



Factors Affecting the Sales Of Petroleum Products in a Retail Outlet of Indian Oil Corporation Limited.

Dr. Sujata Banerjee

*Associate Professor, Dr. B. C. Roy Academy of Professional Courses (Formerly Dr. B.C. Roy Engineering College,
Durgapur, (W.B), India*

Prof. Rita Ganguly

*Assistant Professor, Dr. B. C. Roy Academy of Professional Courses (Formerly Dr. B.C. Roy Engineering College,
Durgapur, (W.B), India*

Souvik Nayak

*Student of Bachelors of Business Administration, Dr. B. C. Roy Academy of Professional Courses (Formerly Dr. B.C.
Roy Engineering College, Durgapur, (W.B), India*

Abstract

This study pivots around survey research, a widely embraced approach for gathering insights from diverse demographic cohorts. Through meticulously crafted questionnaires administered to retail outlet dealers, we endeavor to amass primary data encapsulating both demographic profiles and the manifold factors influencing sales. This methodological rigor enables a holistic examination of retail sales dynamics, encompassing a spectrum of contextual variables.

It also endeavors to discern potential variances in sales factors across distinct retail outlet locales, delineating between highway-side and locality areas. Through a comparative lens, we aspire to unearth insights into how location-specific nuances may reverberate across sales performance.

Introduction

In the ever-evolving landscape of commerce, unraveling the intricacies that dictate retail outlet sales stands as a pivotal endeavor for businesses navigating the competitive market terrain. With the retail sector serving as a vital conduit between producers and consumers, grasping the driving forces behind sales performance not only aids individual enterprises but also informs broader economic analyses and policy formulations.

The study embarks on a comprehensive exploration of the myriad factors influencing retail outlet sales, employing a survey-centric approach to delve deep into this multifaceted phenomenon. Through the lens of survey research methodologies, we seek to unearth insights that can empower strategic decision-making within the retail industry, illuminating consumer behaviors, market trends, and the efficacy of retail.

The significance of understanding the dynamics of retail sales transcends the confines of business management; it holds implications for a spectrum of stakeholders including policymakers, researchers, and consumers. For policymakers, insights into retail sales dynamics serve as a compass for crafting economic policies aimed at nurturing growth, fostering employment, and fostering sustainable development. Researchers stand to gain a nuanced comprehension of consumer behavior, enriching academic knowledge across disciplines such as marketing, economics, and sociology. Concurrently, consumers reap the benefits of enhanced retail experiences as businesses fine-tune their offerings to align with consumer preferences.

This study pivots around survey research, a widely embraced approach for gathering insights from diverse demographic cohorts. Through meticulously crafted questionnaires administered to retail outlet dealers, we endeavor to amass primary data encapsulating both demographic profiles and the manifold factors influencing sales. This methodological rigor enables a holistic examination of retail sales dynamics, encompassing a spectrum of contextual variables.

It also endeavors to discern potential variances in sales factors across distinct retail outlet locales, delineating between highway-side and locality areas. Through a comparative lens, we aspire to unearth insights into how location-specific nuances may reverberate across sales performance.

Literature Review

The retail distribution of petroleum products stands as a crucial aspect of the energy sector, with implications for economic development, transportation, and consumer welfare. Within this domain, the sales performance of retail outlets operated by Indian Oil Corporation Limited (IOCL) holds particular significance, given the company's prominent position in India's petroleum industry. This literature review aims to synthesize existing research on the factors influencing sales in IOCL's retail outlets, shedding light on the complex interplay of variables that shape sales dynamics.

