A Study to Understand Consumer (Generation Y & Generation Z) Preference of Non Fuel Retail Services in a Fuel Retail Outlet

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Abstract: In colloquial terms, Petro-retailing business is the selling of petroleum products. Petro-retailing is the heart of the oil & gas industry as it is through this platform through which the highest revenue generating petroleum products (mid-distillates) are directly sold to the customers. After the 1991 economic reforms in India, the Petro retail Sector is open to private players which were earlier a monopoly of the PSUs. With the private players coming in, the market is witnessing a lot of forces of marketing and competition in operation. So, Gone are the days when Fuel Retail Outlets (ROs) were just a place where costumers went for Fuel Refilling. Every Oil Marketing company (OMC) is now coming out with different strategies in order to attract new customers as well as retain its existing customers.

With this Perspective, the author is trying to understand what Non-fuel retailing (NFR) services the youth of India expects from the OMCs and to identify the level of preference given by the Generation Y & Z to the services present or should be present in a RO. With this study the author tries to identify the top 5 services that should be present in any RO.

IndexTerms - **Consumer behaviour, retail petrol outlet, Petro-retailing, Non- fuel Retailing**

I. INTRODUCTION

When one pays the bill after filling his/her automobile with Gasoline/Diesel or Engine oil then he/she is the final link in the entire oil & gas industry. This Oil & gas industry is broadly divided into three streams: upstream, midstream and downstream. The Upstream sector also known as Exploration & Production (E&P) Sector explores & produce crude oil & natural gas. Midstream sector deals with the movement of Crude oil & natural gas. This sector provides the link between the remotely located Oil producing areas to centres where the end users are located. Downstream covers the refineries, the Petrochemical plants, and distribution companies through which the Oil & gas is marketed and sold to the end customers through fuel retail outlets.

India is world's third-largest oil consumer followed by USA & China with a share of 4.8 % of the total consumption [1], with the increase in demand, the consumption is expected to increase further. Until early 1990s since Independence, the petroleum sector in India was regulated by the state run petroleum companies. During those days, the petro-retailing business was a monopolistic market of these State run Petroleum Companies. Since, these companies are protected & regulated by the government, marketing & branding was never a need. The work of these public sector OEMs back then was just to distribute & sell petroleum products to the end customers to meet government set targets. After the 1991 economic reforms in India, the Petro retail Sector is open to private players. And again Indian Government's decision of dismantling Administered Price Mechanism (APM) in April 2002, Indian Petroleum Industry saw a rapid set-up of Retail Operations by private players and gradually over time, there was a rise of ROs belonging to private players like RIL, Shell, Essar etc. The OEM there after were allowed to sell the petroleum products at market determined prices [2].

Petrol Pump is the most common Point of Contact of the customers to the oil industry. In Oil Industry parlance, Petrol Pumps are referred to as Retail Outlets (ROs). Presently, the Oil Companies engaged in retail business of automotive fuels are IOC, HPCL, BPCL, NRL, MRPL, ONGC, RIL, Essar and Shell. There are 59595 Retail Outlets overall [3]. And in coming years, this number is expected to increase. Now, being said that, the OEMs (both private & public players) are putting in a lot of efforts in improving customer services to as to attract new customers as well as retain its existing customers by focusing on improving its brand loyalty.

Hence, this study is done through the perspective of the customers specially the younger generation i.e. Generation Y & Generation Z of what kind of services (Non Fuel Services) they want from a RO.

II. NEED OF THE STUDY

People these days does not look at a RO (petrol pumps) as a place where they go to meet their fuel needs. ROs these days provide a number of facilities also known as non-fuel retail services. The facilities are generally classified under two categories i.e. mandatory facilities and other facilities. Mandatory facilities are the facilities which ROs are bound to provide such as clean drinking water, toilets & First Aid [4]. Other facilities are the attentional facilities apart from the mandatory facilities which the company or dealer may provide free of cost or on pay basic. So, the OEMs and dealers are now coming up with various facilities to gain customers.

With this study the author is trying to understand what basic facilities a RO should have. The study is done with the perspective of the young generation i.e. Generation Y & Generation Z. Generation Y are born between 1977-1994 & Generation Z are born between 1995-2012. These people are much more racially and ethnically diverse. Also they are less brand loyal as compared to the previous generation [5]. The reason of targeting these age group people because they are future and their buying patter & behaviour will determine how the future sales in ROs.

