Impact of Customer Satisfaction on the Growth of Indian Petroleum Companies

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ABSTRACT

Association between customer satisfaction and performance of a company is one of the most central relationships for marketing theory and practices. In the present competitive marketing environment prevailing in Indian petroleum sector, to find out the percentage of impact of customer satisfaction on performance, business houses are investing heavily in research as the significance of this variable has become of immense importance for the survival and growth of petroleum business of Indian petroleum companies.

It is well known that most of the customers are never satisfied by virtue of their nature. Always there lies a gap between such customer's ever-increasing expectation and deliverables by a business house. Customers need to be made satisfied every time by surpassing their expectation by the business houses. Though it is a herculean task for any business house to keep their customer satisfied always to ensure repurchase and recommendation by them but needs to be done to ensure business growth. This is true for every business sector with Indian petroleum sector being no exception in today's competitive condition.

Introduction

Since independence, till Indo-China war in 1962, petroleum business in India was controlled by only a few multinational petroleum companies. During Indo-China war in 1962, Indian government felt deprived of consistent supply of petroleum products at the desired location at desired time. This deprivation by multi national petroleum companies compelled Indian government to find an alternative for country's energy security. This resulted in driving out foreign petroleum companies from Indian soil & creation of government owned petroleum companies in India. In the year 1964 nationalization of petroleum companies and formation of new government owned petroleum companies was undertaken. Indian government opened up economy in almost every sector of business barring a few in 1991 like petroleum sector. India perennially had been a petroleum deficit country. Petroleum demand of the country was met mostly by import all along. Over a period of time, with increase in domestic demand of petroleum products coupled with appreciation of USD ($), deficit of crude import bill and subsidy payments by GOI to petroleum companies started skyrocketing.
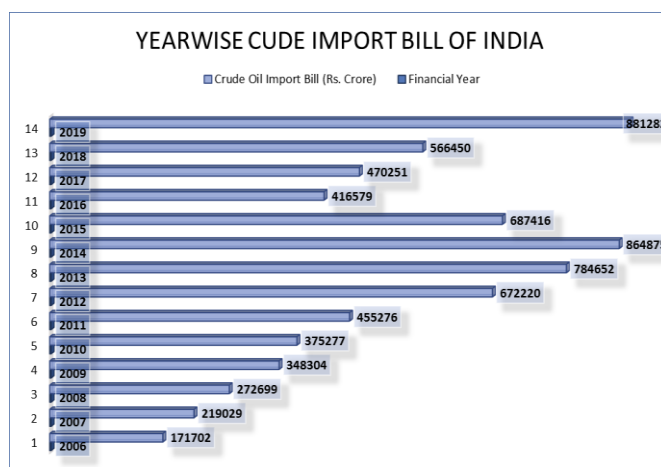
Such rising import bill resulted in phase wise decontrol of petroleum business and allowing free trade and private participation in petroleum business in India by GOI. Thus competition in petroleum products marketing started in Indian soil.

Typicalities of Petroleum Product Marketing:

In any consumable market, product of all the business houses can be differentiated from that of their competitor's w.r.t. it's attributes, features, price, design, taste etc. Based on these features marketing strategies are finalized and implemented either highlighting one feature or combination thereof.

In case of petroleum products, following are the peculiarities:

• Product quality is same for all the competitors

• Price of product is the same for all the competitors in a locality

•Quantity delivered to customer is exactly the same for all the competitors across the country.

Hence, there is no distinctive advantage for any marketing company w.r.t. product quality, price and quantity offered in petroleum marketing scenario in India. Customers are free to buy from any of the competitor's outlet without thinking twice on quality, quantity and price in a locality.

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

Thus, in case of petroleum product marketing in India, customer satisfaction (despite being an intangible factor) has a palpable impact on business growth of Indian petroleum companies.

In this paper we analyze the impact of customer satisfaction on the growth of Indian petroleum companies.

Review of Literature

Citation Cao, Y., Ajjan, H. and Hong, P. (2018), in their published journal titled "Post-purchase shipping and customer service experiences in online shopping and their impact on customer satisfaction: An empirical study with comparison", explained that Customer satisfaction is the most significant factor among all the business factors. Post-purchase experience by customer contributes to customer satisfaction and explores the influence of customer satisfaction on future purchase intention.