1. **Location and Accessibility:** The geographical location of retail outlets plays a pivotal role in determining sales volumes. Studies have consistently highlighted the importance of prime locations, such as highways, busy intersections, and urban centers, in attracting customer traffic and enhancing sales. Additionally, accessibility factors, including proximity to residential areas, commercial hubs, and transportation nodes, have been found to influence consumer patronage and purchase behavior.
2. **Pricing Strategies:** Pricing strategies employed by IOCL and other petroleum retailers exert a significant impact on sales performance. Research suggests that competitive pricing, discounts, and promotional offers can stimulate demand and encourage customer loyalty. Conversely, pricing inconsistencies or perceived unfairness may deter consumers and undermine sales potential.
3. **Product Assortment and Quality:** The variety and quality of petroleum products offered at retail outlets are critical determinants of sales success. Studies have underscored the importance of product diversification, including gasoline, diesel, lubricants, and specialty fuels, in catering to diverse consumer needs and preferences. Moreover, ensuring product quality, compliance with regulatory standards, and adherence to industry best practices are imperative for maintaining consumer trust and fostering repeat business.
4. **Brand Image and Customer Service:** The reputation and brand image of IOCL influence consumer perceptions and purchase decisions. Research indicates that a positive brand image, characterized by reliability, trustworthiness, and environmental consciousness, can enhance customer loyalty and drive sales growth. Moreover, superior customer service, including prompt assistance, cleanliness, and convenience amenities, can contribute to a positive retail experience and bolster sales performance.
5. **Technological Integration:** The integration of technology-enabled solutions, such as automated fuel dispensers, digital payment systems, and customer relationship management (CRM) platforms, can

streamline operations and enhance the customer experience at retail outlets. Research suggests that technological innovations not only improve operational efficiency but also create opportunities for targeted marketing, personalized promotions, and data-driven decision-making, thereby positively influencing sales outcomes.

Objectives of the Present Study

1. The primary objective of this research study is to identify and analyze the key factors that influence the sales of petroleum products in the retail outlets of Indian Oil Corporation Limited (IOCL).
2. The study aims to provide IOCL with insights into the underlying drivers of customer behaviour and purchasing decisions, helping them optimize their operations and drive sustainable growth
3. To identify any specific demographic or market segment preferences and their influence on sales.
4. To understand the impact of promotional activities, discounts, and loyalty programs on customer behaviour and sales.

Research Methodology

In order to fulfill the primary and secondary objectives of this Project work we have concentrated on Survey Research. The reasons are quite obvious and elaborated hereunder. In general, a survey involves the collection of information from a large group of people or a population. Within the bounds of this definition are a variety of data elicitation processes including opinion surveys, political polls, TV viewing polls, etc. In particular, Survey Research is also conducted to advance scientific knowledge (including that of Social Science and Management) or develop theory. Survey research has three distinct characteristics. First, it involves collection of information by asking people for information in some structured format. Depending on the quality and cost trade offs involved, collection of information or data could take place using mail questionnaire, telephone interview, or face-to-face interview. Depending on the unit of analysis, the individuals surveyed could be representatives of themselves, their project, their expertise, or their organization. Second, survey research is usually a quantitative method that requires standardised information in order to define or describe variables, or to study relationships between variables. Third, information is gathered via a sample, which is a fraction of the population, with the need to be able to generalise findings from the sample to the population.

Given these three characteristics, it is easier to distinguish survey research from other field-based methods like case studies.

To carry out our present study, we have used Primary Data for analyzing the results.

Primary data Sources: Primary data is a type of data that is collected by researchers directly from main sources through interviews, surveys, experiments, etc. Primary data are usually collected from the source - where the data originally originates from and are regarded as the best kind of data in research. The sources of primary data are usually chosen and tailored specifically to meet the demands or requirements of a particular research.

To collect primary data, a structured questionnaire has been developed consisting of two parts. In the first part, the information related to the demographic profile of the respondents (Retail Outlet Dealers) have been collected. However in the second part the questionnaire was framed in relation to the factors affecting the sales of the Retail Outlet.

Bar Diagram, Pi-chart, and other charts have been used to carry out the analysis part. Also, we are trying to study if the factors under consideration affect the sales in the Retail Outlets based on their two types of location, one the highway side and in a locality area.

Analysis of the Responses taken from various Retail Outlet Dealers of Indian Oil Corporation

Limited

From a total of almost 40 Retail Outlets in the Durgapur, Asansol and Panagarh Region, more than 20 Outlets are under the ownership of Indian Oil Corporation Limited.

Why we choose to survey the Retail Outlets from these regions only ?

This is because during our six week offline internship at Indian Oil Corporation Limited, we worked with the dealers from these areas, and also we personally visited many of these Retail Outlets during our internship tenure.

