

ISSUES OF BRANDING IN DOMESTIC LPG IN INDIA

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LPG is an exceptional energy source due to its origin, benefits and applications in various sectors viz. domestic, commercial and industries. With an immediate and global availability, environmental benefit, its natural by-product origin, transportation flexibility and diverse application, LPG plays a pivotal role in the transition towards a more secure, sustainable and competitive energy model. “LPG” as a brand, has created awareness of exceptional features among policy makers, industry and consumers. An increased understanding of LPG’s environmental benefits, versatile applications and its immediate global availability is of the essence to allow conscious and responsible decisions on the type of energy sources used.

To piggyback on LPG is increasing its thrust on to drive growth; the strategy is also part of the fact that parallel LPG marketers in India are unable to price their LPG competitively due to huge government subsidies doled out to nationalized oil companies. The Indian Government should create a level playing field for private marketers of LPG for healthy competition in the marketplace. Government of India provide technical expertise to cost-effectively convert processes from fuels such as coal, furnace oil, high speed diesel, electricity, light diesel oil, acetylene etc

Both the private sector and public sectors faces challenges and opportunities to contribute to society at large. The parallel LPG marketers in India see no hope of raising their share in the domestic segment unless the government phases out subsidies. They have for long been pleading with the government that it at least restrict the subsidy to the lower economy segment and also curtail diversion of domestic LPG to commercial segments like hotels. Hence, counting on LPG’s

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expertise to provide “total energy solutions”; it offers advice on aspects such as cost economics, equipment suitability and conversion to LPG; safety; training etc. It can be either new installations or existing installations that use LPG or any other fuel.

The existing brands in domestic LPG sector in India are as under:-

PSU Sector : Indane, Bharat Gas, HP etc

Pvt Sector : Shell, Reliance, Super Gas, Elf, Caltex, Total etc

The services range from offering advice on aspects such as cost economics, equipment suitability and conversion to setting up its own LPG gas installation at the plants with regular supply for long period. Since the domestic segment accounts for around 95% of LPG market in the country, the private players are left with the only small commercial and industrial segments. Last year, 9.3 MMT of LPG were sold in the country. Of the total market of Rs 200 billion, the private LPG markets account for around Rs 750 crore only. With the LPG market itself growing by over 10% annually, the parallel LPG markets feel let down by the government policies. That this measure would also help ease subsidy burden on the government is their contention. Oil companies are in process of Optimizing the utilization of the existing infrastructure. The development of further infrastructure will depend on the regulatory framework in the country. We hope to see the creation of a level playing field, so that the consumers would be able to benefit from the combined strengths of various companies." In this context, there is parleys with major oil companies, including PSUs, for strategic alliances to leverage the existing infrastructure which would be a win-win situation for all players.

Oil companies faces brand issue this issue more often. It is due to no taking away from the fact that leadership drives brand penetration. Branding captures and provides tools for leadership management to communicate and increase the efficiency more effectively. This leads to the higher motivation levels raising both productivity and service standards.

The common brand Issue with LPG sector is as under:-

- Customer is not responding to brand.
- Customer does not “need” distributor.
- Brand experiences very few repeat purchases.

- Brand is not salient enough.
- How to manage brand?
- How to control brand communication efforts?
- How to maintain a consistent brand message?
- Where to find brand custodian services?
- How to manage a multi brand strategy?
- How to make brand penetrate every aspect of organization?
- How to renew brand vigour?
- Brand strategy is not working.
- How to make brand and company relevant for the next years?
- How to raise service standards?
- How to raise motivation standards?
- How to wipe out competition?

For the benefit of their's LPG cooking gas customers, oil companies are promoting fuel-efficient, safe & quality products through respective distributors. For undertaking this non-fuel business activity, a number of oil companies has signed agreements with reputed companies and brands, allowing them to market their products through its countrywide network of distributorships. Some of the hugely successful products being currently sold through their respective brand name distributorships are Suraksha LPG hoses, LPG stoves, flame-retardant Suraksha kitchen aprons, flame-type LP gas lighters, domestic LPG cylinder trolleys, kitchenware, etc.

The organizational assessment exercise found the following points for consideration in relation to branding issues in the field of domestic LPG sector viz:

- Collective dissatisfaction with the status quo

- Low customer focus and customer orientation
- Huge gap between the vision and capabilities to achieve it, and
- Many opportunities for quick improvement

PSU oil companies are not only the largest commercial enterprise in the country but also the flagship corporate of the Indian nation. Besides having a dominant market share, oil sector companies are widely recognized as India's dominant energy with their's respective brand and customers perceive as a reliable symbol for high quality products and services. Benchmarking Quality, Quantity and Service to world-class standards is a philosophy that adheres to so as to ensure that customers get a truly global experience in India. The continued emphasis is on providing fuel management solutions to customers who can then benefit from our expertise in efficient sourcing and least cost supplies keeping in mind their usage patterns and inventory management. PSU oil companies are the heritage and iconic brand at one level and a contemporary, global brand at another level. While quality, reliability and service remains core benefits to customers; stringent checks are built into operating systems, at every level ensuring the trust of over a billion Indians. The retail brand template of Urban, Highway and Kisan Seva Kendras (Rural) are widely recognized as pioneering brands in the petroleum retail segment which is supported by rewards and customer loyalty programme.

