Factors Affecting On Consumer Purchase Preference of Public and Private Oil Company Outlets

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ABSTRACT

The study aims to look at the elements that influence customer purchasing preferences in a few public and private sector oil businesses. The researcher evaluated three major elements, including pricing strategy, retail marketing methods, and customer purchase preference, and how these factors impact consumer purchasing preferences. Data were collected from 720 respondents using convenience and purposive sample strategy and a standardised questionnaire delivered to them. The data was evaluated using the IBM SPSS software, including factor analysis, variance tests, and the t-test. A comparison study of retail marketing practises of oil company outlets in the public and private sectors indicated that pricing strategy, customer preferences, and retail marketing strategy levels vary significantly between the two sectors. These two businesses should use a variety of marketing tactics to attract customers while also considering the outcomes and suggestions for improvements in services and facilities.

Keywords: *pricing strategy, retail marketing strategies and consumer purchase preference*

INTRODUCTION

Retailing is a group of activities that involve selling products and services to different types of clients. The Products and Services are offered in retail shops to Vehicles for personal and industrial usage. *Retailing* is a business activity that involves selling products and services to a large number of clients spread over a vast geographical area. A retailer, sometimes known as a retail store, is identical to any other business whose principal source of income is retailing. Retailing may be classified into numerous sorts.

Many new forms are constantly being developed to fulfil the demands of consumers and businesses. Convenience stores at gas stations have grown fast in recent years, with all firms now adopting a unified look to reflect their commitment to extending their retail operations beyond the distribution of petroleum products. Certain players have even moved their emphasis to their convenience store to accelerate the growth of their business. The introduction of bold ideas such as integrating the stores with well-known fast-food chains, offering complementary businesses, and providing space for online banking machines such as Automated Teller Machines (ATM), Cash Deposit

Machines (CDM), Cheque Deposit Machines (CQDM), and Passbook Updating Machines has accelerated the growth of convenience stores and petrol stations in India. In this line of business, some players are introducing and testing novel concepts, such as establishing megastores, integrating convenience stores with supermarkets and hypermarkets, establishing full-service banking branches at Petrol Stations, and establishing convenience stores with drive-through capabilities.

With the introduction of convenience shopping, fuel merchants could resurrect their fortunes by transforming their stations into forecourt convenience shops or convenience stores linked to petrol or gas station forecourts. Increased trade liberalisation, monetary stability, and a constant flow of commodities have contributed to industries' globalisation during the last decade.

Transportation, communication, and information technology advancements have all contributed. Customers' purchase behaviours at Indian convenience shops attached to Petrol Stations have already been investigated and published. Even though India's retail environment and consumers' buying habits have organically changed and are developing in response to

global trends, there is a need to analyse shoppers' behaviour in the nation. In India, there has been a fast proliferation of new retail formats, and Indian businesses must keep up with changing client behaviours, particularly when it comes to where customers purchase products and services. Customers can now purchase at a greater variety of businesses, owing to increased disposable income and better infrastructure. Therefore, merchants such as convenience store owners must understand clients who live outside of a convenience shop's catchment area to attract new customers.