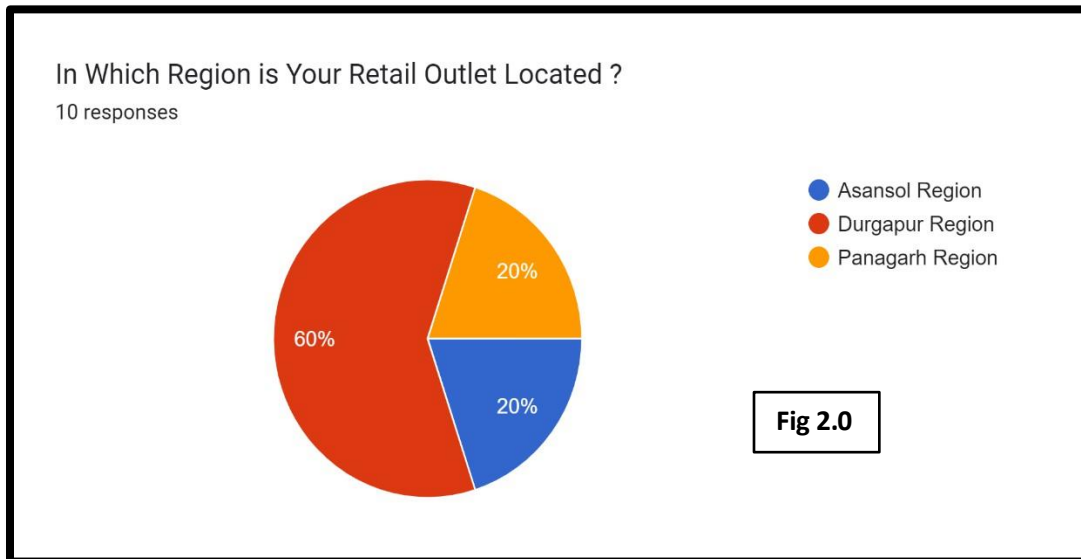
We divided the number of Retail Outlets into two categories, those located on the Highway Side and those located inside a locality, far from the highway.

Out of the 10 Retail Outlets that we have selected, they can be categorized under two parts based on their operation area type.

From the responses we have 70% Retail Outlets which are located on the highway side, rest 30% are located inside a locality , far from the highway.

For each questions, we have categorized our responses of Retail Outlet owners into these above two categories based on their location.