Oh, H. and Kim, K. (2017) in their published journal "Customer satisfaction, service quality, and customer value: years 2000-2015", expressed that "While research on these topics has grown constantly during the period in the hospitality and tourism field, it has declined in the general business discipline over the same period. Hospitality and tourism research relied heavily on cross-sectional data through a survey approach, whereas business studies used experimental designs more frequently. Research on CS has sustained both interest and productivity, but research on SQ and CV has dwindled over time. Another notable finding is that most studies are not grounded in strong theories, although CS studies tended to be more theory-embedded."

Daekook Kang & YongtaePark (2014), in their published article titled "Review-based measurement of customer satisfaction in mobile service - Sentiment analysis and VIKOR approach" mentioned that "Customer satisfaction can be accurately measured by a sentiment-analysis scheme that simultaneously considers maximum group utility and individual regret".

Matthew Tucker, Michael Pitt (2010) in their published article "Improving service provision through better management and measurement of customer satisfaction in facilities management" highlighted that "Customer performance measurement is the process of capturing, measuring and improving the satisfaction level of customers".

Faullant R., Matzler K. & Fuller J. (2008, 21st March) in their published international journal titled "Managing

Service Quality" elaborated that Customer satisfaction is seen to be one of the main determinants of loyalty. However, the relationship between customer satisfaction and loyalty does not seem to be linear, many researchers have reported doubts about the predictability of loyalty solely due to customer satisfaction ratings which ignore image as predictor of loyalty. Besides measuring customer satisfaction, managers must assess also image ratings in order to get a realistic view of the loyalty intentions of their customer base. The scores can then be mapped together with the similar ratings of the competitors which can serve as a benchmark study.

Gray B. & Boshoff C. (2004, 1st December) in their published article titled "The relationships between service quality, customer satisfaction and buying intentions in the private hospital industry" concluded satisfaction into two general conceptualization, transaction-specific satisfaction and cumulative satisfaction. Transaction-specific satisfaction is a customer's evaluation of his or her experience and reactions to a particular service encounter. Cumulative satisfaction refers to the customer's overall evaluation of the consumption experience. Repeated transaction specific satisfaction increases overall cumulative satisfaction of customer.

Youjae Y.I. & Suna L.A. (2004, 29th March) in their article titled "What influences the relationship between customer satisfaction and repurchase intention?" detailed that adjusted expectations can mediate the effect of Customer Satisfaction (CS) on Repurchase Intention (RPI). They also mentioned that processes underlying the CS–RPI link are different between low- loyalty and high- loyalty customers. Specifically, the transient route, which reflects the indirect path from CS to RPI via adjusted expectations, has a greater impact for non-loyal customer than for loyal customer. On the other hand, the chronic route, which represents the direct path from CS to RPI, has a greater impact for loyal customer than for non-loyal customer. CS is found to have no direct influence on RPI for low- loyalty customers.

Michael K. Brady & Christopher J Robertson (2001, 1st January) explored in their published article titled "Searching for a consensus on the antecedent role of service quality and satisfaction: an exploratory cross-national study" the relationship between service quality and satisfaction and their effects on behavioral intentions of customer. Antecedent role of service quality and satisfaction in the development of service customers' behavioral intentions. They concluded that the effect of service quality on behavioral intentions is mediated by a consumer's level of satisfaction and that this relationship is consistent across cultures.

Quitty S. MC, Finn A. & Wiley J.B. (2000) stated in their article titled "Systematically Varying Consumer Satisfaction and its Implications for Product Choice" published in Academy of marketing science Review Volm-10 in the year 2000 that the expectations-disconfirmation paradigm provides the most popular explanation of customer satisfaction. However, and as is occasionally noted, if a customer experiences disconfirmation after consuming a product, future expectations regarding the product should be revised toward the performance perceived by the customer. If expectations do not change in the face of disconfirmation,

the implication would be that the customer did not learn from their consumption experience.

Atkinson A. (1988, 1st August) in his article titled "Answering the Eternal Question: What Does the Customer Want?" narrated that few attributes of an establishment dealing with customer like cleanliness, security, perceived value for money spent and courtesy of staff mostly determines customer satisfaction.

