.5%

4.1.4 PETROL BUNK VISITED

Frequency of Visit	Users of branded fuels		Non users of branded fuels	
	Number	Percentage	Number	Percentage
Every day	6	15	9	22.5
One in a week	26	65	14	35
Twice in a week	7	17.5	9	22.5
Thrice in a week	-	-	5	12.5
Above thrice	1	2.5	3	7.5
Total	40	100	40	100

INFERENCE

Among the users of branded fuels 26 among 40 respondents visit the petrol bunks once in a week. Among the non users of branded fuels 14 people out of 40 respondents visit the petrol bunks once in a week.

4.1.5 PETROL BUNK VISITED MOST BY THE RESPONDENTS

Petrol Bunk	Users of branded fuels		Non users of branded fuels	
	Number	Percentage	Number	Percentage
HPCL	40	100	36	90
BPCL	-	-	1	2.5
IOCL	-	-	2	5
RELIANCE	-	-	1	2.5
Total	40	100	40	100

INFERENCE

Among the users of branded fuels all the 40 respondents have said that they visit HPCL petrol bunks. Among the nonusers 90% of the respondents have said that they visit HPCL petrol bunks.

4.2 BRAND PREFERENCE

Brand	Users of branded fuels	
	Number	Percentage
Power petrol	28	70
Turbojet diesel	12	30
Total	40	100

INFERENCE

Among the users of branded fuels 70% of respondents out of 40 have said that they prefer power petrol & 30% of the respondents have said they prefer Turbojet diesel.

4.3 REASON FOR USING BRANDED FUELS

Reason	Means score	Rank
Better mileage	1.3846	5
Brand image	1.8718	2
Speed	2.3077	1
Good quality	1.2821	6
Low vehicle maintenance	1.5526	3
Advertisement	1.4615	4

INFERENCE

Since the mean score of speed is higher so we conclude that the reason for people using branded fuel is due to the high speed. Apart from that brand image secures the second rank, low vehicle maintenance gets the 3 rd rank and advertisement secures the 4 the rank and mileage secures the 5th rank.

4.4 REASONS FOR NOT USING BRANDED FUELS

Reason	Means score	Rank
Unawareness	2.9118	1
High price	2.0263	6
Not required	2.6667	4
No difference in performance	2.6410	5
No difference in quality	2.7805	3
Not available	2.8262	2

INFERENCE

The mean score of unawareness of branded fuels is higher therefore we conclude that the reason for not using the branded fuels is due to unawareness. The mean score of the reason of non availability is next highest and the 3rd rank is placed for no difference in quality.

4.5 EXPECTATIONS OF NON USERS FROM BRANDED FUELS

Reason	Means score	Rank
More mileage	2.2222	3
Better speed	2.0606	4
Low price	2.5294	1
Good quality	1.9375	5
More incentives	2.4839	2

INFERENCE

The mean score for low price is higher. There fore we conclude that the non users expect the prices of branded fuels to be lower than that of normal fuels in order for regular usage. Also that they need more incentives and expect more mileage and better speed from the usage of branded fuels.

4.6 EXPECTATIONS VS SATISFACTION

Reason	Significance value	Table Value
Brand image	.135	1.525
Low vehicle maintenance	.446	.771
Better mileage	.006	2.913
Better speed	.083	1.780
Good quality	.023	2.364
Price	.003	-3.195

INFERENCE

Since the table value is greater than the significance value we accept the hypothesis of brand image, low vehicle maintenance, better mileage, better speed and good quality. Therefore we conclude that there is no significant difference between the expectation and satisfaction level from the usage of branded fuels. Since the table value is lesser than the significance value for price we reject the hypothesis. Therefore we conclude that there is significant difference between the expectation and satisfaction level from the usage of branded fuels. The users are not satisfied from the price of branded fuels.