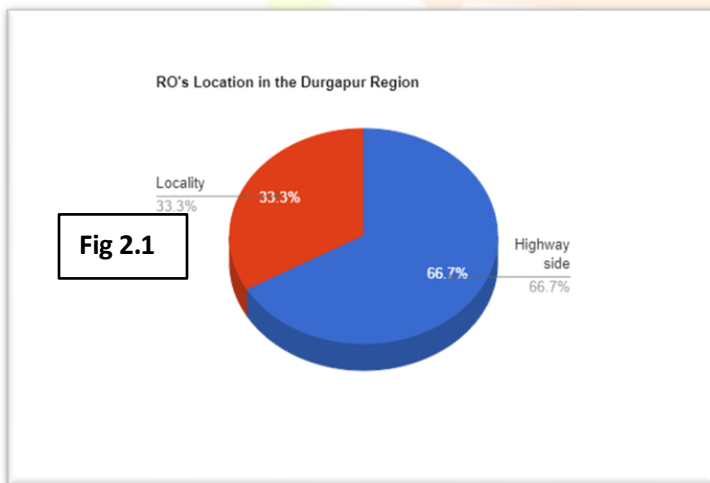




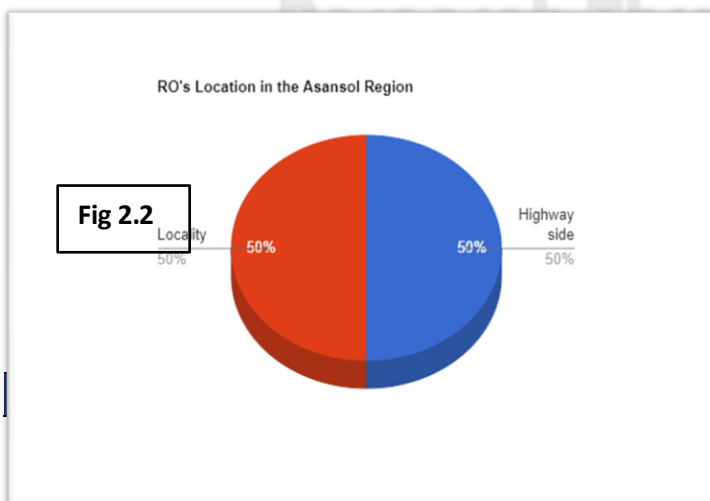
From the above representation , we can see that out of the 10 Retail Outlets Dealers we have surveyed, almost 60% of them have their RO's in the Durgapur region, 20% from the Asansol Region and the remaining 20% from the Panagarh Region.

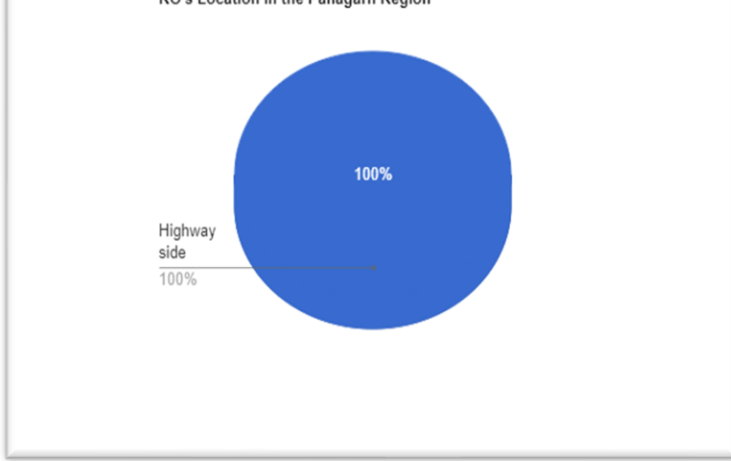
Below shows the detailed distribution of the Retail Outlets location wise (whether

In Figure 2.1 we can see that out of the total Retail Outlets that I have collected from the Durgapur Region, almost 67% is located on the side of the highway. Rest 33% are there inside a locality.



In Figure 2.2 we can see that out of the total Retail Outlets that we have collected from the Asansol Region, 50% is located on the side of the highway. Rest 50% are there inside a locality.





Panagarh Region contributed a total of 20% of my total responses. In Figure 2.3 we can see that out of the total Retail Outlets that I have collected from the Panagarh Region, all of them are located on the Highway side. None are situated inside a locality.

Fig 2.3

Continuing with the demographic profile of our respondents (which here is the Retail Outlet Dealers) ,we asked them about the duration of their experience in the Business of Managing Retail Outlet of Indian Oil Corporation Limited. Figure 3.0 will show the overall time of experience of the dealers .

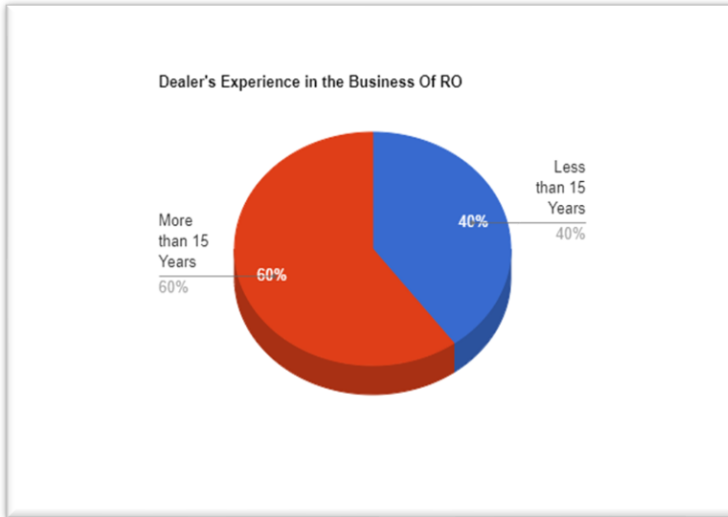


Fig 3.0

We can see that 40% of the dealers are in this business between the period of 15 to 20 years. Almost 20% of the dealers have over 20 years of work experience , 20% of the dealers are in this field for a time period between 5 to 10 years. Only a handful of remaining 10% dealers are relatively new in this field with less than 5 years of on-field experience.