III. OBJECTIVE OF THE STUDY

- To identify & analyse the selection of Non-fuel Services by the consumers (Generation Y & Generation Z) in a RO
- To determine the top six basic facilities a RO must provide

IV. LITERATURE REVIEW

- A study done by R Krishna Kumari, Dr. N Yesodha Devi [6] shows that Other facilities, such as air pressure checking, vehicle cleaning, and convenience store is also the prime need of consumers. But, the study does not list down about what exactly are the minimum services an RO much provide & the study was limited to Coimbatore city
- A study done by Kaushal Kishore & R.P. Patel [7] tells about the services that customers enjoy like ATM & restaurants. No analysis provided about the different services.
- A study done by Dr. Manish Badlani & Davendra Kumar Singhal [8] tells about how Value Added Service in Fuel Retailing impacts Consumer buying behaviour. Here no primary data analysis is provided.
- A study done by Dr. T. Srinivasan [9] gives a detail information about the various services the consumer prefers. Here, the sample size is 80 customers & limited to selected areas of Kumbakonam town.

V. RESEARCH GAP

The author tries to identify 5minimum services (Non-Fuel Retail Services) that any RO should provide. The conclusion will be drawn based on the answers provided on the designed questioners. As no clear indication of minimum services that an RO must provide in the previous research work, the author felt the need of a study on that.

VI. RESEARCH METHODOLOGY

The study was carried out during the months of March to May 2018. Primary data is the main source for the study. Questionnaires are prepared via Google Sheet and was circulated through social media i.e. WhatsApp, Facebook, Instagram & LinkedIn. Random sampling method was used for data collection but the questionnaires are distributed within the age group with falls under Generation Y & Generation Z from various states of India. Sample size selected for the study is 295. Secondary data is collected from journals and websites.

Analysis

State	
Andhra Pradesh	Maharashtra
Assam	Meghalaya
Bihar	Nagaland
Chhattisgarh	Odisha
Delhi	Punjab
Gujarat	Rajasthan
Haryana	Sikkim
Himachal Pradesh	Tamil Nadu
Jharkhand	Telangana
Karnataka	Uttar Pradesh
Kerala	Uttarakhand
Madhya Pradesh	West Bengal

Chart 1- states from where the responses came

The Above table shows the states from where the responses came from. The questioners were distributed evenly among different states within the age group of 16-25 & 26-35.

From the questionnaires we observed that (chart-2) 83% of the responses came from the age group bracket of 26-35 years of age. And a mere 17% of the responses were from the age bracket of 16-25. Hence, this creates a research gap for a better study to understand the consumer preferences of Generation Z.

Again, the majority of the responses came from the males with 62.4% as seen from the Column Chart (Chart 3).

Pie Chart (chart 4) shows the highest education qualification of the respondents. Out of 295 individuals, 167 (56%) are graduates or pursuing graduation followed by Post graduates and above (23%), 12% pass (20%) & diploma holders with just 1%.

Column Chart (Chart 5), shows the kind of vehicle the respondents have.