REVIEW OF LITERATURE

According to Divett et al., (2003), many oil companies' outlays stations would soon become service centres offering a range of facilities such as fuel, vehicle washes, and tyre and battery maintenance. Elizabeth et al., (2012) foresaw a shift in gasoline station ownership from independent full-service stations to company-owned self-service gas stations. This was the argument made by the gas station proprietors to increase customer loyalty while maintaining the same profit. Indian Oil Corporation was the first public sector corporation to implement company-owned outlets to improve service standards at pump sites. At the same time, Shell has lately entered the Indian market with company-owned outlets. Demographic and environmental elements impact the marketing mix in Keller (2001) conceptual model of the fuel or gasoline retail structure in the United States. The model also described an outlet site's demographic, environmental, and marketing mix components. Kumar and Sahay (2004) discovered that while establishing the marketing mix components for fuel and gasoline retailing, demographic and environmental factors must be addressed. Due to increased rivalry in the retailing oil sector, filling stations began to segregate themselves from one another. The concept of forecourt retailing at petrol stations in western markets originated here. The most significant alterations occurred here, as fuelling stations were relocated inside a contextual framework. They were attempting to distinguish themselves in the face of rising competition. A convenience shop concept boosted gasoline sales (Meryl Gardner, 1985).). An obvious relationship can be found in Indian gasoline retail, where the rise of several private firms competing for the largest consumer market would drive the players or fuel corporations to seek to distinguish themselves to prosper. Fuel merchants are under increasing financial pressure. Therefore, they must cultivate loyal consumers while increasing the value of their tickets to those customers at their gas stations. They shift their focus to other avenues of revenue-generating. The goal was to identify new methods to produce money to compensate for the loss of revenue. The issue for gasoline merchants has been to find methods to provide value to their company while remaining profitable in the face of these competitive pressures. Using a forecourt store has proven to be one of the most effective ways. A large number of gas merchants have reduced the danger. Increased facility availability at various places helps offset the risk of fluctuating gas prices. The theme (Robert et al., 1983) According to Martin (2004), convenience shops at gas stations supplied a variety of merchandise to customers.

These consumers were categorised based on their income and occupations. This implies that determining your most regular clients is becoming more vital for gas stations. The buying power of the various client groups who frequent a gas station also influences the product mix. The forms have varied shapes and sizes depending on the operator's location and the kind of site. From this judgment, it is obvious that the convenience shop does not adhere to a single design. Because each unit has limited space, services may take precedence over other products.

Shim et al., (2000) While gasoline stations rose in urban areas; they also increased in rural regions outside city borders. Many Western gas stations have become outdated due to the building of interstate highways and municipal expressways. As a result of the altered traffic patterns, numerous oil corporations were forced to construct new facilities.

Oil firms came to realise how wrong they had been as time passed. As a consequence, consumers at gas stations decreased. The fundamental goal of the service bouquet is to make the customer's visit to the store or outlet as pleasant as possible. Ease of use is essential to keep clients coming back for more.

If you want your clients to be satisfied with your product, you must first understand how it impacts them. Convenience is affected by site size, site design, traffic effects, and parking (Steelee, 1966).

The factors are not restricted to those listed above; the aspects vary depending on the

location and market in which the company operates. It is possible to discover both urban and suburban retail gasoline firms depending on the shop's location. Customers act significantly different in these two sorts of firms. Marketing methods must also be tailored to the unique business context marketer's encounter. Because the goals are the same, there are no fundamental distinctions between traditional and Highway markets. It is distinct since the goals need innovative approaches to be employed. In the 1960s, author William Beaton created the fake pseudonym interstate and highway travellers have five fundamental needs: fuel, rest stations, food, entertainment, and a place to spend the night. Marketers vary on the precise sequence in which these demands must be met to eliminate power problems; however, fuel remains a significant consideration. Novelist William Beaton created the imaginary character (Srinivasan, 2015). New factors are causing a rapid increase in retail gas stations along roads; because of increased competition and changing travel patterns, oil firms must address drivers' demands in a particular location to stay competitive. Yoon and Tran T.V.(2011), well known for its historical literature, is one of the world's most prominent publishing firms. Retail gas stations located on highways rather than in cities are assessed using the same criteria as those located in cities; this is only conceivable since the creation of the shop was motivated more by the goal to maximise profits than by the desire to delight consumers. The location of a service station does not guarantee the station's quality. The qualities of the site and location are evaluated to determine how a certain gas station should work in a given situation (Srinivasan, 2015). In his work "SERVEUAL: a multi-item scale for gauging customer perception of service quality," Parasuraman et al., (1988), even though high-quality services might give a common agenda for evaluating retail elements and qualities for attracting customers. According to Steelee, (1966) research "Strategic Brand Management: Building, Measuring, and Managing Brand Equity," brand awareness influences purchasing decisions and loyalty via brand association, and when a product has a favourable brand image, it aids marketing efforts.