We categorized the dealers into further two categories based on their number of years in this Field. One category with more than 15 years of Experience and one category with less than 15 Years.

Research Through Innovation



From Figure 3.1 we can see that majority of the respondents i.e 60% of the total respondents have experience more than 15 Years.

The rest 40%, have less than 15 years of experience and are relatively new.

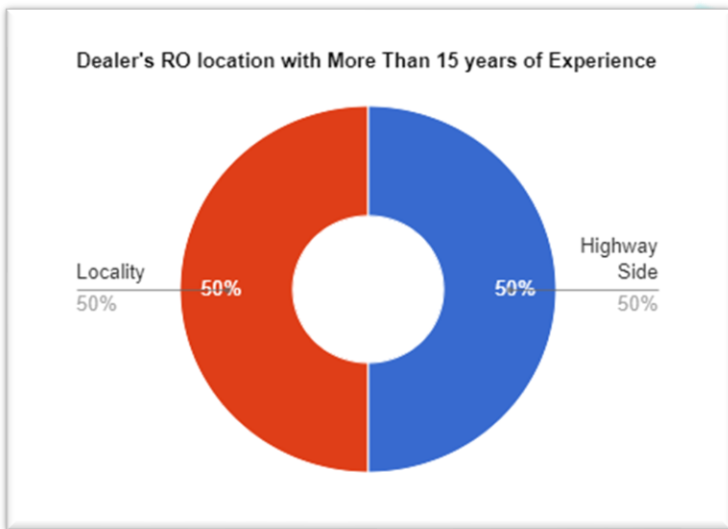


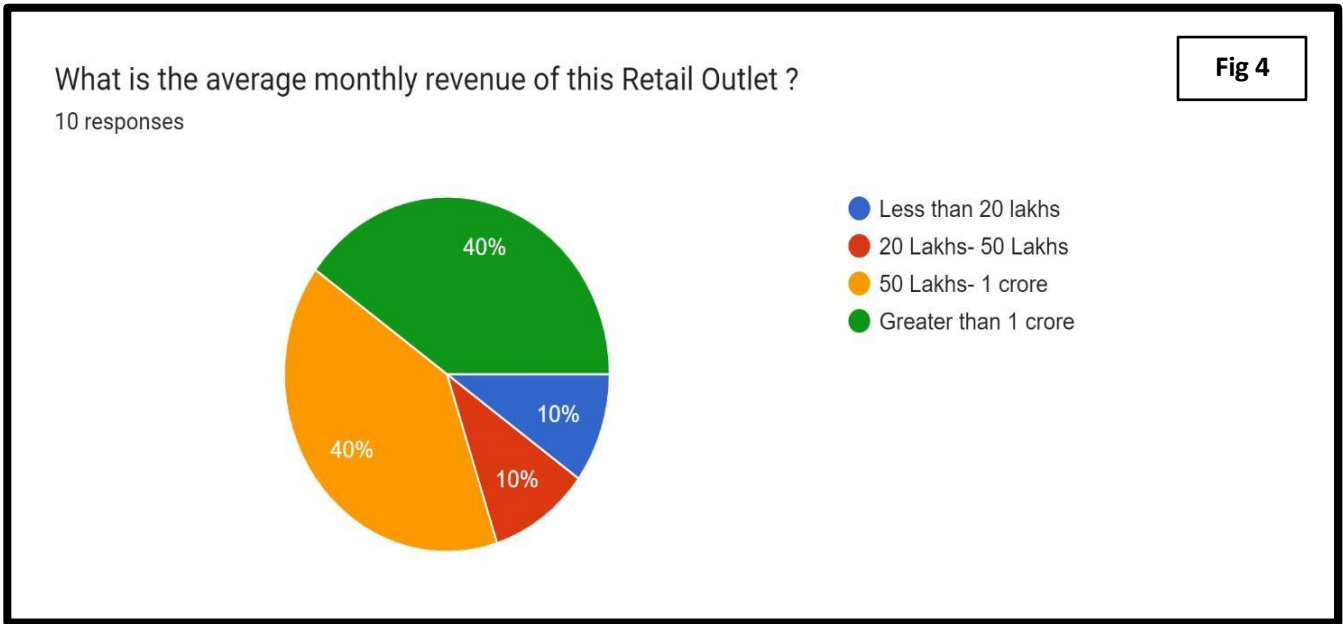
Figure 3.2 tells us that , 50% dealers with more than 15 years of experience have their outlets in a certain locality , the rest 50% are managing a highway-side outlet.