Now, the clustered bar chart (chart 6) shows the percentage breakup of the Services preferred by the customers. From the chart, we were able to identify the top 5 services the customers picked from the given options. As per the responses, highest responses came for ATM with 83.05% (245 responses), followed by Air Refill/Tyre Pressure Check, Medicine Store/ Pharmacy, Small Garage/Mechanic Service Station, Paid Drinking Water & Washroom services with 60.34%, 48.14%, 45.42% & 44.07% respectively. These services are felt that these should be the minimum services that any RO should have.
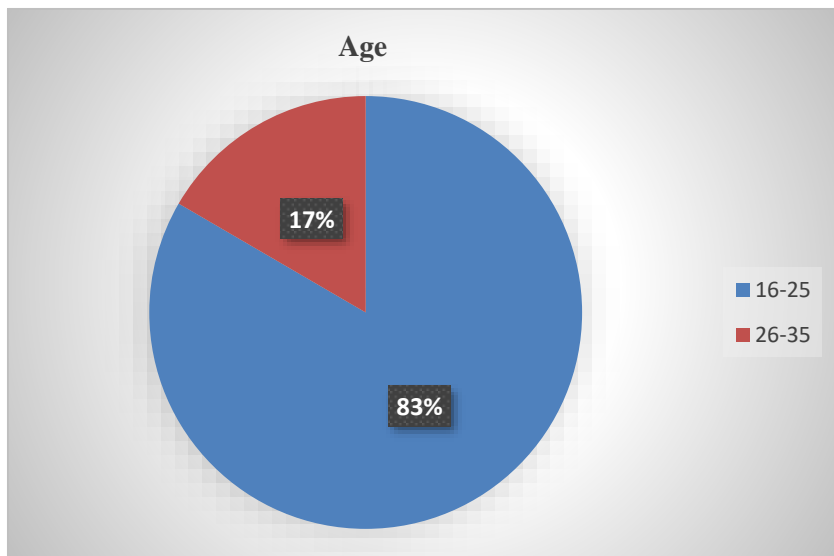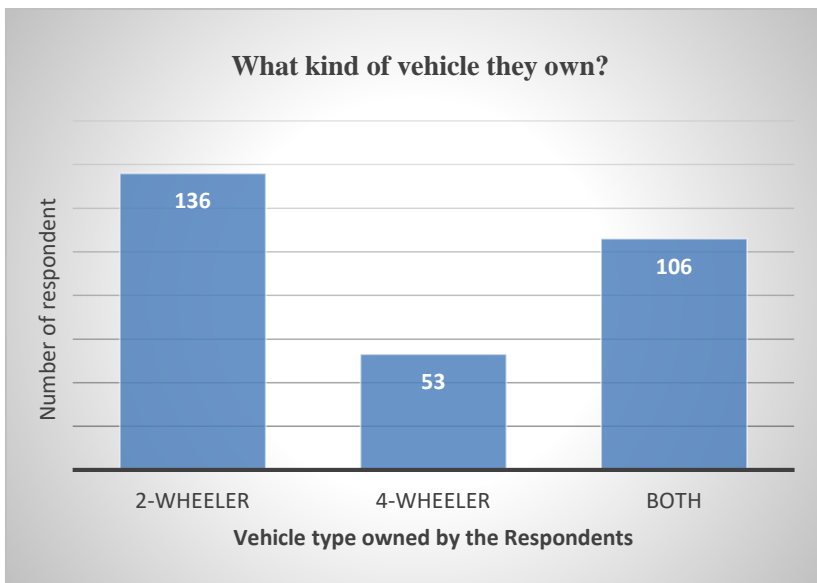

Age	Count of Age
16-25	246
26-35	49

Chart 2- Age of the Respondents
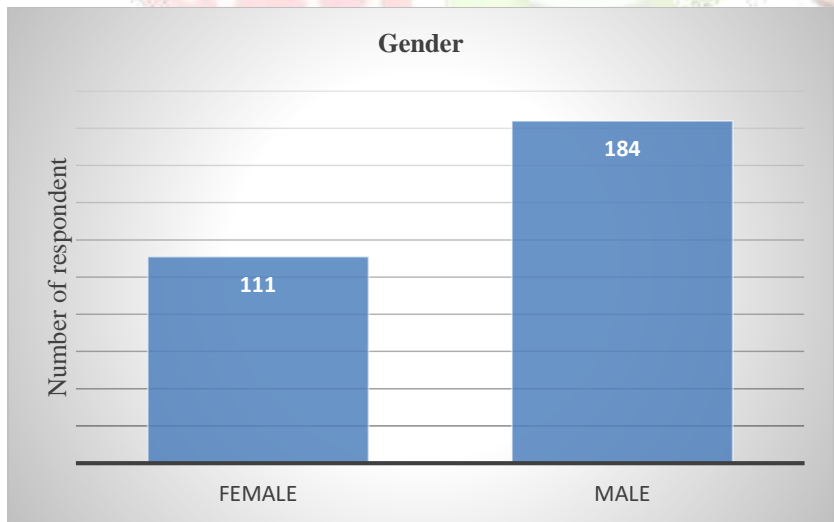
Gender	Responses
Female	111
Male	184
Total	295

Chart 3- Gender count of the respondents

What kind of vehicle they own?

