

# Factors for Successful Lubricant Brand: A Study of Positioning Strategies in Indian Lubricant Market

Dr. Gautam Srivastava\* & Dr. Sandhya Rai\*\*

---

## ABSTRACT

*Brand Positioning as the act of designing the company's offer so that it occupies a distinct and valued place in the mind of the target customers. Brand Positioning is the process of promoting buyers to form a particular mental impression of our product relative to our competitors. Brand Positioning is a 'part of brand identity and value proposition that is to be actively communicated to the target audience, and that demonstrates an advantage over competing brands. A brand could develop distinction in a chosen field by developing associations related to product performance. It focuses on the brand's delivery on the functionality expected by customers. The brand could develop associations on the intrinsic product dimensions like durability, reliability, price, style or service. This research paper focuses on the need of brand positioning of automotive lubricant in Indian market. This study represents an approach of factor analysis to determine the effect of brand positioning of lubricant on consumer perception. An empirical study has been conducted in Delhi region to find out the perceptions of consumers towards the automotive lubricants. Survey has been conducted with the help of structured questionnaire to determine the different attributes responsible for brand positioning lubricant oil. Factor analysis has been done to reduce the number of factors and identifying only the important factors for brand positioning of*

*automotive lubricant for four wheeler segments. Further, reliability test has been conducted to test the reliability of the important factors.*

**Keywords:** PSUs, Perception, Reliability, Brand Positioning.

## INTRODUCTION

The demand of lubricant in India is, third largest in the world after USA and China. In the decade of 1990s the Indian lubricant market was dominated by PSUs (IOCL, BPCL and HPCL). India produce around 8 to 10 percent of the total global lubricant production. The demand of lubricant in India is around 9.6% of the total global lubricant demand. The Indian lubricant market changed after 1992 when liberalization took place. After liberalization too many private lubricant manufacturers enter into the Indian market. Later on Indian government dismantled the administered pricing mechanism and free pricing policy was allowed in the Indian lubricant market. The deregulation policy of Indian government encouraged so many foreign lubricant manufacturers expand their business in India. Entry of multinational companies imposed too much competition between PSUs and Private players which benefitted the end consumers. Lubricant oil is very essential for automobile sector. Indian Oil *SERVO* continues to be the dominant player in the Indian lubricant sector backed by cutting edge product development, high

---

\* Assistant Professor, GL Bajaj Institute of Technology and Management, Greater Noida, U.P., India

\*\* Associate Professor, IILM Graduate School of Management, Greater Noida, U.P., India

quality customization and extensive blending and distribution network. Mak lubricant of Bharat Petroleum offers a full range of Automotive Engine Oils, Gear Oils, Transmission oils, Specialty Oils and Greases. HP Lubes is an integral part of Hindustan Petroleum Corporation Limited, one of India's frontline oil majors, committed to providing energy and fueling growth in every significant area of development.

Before the liberalization of the Indian economy, the public sector oil companies dominated the Indian lubricant industry with a market share of 90 per cent. The lubricants produced were simple blends based on low and medium level technologies. More sophisticated lubricants were imported and these accounted for a relatively small market share.

There are total 1380 lubricant manufacturer world wide. Earlier the percentage share of lubricant was very less for oil companies. But now a day's lubricant business play a crucial role for oil companies to increase their profits. Out of 1380 around 180 oil companies are manufacturing lubricants. These independent lubricants manufacturer generally purchase the raw materials from the open market. The lubricant manufacturer spent a very small amount of money on their research and development.

## LITERATURE REVIEW

As per **Verma Pooja (2003)** there is a wide scope for new private players in Indian lubricant oil market. He find out that India is the third largest lubricant market in the world. According to him the Indian lubricant market is growing at the rate of 8 to 10 percent annually. There are so many private oil companies in the Indian market but they are not manufacturing lubricant oil so there is too much scope for them to grab the opportunity.

According to **Mitra Surajit (2006)** Indian lubricant market is increasing due to increase in income level of Indian middle class. Due to the growth of Indian middle class the purchasing power of middle class is increasing which enhance the sales volume of automobile sector. The increase in sales volume of automobile sector will increase the sales volume of lubricant oil.