Marit G. Gundersen, Morten H. and Uff H. Olsson (1996, 1st April) explained in their published research article titled "Hotel Guest Satisfaction among Business Travelers: What Are the Important Factors?" that much of the guest-satisfaction literature focuses on the mechanisms of error reduction and quality management rather than concentrating on reducing errors in all areas. The important matter in customer satisfaction is to determine the attributes that guests consider important and focus on those attributes. Customer satisfaction can be defined as a guest's post consumption judgment of a product or service that can, in turn, be measured by assessing guests' evaluation of performance on specific attributes.

Research Methodology

Methodology: Primary & Secondary data has been collected for an analytical study to understand the impact of customer satisfaction on performance of Indian petroleum companies.

Sample Design: Total sample size of 56 respondents was drawn from different age group, demography & economic strata of customer spread across the country.

Tools & Techniques of Analysis: Statistical tools like Likert scale analysis have been used to test the association between the variables and arriving at the impact.

Research Design: Both descriptive & exploratory research design have been taken into consideration by the researcher to find out the deep insight of the impact of customer satisfaction on the performance of Indian petroleum companies.

Objective of Study

The specific objective of the proposed research study is to identify various performance specific variables of customer satisfaction for Indian petroleum companies in the present competitive marketing scenario.

Analysis of Data

To collect secondary data, responses from 56 nos of respondents from different age group, demography & economic strata spread across the country were under taken.

Secondary data was collected from:

a)   Petroleum Marketing Companies – 05
b)   Regions – 04 (Northern, Eastern, Western & Southern)
c)   Petroleum Retailers – 56
d)   Male Customer – 31
e)   Female Customer – 25

f)   Age Group – Responses of customer of 18 to more than 60 yrs were clubbed into 5 age groups

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

Region	Number of Respondents	Percentage
Northern Region	15	27
Eastern Region	12	21
Western Region	18	32
Southern Region	11	20
Total	**56**	**100**

Interpretation of Table 1:

Out of total 56nos of respondents, 15nos (27%), 12nos (21%), 18nos (32%) & 11nos (20%) of responses have been collected from Northern, Eastern, Western & Southern region respectively. It can be concluded that reasonably uniform percentage of opinion pool could be collected by the researcher from all over the country for the research which can be considered as a proper representative sample.
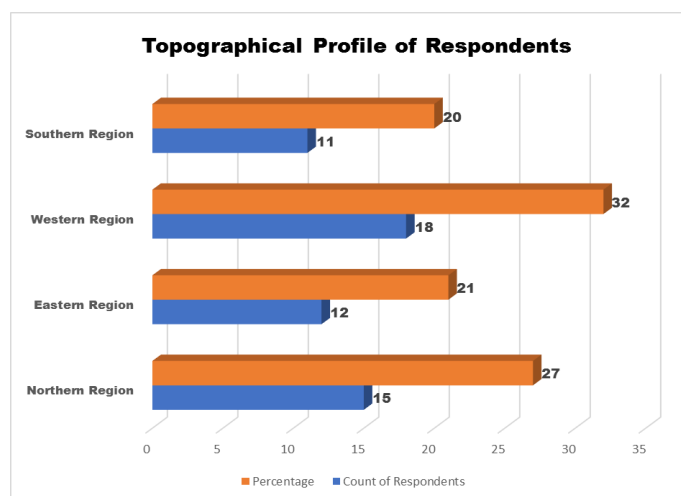