Some of the salient features of re-organizing the existing framework and new structure of oil marketing companies are as under:

- Highly empowered work force
- Decentralized decision making
- De-linking of authority from hierarchical levels
- Orientation towards internal and external customers
- Regular market research and customer surveys
- Conscious brand building efforts

Success is people driven

Building competencies through training is one of the core strengths of management. PSU oil companies have been serving as a source of the technical support and expertise to petroleum companies of various countries across the globe. It is the centre of excellence for nurturing leadership; conducts the advanced management education programmes in collaboration with premier business schools and top line professionals for up-skilling, re-skilling and multi-skilling of employees in its pursuit of the corporate excellence. The respective LPG brand is today an ideal fuel for modern kitchens, synonymous with the safety, reliability and convenience.

Reach and Network

PSU oil companies and its subsidiary along with parallel marketers account for petroleum products market share, national refining capacity and downstream sector pipelines capacity in India. The network is the largest in the country and meets the vital energy needs of the consumers in an efficient, economical and environment-friendly manner.

CSR

Initial objective was to "help and enrich the quality of life of the community". Later on it extended its mission statement by adding "preservation of ecological balance and heritage through strong environmental conscience" to its objectives. It is based on the following four basic pillars:

- Care,
- Innovation,
- Passion and
- Trust.

One of the major steps of CSR is sharing of profits. It has also concerted social responsibility programmes with communities. The company has a number of community-focused initiatives such as development in health, education, sanitation. It also includes family welfare, providing

portable water, women empowerment and welfare of schedule caste and schedule tribe beneficiaries. PSU oil companies also provides extended help to farmers to reach out to larger markets through Kissan Seva Kendras .To enforce the additional objective of preservation of ecological balance and heritage, also founded the Foundation, a non profit trust to protect, preserve and promote national heritage monuments.

To promote community development, Indian oil companies has undertaken a number of initiatives such giving scholarships, allocation of funds etc. The community development units identifies the various deserving causes for allocation of funds from the community development budget and involve various grassroots-level organizations like local gram panchayats, district administration, NGOs and social workers; whenever necessary. To ensure that benefits of programmes flow directly to the identified groups, fund utilization is closely monitored and whenever necessary the corporation directly executes projects. It has also worked towards better education in India by encouraging special scholarships among girl students and disadvantaged groups hence trying to reduce drop-out rates in higher secondary levels.

Specialties

PSU and parallel marketer oil companies deal with different types of customers and executing primary and secondary sales through their channel partners. By experience and several years of workings, they have honed up skills of marketing with the effective communication, dealing with different types of customers, making short term and long term strategies, implementation and negotiation. In turn, they have also built-up the good long term relationship with their customers. By this, LPG distributors also grow with the growing organization's sales volume and network; resulting into upgrade themselves to the next higher level. The channel partner has to be dynamic, logical, analytical, problem solving approach by using skill competency, result oriented, professional. There is a need of change in the existing organization's core vision amongst it's members towards a different visionary approach that includes:

- Be the BEST
- Make the workplace exciting

- Improve boundary management
 - Fulfill social responsibilities
 - Be ethical
 - Apply the best technology
 - Make systems strong and dynamic
- Establish first class brands and corporate image
 - Excellent customer care and service
 - Go for excellent performance and operational efficiency
 - Make people a source of improvement

LPG distributor has to pursue his/her efforts in line with guidelines of the principle oil company which will lead to hone up his/her skills to the highest level. Also, he/she should be sound at excelling in harnessing the new business opportunities, learning and implementing new business processes and strategies. Therefore, it is the prime objective of the Oil Company to establish efficient distribution network that will reduce issues concerned with brand and requires a channel partner viz. distributor or franchisee who is result oriented, business development, relationship management; strategy maker and team worker who would be able to co-ordinate with different departments. He/she ought to be good negotiator with marketing skills; simultaneously also computer savvy.

The impending competition has to be considered as an opportunity and individual in the organization to transform him/her to face futuristic competition. Communication plays a critical role in issues pertaining to branding. The regular updates through the newsletter and informal communication through the members to their parent departments was useful in updating the whole organization quickly. One has to identify the *enablers* in the each department, people who are opinion shapers and has to be specifically targeted. The team leader should convince them first and then asked them to communicate to others about the change. At last, it will be worth

while for oil marketing companies whether in public sector or private sector to introspect themselves that

- Is he ready to face the competition in a de-regulated market?
- What were the problems with the old structure?
- What aspects of the new structure address these problems?
- Why did Oil Company go through such an elaborate process of envisioning, assessing current reality, quick hits and flexible implementation?
- What are the critical issues to be kept in mind in redesigning an organization?