**Mang T, Dresel W (2007)** said that only few oil companies are manufacturing lubricant oil.

According to him there are worldwide 1380 lubricants manufacturer ranging from large to

small are today. Out of which only around 180 companies are manufacturing the lubricant oil. On one hand there are vertically-integrated petroleum companies whose main business objective is the discovery, extraction and refining of crude oil. Lubricants account for only a very small part of their oil business. At present, there are about 180 such national and multinational oil companies engaged in manufacturing lubricants.

As per **Kline Blog (2011)** Indian commercial automotive segment represent more than half percent of India's total lubricant market. India's Market Analysis focuses on key trends, developments, challenges, business opportunities and threats and competitive positioning amongst the MNC suppliers, and other local independents the Indian lubricants market. Total demand for finished lubricants in India is estimated at over 1,400 kilotonnes in 2009. The commercial automotive segment represents about 53% of the total lubricants market, followed by the industrial segment at 34% and the consumer automotive segment at 13%. According to **Frost and Sullivan (2010)** India is the sixth largest lubricant market in the world so there is a wide scope for private players in Indian lubricant market. The Indian automotive lubricants market is largely price sensitive and volume growth is stagnating due to longer lasting lubricants. There are overall 22 big and small lubricants manufacturer in India but only a big companies are enjoying the market share. Companies are more focusing on customer centric approach where they are likely to focus on creating brand awareness through print and visual media. The retail trade are a major marketing channel in the Indian automotive lubricant. Petrol pumps form a major distribution channel in retail trade, however sales of lubricants through retail outlets has transformed the Indian automotive lubricants market into a fast moving consumer goods (FMCG) sector. The other marketing channels are authorized service stations, garages, rural and agricultural dealers, super markets, and wholesale distributors. **Niladri B.Syamand Benedict & G.C. Dellaert (2002)** said that quality of services is one of the most important factors in brand positioning. Producers' are committed to provide surplus value to the customers at least possible cost. If producer provides best quality with least possible cost, than they can survive in the market for a long time. According to a report by **Mordorintelligence (2017)**, the increase in

the sales volume of automobile sector is enhancing the sales volume of lubricant oil. In near future there will be too much competition between the oil companies for lubricant market. Indian lubricant market is dominated by public sector unit Indian Oil Corporation (IOCL), Hindustan Petroleum Corporation (HPCL) and Bharat Petroleum Corporation Limited (BPCL). Only Castrol is playing a major role in Indian lubricant market other private players of oil and gas are also now participating in the manufacturing of lubricant oil. Indian lubricant market is one of the fastest growing retail market in India. Due to huge population the consumption of automotive lubricant in India is very high and lubricant oil is acting as a FMCG product for Indian market. Indian lubricant Market is dominated by automobile lubricant. **Sun, Baohong and Neslin, Scott and Srinivasan, Kannan(2002)** said that promotion play a major role in brand choice. Different promotional tools help the producers to make the consumers aware about the product. So promotion play a major role in brand positioning of lubricant oil. According to **Adam Lindgreen and Gurvinder Shergil (2010)**, customer relationship is a very important factor for brand positioning. He also said that customer retention leads to increased market share and bigger profits. According to **Pham, Michel Tuan, and E. Tory Higgins (2005)** under promotion, consumers will pay relatively more attention to the desired state compared to the actual state. Consumer decision making has been dominated by information-processing theory and, more recently, by behavioral decision research. Satisfaction from desirable outcomes should be more intense under Promotion. Promotion-oriented consumers will experience greater dissonance from the positive attributes Availability, Accessibility, Price, Quality are some of the important factors responsible for consumer decisions. According to **S. Ramesh Kumar (2003)** no brand can afford to ignore consumer promotion schemes. He also said that the promotion must be in line with the other elements of the marketing mix. As per **Philip J. Kitchen, Ilchul Kim, Don Edward Schultz (2008)** brand positioning is a combination of high perceived prestige and price premiums in order to attract middle class. In Indian market price play a crucial role to attract the middle class. Indian consumers are highly price sensitive. They prefer good quality of product at least possible price. **Sun, Baohong and Neslin, Scott and Srinivasan, Kannan (2002)** said that

promotion is major cause of brand switching. The main advantages associated with promotional sales are-an easy way to learn customer response and it work fast. It also an inexpensive marketing technique. Before **designing a promotional campaign**, an organization must identify the target groups. This is done by breaking up of our product markets and identification of small groups of consumers whose wants and needs are not the same as the mass market as a whole-this is one of the key to success in sales promotion.