RATIONALIZATION OF THE STUDY

For most of the last decade, the retail part of the oil business has shown to be one of the more robust areas of the industry. Retailers that have been in the market for a long time will have an advantage over new entrants since they are familiar with the pulse of their customers. The success of every shop, big or small, is dependent on the ability to overcome obstacles such as high prices, parking facilities and a diverse selection of items offered, among other things. Product price, quality, discounts, and the supplier's pleasant attitude are the most important variables attracting customers to retail establishments. The size of the storage space seems to be of minor relevance. Service and marketing are the most important methods for unorganized players to use. Hence, the current study looks at the retail marketing tactics of public and private sector oil company outlets.

RESEARCH GAP

The petroleum industry is now dominated by public sector corporations such as Indian Oil Corporation Limited (IOCL), Bharat Petroleum Corporation Limited (BPCL), and Hindustan Petroleum Corporation Limited (HPCL), as well as private sector enterprises such as Reliance India Limited (RIL), Shell, and ESSAR.

Both the public and private sectors provide a wide range of services to differentiate themselves from one another, gain a more competitive market position, and promote client loyalty. Customers pick the HPCL retail shop over the other five firms that provide petrol, diesel, and other services. Marketing research and literature on the retail marketing techniques of public and private oil sector firms were scarce in the section on marketing research and literature. Therefore, the researcher was obligated to do more study to comprehend and compare the retail marketing practices of oil company outlets in both the public and private sectors in Telanagna state and Maharashtra and how happy they are with this outlet in general.

OBJECTIVES OF THE STUDY

The main objectives of the research are as follows:

To evaluate the retail marketing practices on the consumer buying satisfaction in oil Companies.

To measure the sales promotion activities of retail outlet and its impact on retailing.

Hypotheses of the Study

Following are the Null hypothesis of the study
- H01: There is no significant influence of retail marketing practices on consumer buying

preference in Select Public and Private Sector Oil Companies.

- H02: There is no significant Impact of pricing strategies on consumer buying preference in Select Public and Private Sector Oil Companies.

METHODS

The research aims to examine the factors impact on retail marketing practices of oil companies on consumer preferences. The researchers used the quantitative approach method to examine the proposed hypotheses. The study sample was collected by employing a convenience and purposive sampling approach to acquire primary data; the instrument is divided into two parts: the first portion is concerned with the demographic features of the respondents, and the second half is concerned major three factors with 26 items, which measures the proposed hypotheses. Thirteen items were used to examine the retail marketing practices;

similarly, five items scales were used to measure the pricing strategies, consumer buying preference and satisfaction regarding retail marketing practices of the Oil Company. The information was gathered via the use of a self-administered questionnaire. A total of 1000 questionnaires were sent, and after screening the partial replies, only 720 questionnaires were judged suitable for further study out of the 720 questionnaires received. The respondents were divided into groups based on various demographic criteria such as gender, age, education, and profession. A convenience sample strategy was employed to collect the data for this investigation. The research covers only the city of Telangana and Maharashtra, and the sample unit is drawn from the many branches of Indian oil companies located in the designated region. For the final study, an Analysis of Variance test and t-test were performed together.