CHAPTER 5

CONCLUSION

5.1 FINDINGS

- People who use four wheelers are more among the users and non users of branded fuels.
- People who earn above 20000 are more among the users and non users of branded fuels.
- High percentage of the people uses their vehicle for personal purposes among the users and non users of branded fuels.
- Most of the people visit the petrol bunk once in a week among the users and non users of branded fuels.
- Hpcl petrol bunk is visited by all users of branded fuels and among the non users 90 % of them visit the hpcl petrol bunk
- 70% of the respondents prefer power petrol and 30% of the respondents prefer turbojet diesel.
- Speed remains the important reason for using branded fuels. Brand image, advertisement and better mileage secure the next three important reasons.
- Most respondents have said that the reasons for not using the branded fuels are due to unawareness. The other reasons are not available and no difference in quality.
- The non users of branded fuels expect the prices to be lower than that of the normal fuels for regular usage.
- The expectation and satisfaction level remains the same with respect to the brand image, mileage, speed, vehicle maintenance, and quality of branded fuels.
- The respondents are not satisfied with the price of branded fuels. They expect the prices to be lower than that of normal fuels...

5.2 SUGGESTIONS AND RECOMMENDATIONS

- **AREA OF CONCERN:** by visual inspection or even by density check it is difficult to differentiate between normal petrol and power petrol and also normal diesel and turbojet diesel. Hence it is better to have some distinguishing colour between branded and unbranded fuels.
- Since many people are unaware about the branded fuels, its advantages has to be enumerated.
- Awareness of branded fuels can be created through extensive advertising and word of mouth communication.
- Since the prices are little higher than that of normal fuels people are reluctant to use it. Therefore for regular usage of branded fuels the prices can be reduced to the expectations of the people.

5.3 CONCLUSION

Based upon the study conducted on the usage of branded fuels, it is found out that very less people use branded fuels. This practice prevails basically because of the unawareness about these branded fuels, their advantages and disadvantages and due to their high pricing that is slightly more than the normal fuels.

In order to increase the usage of these branded fuels awareness about the advantages of these branded fuels that they will increase the mileage, speed of the vehicles and will lead to low maintenance of these vehicles should be created.

Also the difference in prices should be reduced to the maximum level. This will lead the increased usage of branded fuels.

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- www.indianoil.com

1. NAME :

2. Contact no:

3. Name of the vehicle:

4. Year of purchase :

5. Occupation :

6. Income :

5000 – 10,000

10001 – 20000

Above 20000

7. Purpose of the vehicle:

Business

personal

Mileage of your car/litre : -----

8. How often do you visit the petrol bunk :

Everyday

once in a week

Twice in a week

thrice in a week

Above three times per week

9. Which petrol bunk do you often visit :

Hpcl

Bpcl

locl

reliance

10. Have you ever tried power/turbojet :

	Yes	no
Power petrol	<input type="checkbox"/>	<input type="checkbox"/>
Turbojet diesel	<input type="checkbox"/>	<input type="checkbox"/>

11. The core reason for not using turbojet/power:

	Very much agree	agree	neutral	disagree	very much disagree
Not aware	<input type="checkbox"/>				
High price	<input type="checkbox"/>				
Not required	<input type="checkbox"/>				
No difference in vehicle	<input type="checkbox"/>				
Performance					
No difference in qlty	<input type="checkbox"/>				
Not available	<input type="checkbox"/>				

12. Your expectations for future use of branded fuels :

	Very much agree	agree	neutral	disagree	Very much disagree
More mileage					
Better speed					
Low price					
Enhanced qlty					
More incentives					

13. Will you use branded fuels in the future :

Yes no

1. NAME :

2. Contact no:

3. Name of the vehicle:

4. Year of purchase :

5. Occupation :

6. Income :

5000 – 10,000

10001 – 20000

Above 20000

7. Purpose of the vehicle:

Business

personal

Mileage of your car/litre : -----

8. How often do you visit the petrol bunk :

Everyday

once in a week

Twice in a week

thrice in a week

Above three times per week

9. Which petrol bunk do you often visit :

Hpcl

Bpcl

iocl

reliance

VMA very much agree

A agree

D disagree

N neutral

VMD very much disagree

VMS Very much satisfied

S satisfied

DS dissatisfied

N neutral

VMDS very much dissatisfied

14. Suppose you have visited an hp outlet where you dont have branded fuels what will you do ?

Go for normal petrol / diesel

Visit the next hp bunk

Visit any other outlets for branded fuels

Others

15. Will you recommend these branded fuels to others :

Yes

no