

## Importance of Brand Positioning for Indian Automotive Lubricants Market

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**Abstract:** Brand Positioning may be summarized 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 a product in relation to its competitors. Brand positioning of automotive lubricant plays a crucial role in Indian market. A brand could develop a distinction between the different brands of automotive lubricant. Brand positioning focuses upon the brand's delivery on the functionality expected by customers. The brand of automotive lubricant 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 of 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. Multiple regression analysis has been used to determine the relationship between brand positioning and its important factors.

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

### 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 produces 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 [1]. The Indian lubricant market changed after 1992 when liberalization took place. After liberalization too many private lubricant manufacturers entered into the Indian market. Later on Indian government dismantled the administered pricing mechanism and free pricing policy was allowed in the lubricant sector [2]. The deregulation policy of Indian government encouraged many foreign lubricant manufacturers to expand their business in India. Entry of multinational companies imposed too much competition between PSUs and Private players which benefited the end consumers [3]. Lubricant oil is very essential for automobiles. As we all know that the automobiles are only based upon the lubricants and without this it will not function well. There are various categories of the lubricants in the market and the categorization is done on the basis of the consumption of the fuel and the market share. Indian oil servo continues to be the dominant player in

the Indian lubricant sector backed by cutting edge product development, high 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 [4]. HP Lubes is an integral part of Hindustan Petroleum Corporation Limited, one of India's front line oil majors, committed to provide energy and fueling growth in every significant area of development. Before the liberalization of the Indian economy, the public sector oil companies were dominated by the Indian lubricant industry with a market share of 90 per cent [5]. More sophisticated lubricants are imported and these accounted for a relatively small market share. There is total 1380 lubricant manufacturer worldwide. Earlier the percentage share of lubricant was very less for oil companies. But now a day's lubricant business plays a crucial role for oil companies to increase their profits. Out of 1380 around 180 oil companies are manufacturing lubricants. There are 1200 lubricant companies whose core business is only 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 research and development [6].

**Table-1: Presented and Expected Consumption of Lubricant 2004-2020 in Kb)**

Year	Consumption (in KB)
2004	265
2005	267
2006	272
2007	281
2008	264
2009	250
2010	270
2011	273
2015	282
2020	284

Source: LBSIM (2010)

**LITERATURE REVIEW****Lubricant**

There is a wide scope for new private players in Indian lubricant oil market. India is the third largest lubricant market in the world. There are so many private oil companies in Indian market but they are not manufacturing lubricant oil so there is too much scope for them to grab the opportunity [6]. 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 [7]. Indian lubricant market is increasing due to increase in the demand of automobile. 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 [8]. Indian lubricant market is one of the fastest growing retail markets 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 automotive lubricant [9]. 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, threats and competitive positioning amongst the MNC suppliers and other local independents Indian lubricants market. Total demand for finished lubricants in India was estimated at over 1,400 kilo tonnes 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% [10]. The Indian automotive lubricants market is largely price sensitive and volume growth is stagnating due to long lasting lubricants. There are overall 22 big and small lubricants manufacturers in India but only big companies are enjoying the market share. Companies are focusing more on customer centric approach where they are likely to focus on creating brand awareness

through print and visual media. The retail trade is 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 [11]. There are worldwide 1380 lubricants manufacturer ranging from large to small exist. 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. At present, there are about 180 such national and multinational oil companies engaged in manufacturing lubricants [12]. Indian lubricant market is dominated by public sector unit Indian Oil Corporation (IOCL), Hindustan Petroleum Corporation (HPCL) and Bharat Petroleum Corporation Limited (BPCL). And on the other hand other private players of oil and gas are also now participating in the manufacturing of lubricant oil [13].

**Brand Positioning**

Brand positioning is a combination of high perceived prestige and price premiums in order to attract middle class. In Indian market, price plays a crucial role to attract the middle class. Indian consumers are highly price sensitive. They prefer good quality of product at least possible price [14]. The effectiveness of brand positioning depends on the commitment of people towards that particular brand. The influences of culture affect four key brand management elements which are Brand Cleverness, Brand Customer Oriented, Brand Self Relevance and Social Responsibility [15]. Brand positioning plays an extremely important role in developing customer relationships and deciding/figuring out firm performance [16]. Promotion is a major cause of brand switching. The main advantages associated with promotional sales are that it is an easy way to learn customer response and it work fast. It is 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 needs and wants are not the same as the mass market. As a whole this is one of the key to success in sales promotion [17]. Now talking about the important factor for brand positioning one of them is the quality of services which plays a crucial role in positioning of the product on the customers. Producers' are committed to provide surplus value to the customers at least possible cost. If the producer provide best quality at least possible cost than they can survive in the market for a long time [18]. Promotion plays a major role in brand choice. Different promotional tools help the producers to make the consumers aware about the product. So promotion plays a major role in brand positioning of lubricant oil [19]. Solid brand culture gives the firm impressive use in designing channel approaches and is used in arranging retailers. Mechanics assumes an urgent job in brand positioning of vehicle items [20]. 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 and Quality are some of the important factors responsible for consumer decisions. Customer relationship is also an important factor for brand positioning. Customer retention leads to increased market share and bigger profits.