## RESEARCH OBJECTIVES

To determine the important factors for brand positioning of automotive lubricant oil in India for four wheeler segment consumers.

## RESEARCH METHODOLOGY

### Research Design

The research was exploratory research followed by descriptive research. The method of research used is that of quantitative analysis through results obtained from questionnaires. The research is based on primary data. Primary data were collected from the four strata. The four strata is based on four wheeler segment consumers. These four strata were non commercial four wheeler (petrol), non commercial four wheeler (diesel), commercial four wheeler (petrol), commercial four wheeler (diesel). The sample size of 400 had been taken by using Yamene's formula. The sample were collected from the Delhi region. Sample size has been divided into the ratio of commercial and non commercial four vehicles which are registered in Delhi. Further four vehicles are further classified on the basis of the ratio of petrol and diesel four vehicles.

## DATA ANALYSIS AND FINDING

Following variables of brand positioning of automotive lubricant has been identify by pilot survey:

Packaging, Advertising, Purchasing, Availability, Superiority, Promotion, Credibility, Innovativeness, Reliability, Reputation, Commitment, Quality, Experience, Extra Benefits, Longevity.

### Factor Analysis

Factor analysis has been used to determine the important factors:

The Kaiser Meyer Olkin’s measuring of sampling adequacy and Bertlett’s Test of Sphericity.

**Table 1: KMO and Bartlett’s Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.702
Bartlett's Test of Sphericity	Approx. Chi-Square	2090.789
	df	120
	Sig.	.000

The value of Kaiser Meyer Olkin is greater than 0.5 i.e. (0.702) (Table 1) so it is acceptable.

The significance level of Barlett’s Test is .000. It means that R- matrix is not an identical matrix and there are some relationships between different variables.

**Factor Extraction**

**Table 2: Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.015	18.845	18.845	3.015	18.845	18.845	2.971	18.571	18.571
2	2.618	16.363	35.208	2.618	16.363	35.208	2.408	15.048	33.619
3	1.956	12.226	47.434	1.956	12.226	47.434	2.110	13.186	46.804
4	1.604	10.024	57.458	1.604	10.024	57.458	1.655	10.346	57.151
5	1.177	7.358	64.816	1.177	7.358	64.816	1.226	7.665	64.816
6	.947	5.920	70.736						
7	.885	5.530	76.266						
8	.730	4.561	80.828						
9	.611	3.817	84.645						
10	.504	3.152	87.797						
11	.472	2.949	90.745						
12	.436	2.722	93.467						
13	.346	2.163	95.630						
14	.259	1.620	97.250						
15	.234	1.460	98.710						
16	.206	1.290	100.000						

Extraction Method: Principal Component Analysis.

Table 2 gives the list of Eigen values associated with each linear component (factor) before extraction, after extraction and after rotation. SPSS has identified 16 linear components within the data set The Eigen values associated with each factor represent the variance explained by that particular linear component and SPSS also displays the Eigen values in terms of the percentage of variance explained so as to factor explained (so, factor 1 explains 18.845 % of total variance). It should be clear that the first few factors explain relatively large amount of variance whereas subsequent factors explain only small amount of variance. SPSS then extracts all factors

with Eigen value greater than 1, which leaves us with 5 factors. The Eigen values associated with these factors are again displayed in the columns labeled extraction sum squared loadings. The values in this part of the table are the same as the value before extraction, except that the values for the discarded factors are ignored. In the final part of the table, the Eigen values of the factors after rotation are displayed. Rotation has the effect of optimizing the factor structure and one consequence for these data is that the relative importance of the five factors is equalized.