Figure1: Topographical profile of respondents

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

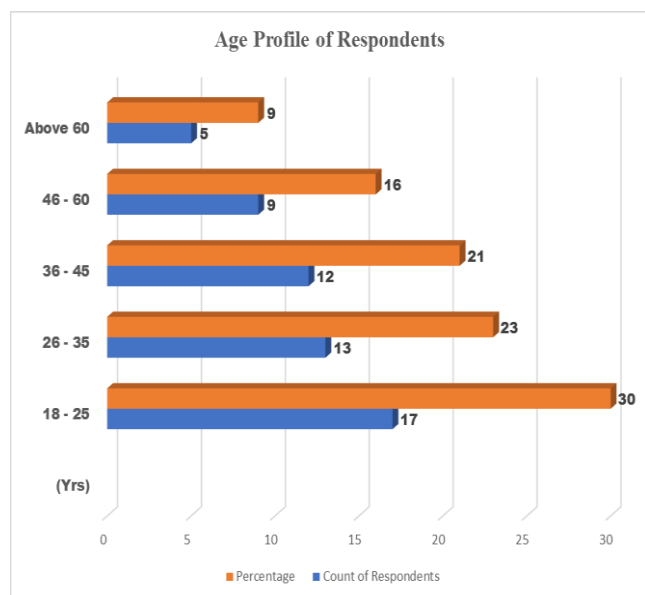| Age Group (yrs.)	Count of Respondents	Percentage
18 - 25	17	30
26 - 35	13	23
36 - 45	12	21
46 - 60	9	16
Above 60	5	9
Total	56	100

Figure 2: Grouping of respondents w.r.t. age

Interpretation of Table 2:

Out of 56 respondents, there were 17 nos of from age group of 18-25 years, 13 nos of age group of 26-35 years, 12 nos of age group 36-45 years, 9 nos of age group 46-60 years & 5 nos of age group above 60 yrs. Respondents from all age groups have been considered to have an estimate on effect of age of customer on buying pattern and preferences on attributes.

Table 3: In order to identify the preferences assigned by customer of different age groups on attributes available at fuel stations:

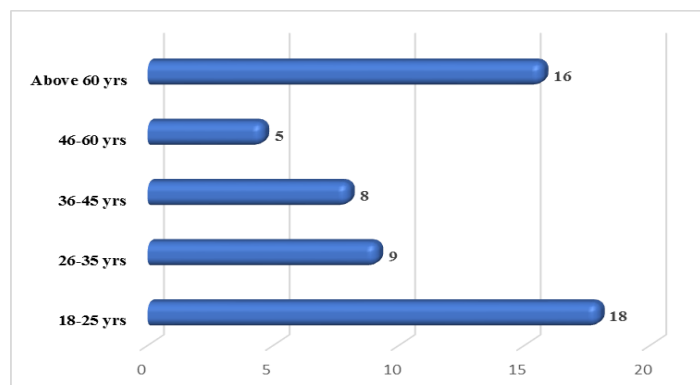| Age Group of Customer	Cleanliness	Overall Appearance	Fuel Quality	Quantity Delivered	Clean Toilet	Free Air Facility	Tim...		
18-25	18	16	8	4	4	16			
26-35	9	14	9	7	9	17			
36-45	9	11	11	11	14	11			
46-60	5	8	14	16	11	7			
Above 60	16	8	14	19	18	5			
Total	56	56	56	56	56	56			

Figure 3: Preference assigned by customer of different age groups on cleanliness at fuel station
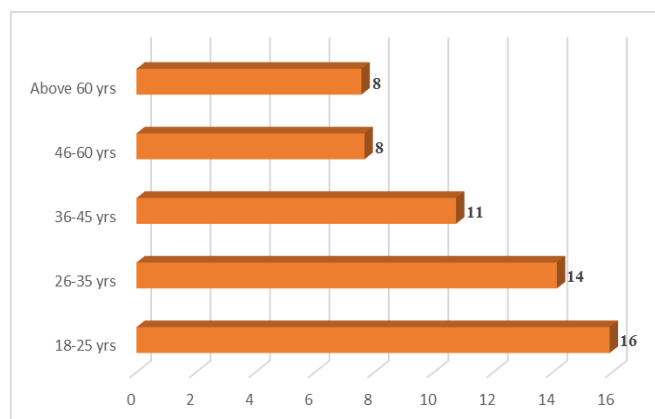