RESULTS

Table1. *Reliability Statistics*

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.825	.801	23

Table2. *Respondents profile*

Age		
Respondents profile	**No of Responses**	**Percentage**
Below 20 Years	84	11.7
21-30 Years	310	43.1
31-40 Years	166	23.1
41-50 years	128	17.8
51 and above	32	4.4
Gender		
Male	425	59.0
Female	295	41.0
Education		
Below SSC	127	17.6
intermediate	114	15.8
Degree	174	24.2
Post Graduation	202	28.1
Above Post Graduation	103	14.3
Occupation		
govt employee	185	25.7
private employee	222	30.8
business	104	14.4
Professional	83	11.5
Others	126	17.5
Income For Month (In Rupees)		
Below 35,000	72	10.0
35,001 - 45,000	135	18.8
45,001- 55,000	296	41.1
55,001 - 65,000	149	20.7
65,001 and above	68	9.4
Total	720	100.0

EXPLORATORY FACTOR ANALYSIS

KMO and Bartlett's Test

The KMO and Bartlett's test are used to determine the sampling adequacy of a given population. Known as the Kaiser-Meyer-Olkin Measure of Sampling Adequacy, it is a statistic that indicates the amount of variation in a variable that might be explained by the underlying component. High scores (near to 1.0) are often indicative of the possibility that factor analysis may be beneficial in the given data. It is likely that the findings of the factor analysis will be inapplicable if the value is less than 0.70. The KMO value for the instrument was 0.881 (Table 3), which is considered to be an acceptable and excellent value for the instrument.

Table3. *Total Variance Explained*

Components	Rotation sum of Squared Loading		
	Total	% of Variance	Cumulative %
1	6.571	15.282	15.282
2	2.848	6.623	21.904
3	2.758	6.413	28.318
4	2.630	6.115	34.433
5	2.308	5.368	39.801
6	2.156	5.014	44.815
7	2.071	4.815	49.631
8	1.880	4.372	54.003
9	1.783	4.147	58.150
10	1.655	3.848	61.998
11	1.534	3.568	65.565
12	1.334	3.102	68.668
13	1.018	2.367	71.035
KMO and Bartlett's Test			
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.			.881
Bartlett's Test of Sphericity	Approx. Chi-Square		14109.439
	df		903
	Sig.		.000

The above table shows the result of extracted genuine factors. First Factor explains the variance in the dependent variable to an extant 6.571, followed by 2nd, 3rd, 4th, 5th and 13th factors with 2.848, 2.758, 2.630, 2.308 and 1.018 respectively. 13th factor are explaining the cumulative variance in the Dependent variable to an extant of 71.035%. The same is expressed in the Scree plot.
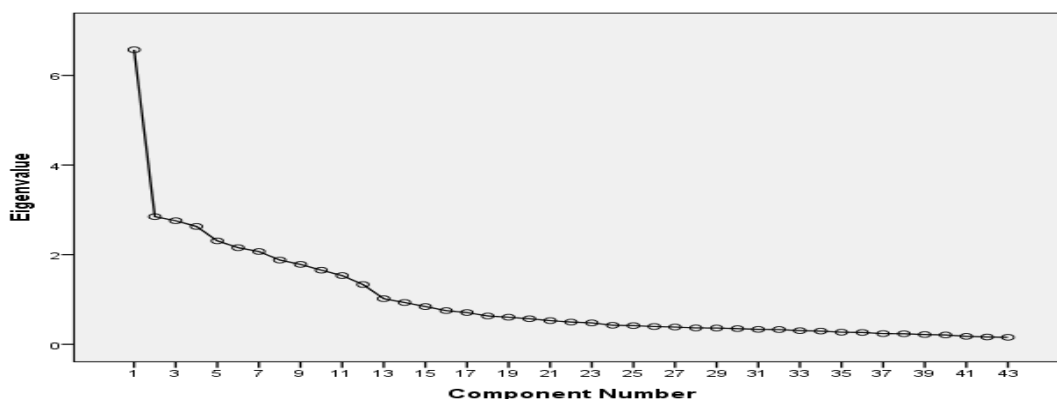

FIGURE1. *Scree plot*

H01

There is no significant influence of retail marketing practices on consumer buying preference in Select Public and Private Sector Oil Companies.