**Component Matrix**

**Table 3: Component Matrix<sup>a</sup>**

	Component				
	1	2	3	4	5
Price	.154	.062	.164	.762	.115
Packaging	.157	.504	.616	-.289	-.010
Advertising	-.022	.472	.599	-.175	.025
Purchasing	.088	-.122	.442	.531	.073
Availability	.035	.209	.297	.650	.081
Superiority	.278	.687	-.478	.060	-.108
Promotion	.078	.506	.574	-.258	-.023
Credibility	.798	-.186	.035	-.076	.182
Innovativeness	.814	-.362	.040	-.115	-.018
Reliability	.225	.718	-.430	.178	-.108
Reputation	.797	-.149	-.033	.063	-.185
Commitment	.880	-.114	.045	-.044	.081
Quality	.324	.690	-.202	-.042	-.113
Experience	-.065	.383	-.195	.127	.537
Extra Benefits	.073	-.054	.093	-.216	.623
Longitivity	.006	.094	-.266	-.115	.603

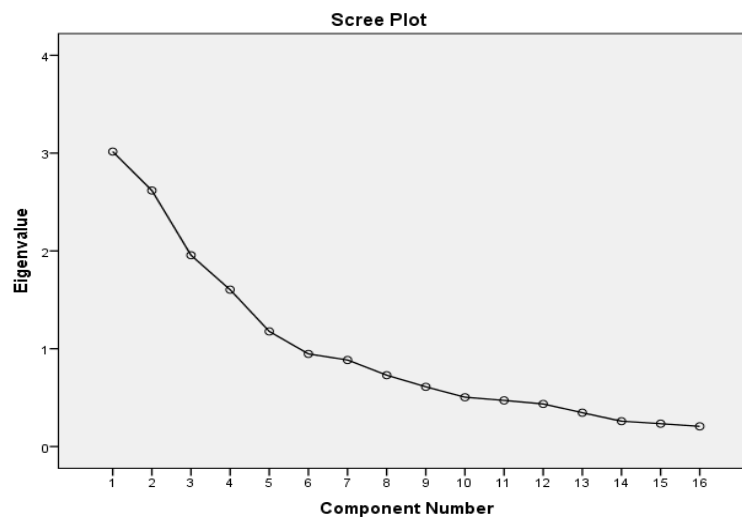
Extraction Method: Principal Component Analysis.

a. 5 components extracted.

This matrix contains the loadings of each variable onto each factor (Table 3). By default SPSS displays all loadings; however we requested that all the loadings less than 0.5 be suppressed in

the output. At this stage SPSS has extracted seven factors. Factor analysis is an exploratory tool and so it should be used to guide the researcher to make various decisions.

**Scree Plot**



**Figure 1: Screen Plot**

The scree plot (Fig 1) shows the point of inflexion on the curve. The curve begins to tail off after five factors. Therefore it is justify retaining five factors.

The different factors (Table 4) after factor analysis are as follows:

**Table 4: Final Factors**

Factors	Variables	Correlation Coefficient	Factor Name	Cronbach $\alpha$
Factor 1	Credibility	0.798	Product Trustworthiness	0.874
	Reputation	0.797		
	Innovativeness	0.814		
	Commitment	0.880		
Factor 2	Quality	0.690	Product Quality	0.830
	Superiority	0.687		
	Reliability	0.718		
Factor 3	Advertising	0.599	Marketing Strategy	0.760
	Packaging	0.616		
	Promotion	0.574		
Factor 4	Price	0.762	Accessibility	0.673
	Availability	0.650		
	Purchasing Location	0.531		
Factor 5	Experience	0.537	Extra Advantages	0.638
	Extra Benefits	0.623		
	Longitivity	0.603		

Researcher consider only those factors whose Cron Bach Alpha is greater than 0.60. The Cron Bach Alpha of Factor Extra Advantages is 0.238 so researcher do not consider this factor.