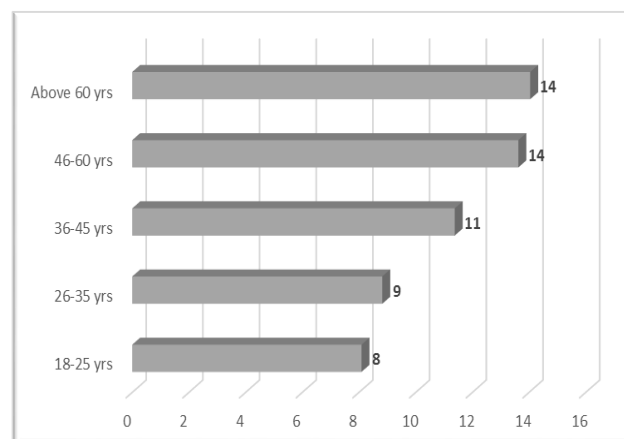**Figure 4:** Preference assigned by customer of different age groups on overall appearance of fuel station

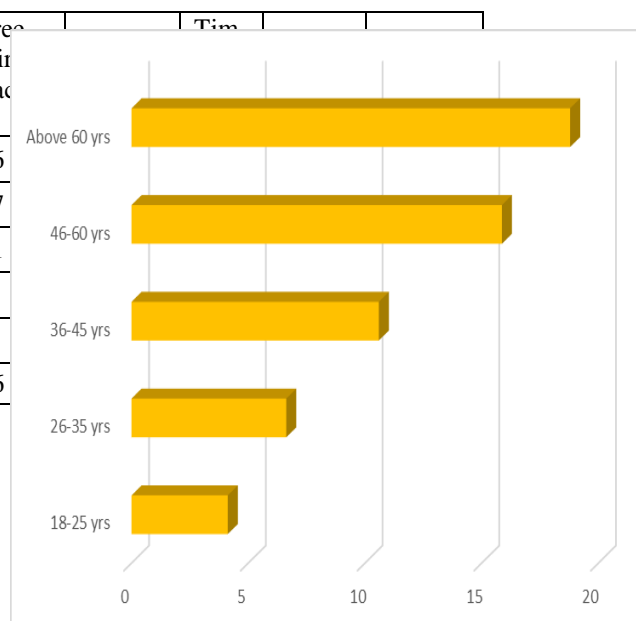**Figure 5:** Preference assigned by customer of different age groups quality of fuel delivered

Figure 6: Preference assigned by customer of different age groups on quantity delivered
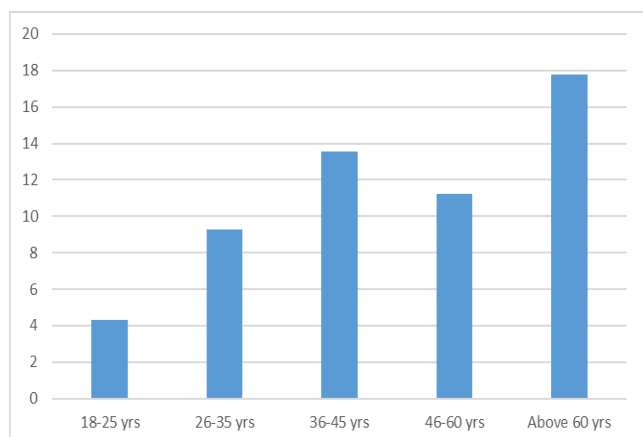
Figure 7: Preference assigned by customer of different age groups on availability of clean toilet at fuel station
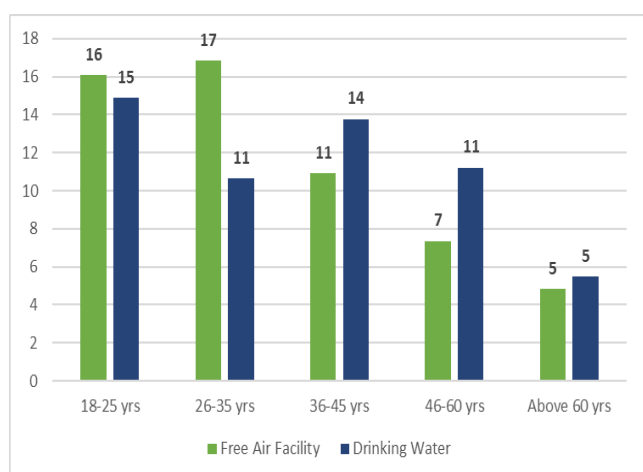