Table4. *Results of ANOVA*

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	103.485	318	.325	1.297	.007

Within Groups	100.583	401	.251		
Total	204.069	719			

The table shows the performance of the ANOVA study on influence of retail marketing practices on consumer buying preference in Select Public and Private Sector Oil Companies. The study results illustrated that 103.485 is the between-group variation and 100.583 is the within-group variation. It also reveals that F-distribution 1.297. Followed by the level of significance is .007, which is less than 0.05.

Thus, there is a significant influence of retail marketing practices on consumer buying preference in Select Public and Private Sector Oil Companies.

Ho2

There is no significant Impact of pricing strategies on consumer buying preference in Select Public and Private Sector Oil Companies.

Table5. *Results of ANOVA*

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	5.080	18	.282	.994	.004
Within Groups	198.989	701	.284		
Total	204.069	719			

The table demonstrates the performance of the ANOVA study on Impact of pricing strategies on consumer buying preference in Select Public and Private Sector Oil Companies. The study results illustrated that 5.080 is the between-group variation and 198.989 is the within-group variation. It also reveals that F-distribution .994. Followed by the level of significance is .004, which is less than 0.05. Thus, there is a

significant impact of pricing strategies on consumer buying preference in Select Public and Private Sector Oil Companies.

Ho3

There is no significant mean difference in pricing strategy, retail marketing strategies, and consumer purchase preference across the Select public and private Oil Companies.

Table6. *Results of t-Test*

Variables	Levene's Test for Equality of Variances		t-test for equality of means		
	F	Sig.	t	df	Sig. (2-tailed)
Pricing strategy	.078	.020	.320	718	.749
Retail Marketing strategies	.030	.015	.233	718	.816
Consumer purchase preference	.260	.010	.115	718	.988

Concerning the above table, the results of the independent t- test reveals that pricing strategies of t-value (.320) was a statistically significant at the 5 percent significance level. The Significance level and the p-value (.020) is less than 0.05 (p<0.05). Therefore, the pricing strategies factors showed a significant mean difference across the Select public and private Oil Companies. Likewise, the results of the independent t- test reveal that retail marketing practices of t-value (.233) was a statistically significant at the 5 percent significance level. The Significance level and the p-value (.015) is less than 0.05 (p<0.05). Therefore, the retail marketing practices factors showed a significant mean difference across the Select public and private Oil Companies. Similarly, the results of the independent t- test reveal that consumer purchase preference of t-value (.115) was a statistically significant at the 5 percent significance level. The Significance level and

the p-value (.011) is less than 0.05 (p<0.05). Therefore, the consumer purchase preference factors showed a significant mean difference across the Select public and private Oil Companies.

CONCLUSIONS

The vast majority of individuals in today's society rely on automobiles to transfer their things from one location to another for various reasons. Public and private oil companies are creating several efforts to pique the public's interest while also meeting the public's expectations on fuel usage. Consequently, there is more fierce rivalry among petroleum enterprises than ever before to retain customers and establish themselves as industry leaders. The result was research done among two-wheelers, three-wheelers, and four-wheelers in Telangana and Maharashtra to evaluate consumer preference and satisfaction with retail

marketing tactics of oil company's outlets. Comparative research of retail marketing practises of oil company outlets in the public and private sectors indicated that pricing strategy, customer preferences, and Retail Marketing tactics all have a role. The two sectors' levels diverged significantly. These two businesses should use a variety of marketing tactics to attract customers while also considering the outcomes and suggestions for improvements in services and facilities.

SUGGESTIONS

- The study revealed that customer preferences are mostly the facilities available and services at the retail outlets and pricing decisions impact is not much for fuel usage. Therefore, a clear-cut review of services and augment facilities in the retail outlets time to time to keep the customers always "Look & Feel".

- To retain consumers' oil companies to offer benefits through structured loyalty program to face the competition amongst them. Therefore, strategies must be created focusing on requirement of consumers.

- Strategize the benchmarking of standardization of retail outlets and dissemination of best practices through healthy competition amongst Oil Companies.

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