## CONCLUSION

In this research, researcher has identified four factors. First factor is product trustworthiness which is a combination of variables credibility, reputation, innovativeness and commitment. Second factor is product quality which is a combination of variables quality, superiority and reliability. Third factor is marketing strategy which is a combination of variables advertising, packaging and promotion. Fourth factor is accessibility which is a combination of variables price, availability and purchasing. The factors-Product Trustworthiness, Product Quality, Marketing Strategy and Accessibility which have been identified by the researcher. The automotive lubricant manufacturer in India can enhance their market by focusing on these factors in their brand positioning. Trustworthiness is very important factors because companies can retain their

customers only when they are trustworthy. Product quality is also very important factors. Consumers are loyal to the lubricants companies only when the quality of product is better than other competitors. Marketing strategy is another important factor because giving the information about products to the bulk number of consumers is very essential. The consumers will purchase the automotive lubricant of particular brand only when they have full full information about the product, So the automotive lubricant companies should choose the appropriate marketing strategy channel. Accessibility is another important fator for brand positioning of automotive lubricants. The automotive lubricant of particular should be easily accessible, so than only consumers can only purchase it easily. lubricants companies should focus on these factors to increase their market share. Automotive lubricants companies should do the immense brand positioning to make the distinct image of their lubricants in the mind of the consumers in comparison to other competitors, so they can capture the market share of competitors.

## REFERENCES

- Adam Lindgreen and Gurvinder Shergil (2010), Customer Relationship Management Programmes and Their Impact on the Financial Performance of Businesses: A Proposed Model, Adam Lindgreen
- Dellaert, Benedict & Syam, Niladri. (2001). Consumer-Producer Interaction: A Strategic Analysis of the Market for Customized Products. SSRN Electronic Journal. 10.2139/ssrn.310583.
- Dellaert, N. B. (2002), an analysis of terminology use in place branding, European Journal of Marketing vol(3) page 17-22.
- Frost and Sullivan (2010) Strategic analysis of Indian automotive engine lubricants market, available on <https://store.frost.com/strategic-analysis-of-indian-automotive-engine-lubricant-market.html>, retrieve on 06 June 2019
- Kline Blog (2011), India's lubricant consumption is on the rise, available on [https://www.klinegroup.com/india\\_lubricant\\_1/](https://www.klinegroup.com/india_lubricant_1/), retrieve on 06 June 2019
- Mang T, Dresel W (2007) Lubricants and lubrication. Wiley-VCH, Weinheim
- Mitra, S. (2006). Automotive Mission Plan 2006 - 2016 - A Mission for development of indian automotive industry. Ministry of Heavy Industries & Public Enterprises, Government of India. New Delhi: Society of Indian Automobile Manufacturers. Retrieved March 20, 2010
- Mordorintelligence (2017), India Lubricants Market, available on <https://www.mordorintelligence.com/industry-reports/india-lubricant-market>, retrieve on 06 June 2019.
- Pham, Michel Tuan, and E. Tory Higgins. "Promotion and Prevention in Consumer Decision-Making: The State of the Art and Theoretical Propositions." In *Inside Consumption: Consumer Motives, Goals, and Desires*, 8-43. Ed. S. Ratneshwar and David Glen Mick. Abingdon, Oxon: Routledge, 2005.
- Philip J. Kitchen, Ilchul Kim, Don Edward Schultz (2008), Integrated marketing communications: Practice leads theory, *Journal of Advertising Research*, Vol. 48, issue 4, Dec 2008.
- S Ramesh Kumar (2003), Branding strategies in a changing marketing environment (Indian context), *Journal of Brand Management*, September 2003, Volume 11, Issue 1, pp 48-62
- Sun, Baohong and Neslin, Scott and Srinivasan, Kannan(2002), Measuring the Impact of Promotions on Brand Switching Under Rational Consumer Behavior (April 2002). Tuck School of Business Working Paper No. 02-10. Available at SSRN: <https://ssrn.com/abstract=310180> or <http://dx.doi.org/10.2139/ssrn.310180>
- Verma Pooja (2003), The Indian Lubricant Market: Survival of the Slickest, available on <https://www.frost.com/sublib/display-market-insight.do?id=4968520>, retrieved on 5 June 2019.