Figure 8: Preference assigned by customer of different age groups on availability of free air & drinking water facility at fuel station
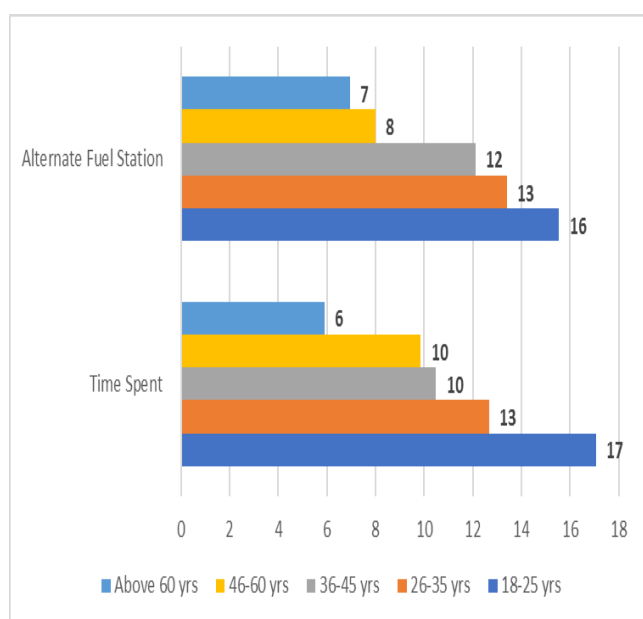

Figure 9: Preference assigned by customer of different age groups on availability of alternate fuel station around & time spent for purchase at fuel station
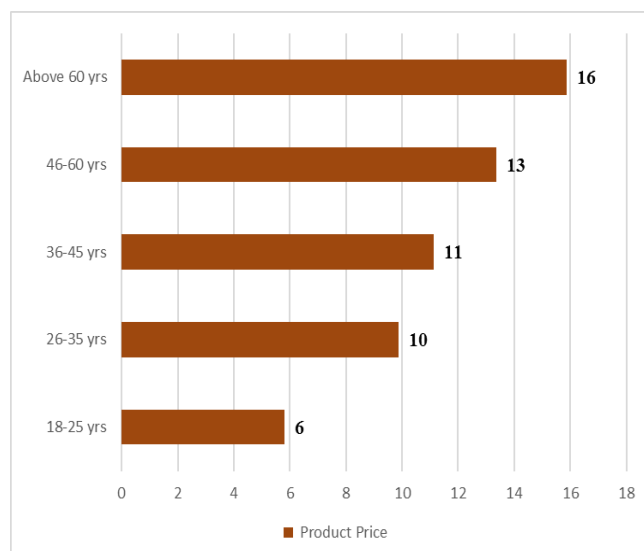

Figure 10: Preference assigned by customer of different age groups on price of product

Interpretation of Table 3:

Analysis of responses so collected during research and figures mentioned above reveals that younger customers up to 35yrs of age (i.e. both age groups of 18-25yrs and 26-35yrs clubbed together) exhibit similar preferences on attributes and buying behavior. They are more concern on peripheral attributes like cleanliness, appearance of fuel station, time spent on fueling, availability of free biz like free air, clean drinking water facility and also alternate fuel station around. Customer of this age groups are less concern on attributes of the product they purchase like price, quantity delivered and quality of fuel. Thus it can be infer here that with younger customer, fuel buying intention is positively impacted by peripheral attributes than the attributes of the product. Analysis also reveals that with increase in age group of customer, there is a clear shift of preferences on attributes. Trend analysis shows that matured customer of age group of 36 and above during purchase of fuel offers more weightage to fulfilment of their needs than peripheral attributes. This customer group offers more preference on attributes of the product like quality of fuel, price of fuel, quantity delivered & some to availability of clean toilet facility as well.