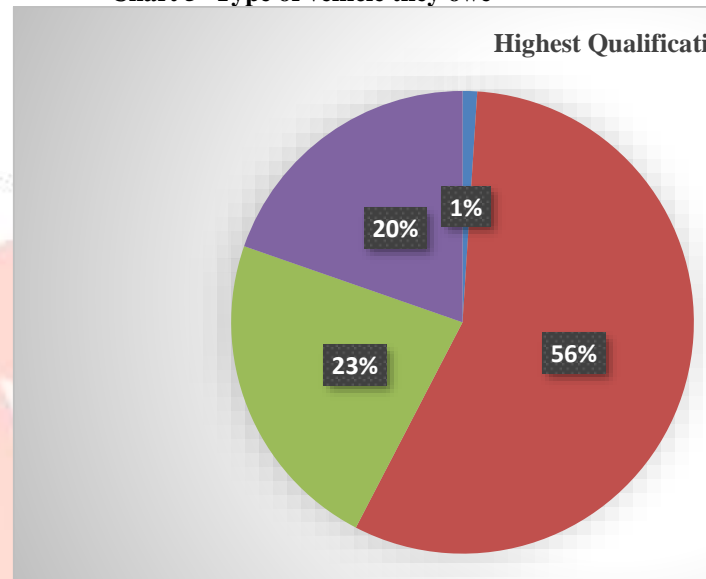| Type of Vehicle	Responses	%age
2-wheeler	136	46.10
4-wheeler	53	17.97
Both	106	35.93

Chart 5- Type of vehicle they owe

Highest Qualificati

Chart 4- Education Background of the Respondents
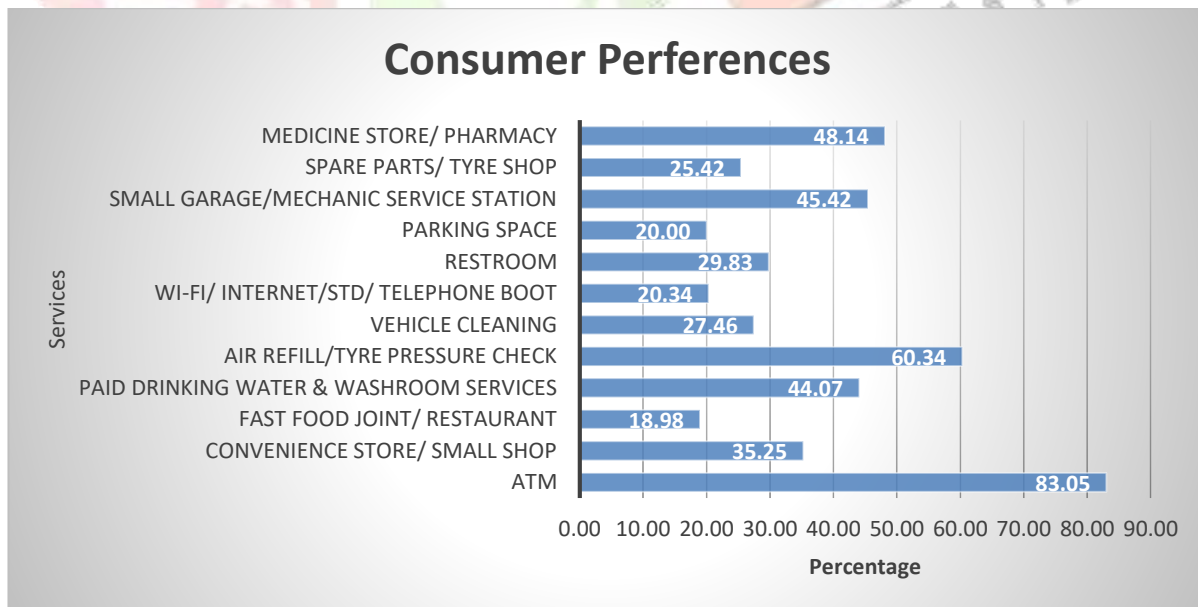

Consumer Perferences

Chart 6- Consumer Preferences in percentage

VII. Conclusion

Understanding the customers and their requirements is the most critical part for OMCs as well as anyone who wants to take up a dealership business. Hence this paper helps to understand what Generation Y & Generation Z Preference of Non Fuel Retail Services in a Fuel Retail Outlet. Since, these age group are the future of the country, hence understanding their buying patter is very important. Understanding the customers and their requirements is the most critical part for OMCs as well as anyone who wants to take up a dealership business. Hence this paper helps to understand what Generation Y & Generation Z Preference of Non Fuel Retail Services in a Fuel Retail Outlet. Since, these age group are the future of the country, hence understanding their buying patter is very important.

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