**Research Objectives**

To determine the important factors for brand positioning of automotive lubricant in India

To determine the relationship between brand positioning and their important factors

**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 were based on four wheeler segment consumers. These four strata were noncommercial four wheeler (petrol), non-commercial four wheeler (diesel), commercial four wheeler (petrol), commercial four wheeler (diesel). The sample size of 400 respondents had been taken. The sample was 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 classified on the basis of the ratio of petrol and diesel four wheeler vehicles.

**Sampling**

Stratified sampling has been used for the research.

**Data analysis and finding**

Questionnaire has been prepared on the basis of below variables which have been identified from the pilot survey.

**Following variables of brand positioning of automotive lubricant has been identifying by pilot survey**

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

**Factor Analysis**

Exploratory factor analysis has been used to reduce the number of variables. SPSS 20 has been used for factor analysis.

The Kaiser Meyer Olkin's measuring of sampling adequacy and Bartlett's Test of Sphericity.

**Table-2: KMO and Barlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.702	
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) 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**

The above table 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 the particular linear component. 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.

**Table-3: 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-4: Component Matrix**

	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
Longevity	.006	.094	-.266	-.115	.603

This matrix contains the loadings of each variable onto each factor. 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, so it should be used to guide the researcher to make various decisions.

**Table-5: The different factors after factor analysis are as follows**

Factors	Variables	Factor Loading	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		
	Longevity	0.603		

**Table-6: Multiple Correlation Coefficients**

Factors	B	Std. Error.	Beta	t	p	Zero-order	Partial	Part	Tolerance	VIF
Constant	162.12	24.12		6.25	0.00					
Product Trustworthy	6.01	1.47	1.58	5.12	0.00	-.16	.23	.28	.22	2.21
Product Quality	3.12	1.28	.87	3.11	0.00	-.22	.18	.19	.28	5.48
Marketing Strategy	1.02	.325	.23	3.89	0.00	.17	.31	.25	.78	2.23
Accessibility	-5.23	1.24	-1.58	-4.95	0.00	-.21	-.35	-.31	.15	7.89
Extra Advantages	-5.42	1.78	-1.27	-3.89	0.02	-.25	-.21	-.18	.22	7.23

It has been determined from the above data that none of the factors have correlation coefficient greater than 0.80. It proved that there are no multiple relationships between the variables. The variance increase factors of all the factors are less than 10,

hence no multiple relations between the variables. Apart from that all the tolerance value are greater than 0.10, it also proved that multiple relationship does not exist between the variables.

**Table-7: Multiple Regression Analysis**

Variables	B	SHB	T	p	Paired-r	Partial
Constant	8.89	3.12	4.62	0.00		
Product Trustworthy	1.23	0.12	1.53	9.89	0.00	0.87
Product Quality	0.89	0.24	0.07	3.45	0.03	0.54
Marketing Strategy	-2.95	0.12	-0.44	-3.14	0.03	0.82
Accessibility	-2.01	0.24	-0.23	-2.14	0.31	0.78
Extra Advantages	0.23	0.15	0.08	.58	0.54	0.89

$R=0.987$   $R^2=0.82$   $F=305.89$   $p=0.00$

The Table above clearly indicates that the five independent variables in the regression model are significantly dependent to the brand positioning. Coefficient of determination.  $R^2$  is 0.82. Hence the model is able to predict the dependable variables on the basis of independent variables. The value of B shows the importance of independent variables.

The regression equation which is obtained on the basis of regression analysis is as follows:

Brand Positioning = 8.89 + 1.23 Product Trustworthiness + 0.89 Product Quality - 2.95 Accessibility - 0.23 Extra Advantages.

**CONCLUSION**

In this research researcher have 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, Accessibility which has 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 factor because companies can retain their customers only when they are trustworthy. Product quality is also very important factor. 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 information about the product, so the automotive lubricant companies should choose the appropriate marketing strategy channel. Accessibility is another important factor for brand positioning of automotive lubricants. The automotive lubricant of particular brand should be easily accessible, than only consumers can 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. The relationship between the brand positioning and identified factors is also determined with the help of multiple regressions. The obtained relationship is as follows:

$$\text{Brand Positioning} = 8.89 + 1.23 \text{ Product Trustworthiness} + 0.89 \text{ Product Quality} - 2.95 \text{ Accessibility} - 0.23 \text{ Extra Advantages.}$$

Where, Brand Positioning = Dependent Variables  
Product Trustworthiness, Product Quality, Accessibility, Extra Advantages = Independent Variables.

### Managerial Implications

If the lubricants producing companies will focuses on the factors product trustworthiness, product quality, market strategy, accessibility and extra advantages than they will definitely get the benefit in the future and their market share will increase. The brand positioning of lubricant oil have a positive impact on the consumers. Earlier the consumers were not aware about the lubricant brand that which mechanics is used in the automobile but now the situation is vice versa. In present era consumers are very much aware about the different brand of lubricant oil. Presently most of the consumers when they give

their vehicle for the servicing they specially instruct the mechanics to use the particular brand of lube which is suggested by them. So in this way the brand positioning of lubricants oil is creating a distinct image in the mind of the automobile owners.

### Future Scope of the Study

The development of the framework for brand positioning of automotive lubricants will be the future scope of the research. The framework is essential for implementation of the factors identified in the research. ISM (Interpretive Structural modeling) model may be helpful in development of the framework.

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