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

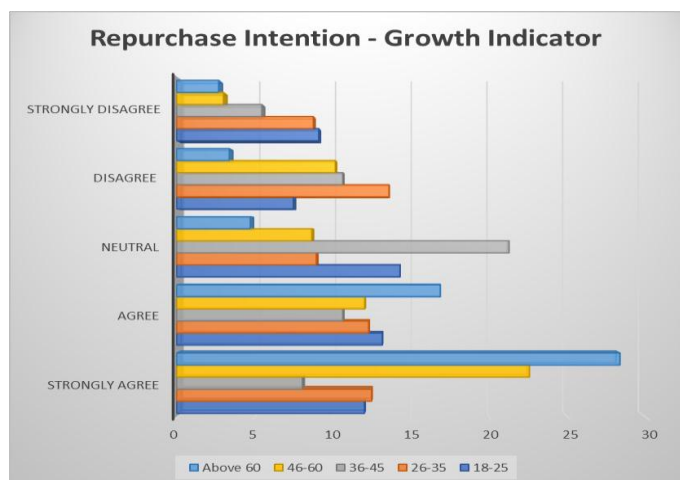| Age	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
18-25	12	13	14	7	9	56
26-35	12	12	9	14	9	56
36-45	8	11	21	11	5	56
46-60	23	12	9	10	3	56
Above 60	28	17	5	3	3	56

Figure 11: Repurchase intention and recommendation –
growth of petroleum company

Interpretation of Table 4:
Repurchase by existing customer and positive recommendation by them ensures market goodwill of the petroleum company and also ensures growth of business in times to come. Analysis of secondary data reveals that with increase in age of the satisfied customer, intention for repurchase and possibility of recommendation increases thereby positive growth of the petroleum company can be ensured. Younger customers are the inconsistent and fragile group. Their repurchase decision of fuel keeps fluctuating based on offering of freebies by the company / retail station.

Findings & Conclusion

1.   Availability of many choices affects performance of an individual Indian petroleum company:
Indian customer today has plenty of choices before them in selecting the petrol station or petroleum company they want to buy products from. More is the alternatives available more is the competition among the petroleum companies in attracting customer. Moreover, petroleum products sold by all the oil companies in India being exactly the same in it's attributes and price, it becomes all the more difficult for a company to attract it's customer. In such a competitive marketing environment, keeping customer hooked to fuel station of one company, ensuring word of mouth publicity and also ensuring business growth, calls for excessive focus on new marketing variable called "Customer Satisfaction".
2. Customer desires value for their money spent:
Customer who spent their hard-earned money to buy fuels, always expect to get the value for their money spent. Unlike other consumable products, petroleum products cannot be touched and felt. Fuel meter display of vehicle apparently indicates the quantity purchased. In absence of touch and feel factor, quality and quantity of fuel is judged by customer apparently on the basis of kilometer travelled till next refueling. There are many other factors which affect mileage, like vehicle condition, ambient temperature, fuel quantity available in the tank, road traffic condition, driving style, consumption pattern etc. Thus, assessment by customer of the quality of fuel, quantity purchased and value for money spent is empirical and variable in nature. In such a complicated environment with the involvement of so many

qualitative variables, to ensure that customer always perceive to have got the value for their money spent, ensuring customer satisfaction at every stage is a must for all Indian petroleum companies.
3.   Performance specific variables of customer satisfaction:
Research finds that customer satisfaction depends on many qualitative and quantitative variables. Controlling quantitative variables are relatively easy compared to qualitative variables. All these variables impact performance of the petroleum company either directly or indirectly. This research to find out performance specific variables of customer satisfaction reveals that following variables of customer satisfaction have major impact on the performance of the petroleum company:
i)   Age group of customers
ii)   Their social strata
iii)   Topography - the customer belongs to
iv)   Affordability
v)   Product quality
vi)   Price of the product
vii)   Correctness of quantity delivered
viii)Various facilities offered by fuel stations
ix)   Availability of cheaper and/or alternative fuel
4.   Augmentation of customer satisfaction for better performance of Indian petroleum companies:
Research reveals that to win over competition from multinational petroleum companies and to ensure business growth, Indian petroleum companies have to keep their customers always satisfied. To make this happen, at least the companies must take the following immediate steps:
i)   Create customer database
ii)   Categorize customer w.r.t. different performance specific variables,
iii)   Perform customer's need analysis,
iv)   Study buying patterns of different group of customers
v)   Analyze preference assigned by customer on different attributes available at fuel stations
vi)   Identify attributes of fuel station preferred by majority of customers
vii)   Ensure availability of preferred attributes at desired fuel stations of the company across the country
Such corrective action by Indian Petroleum Company shall ensure repurchase, positive recommendation and hence shall have a positive impact on growth of the petroleum company.

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