Of all our collected responses, 40% of the dealers have less than 15 years experience in this field. Through my survey, I found that almost all the dealers with less than 15 years have their outlet on the highway side.

Figure 3.3 represents that.

In the next question of questionnaire, we asked the dealers to select their monthly revenue of their retail outlet.

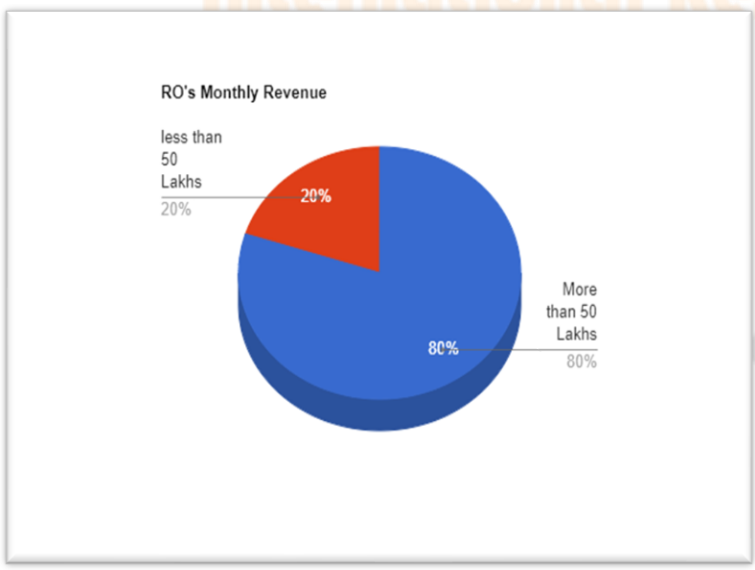


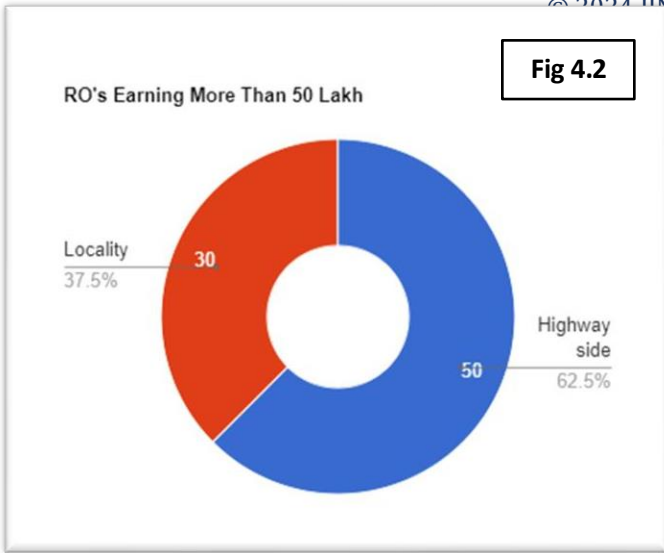
From all the responses, we can see that 40% of the total Retail Outlets earns more than 1 crore revenue monthly, next 40% earns in the range between 50 Lakhs to 1 crore. 10% of the outlets ears between 20 Lakhs to 50 Lakhs, and the remaining 10% earns a monthly revenue of less than 20 Lakhs.

We further categorized the retail outlets into two categories based on their monthly revenue , one is Greater than 50 Lakhs and the other is less than 50 Lakhs.

Fig 4.1

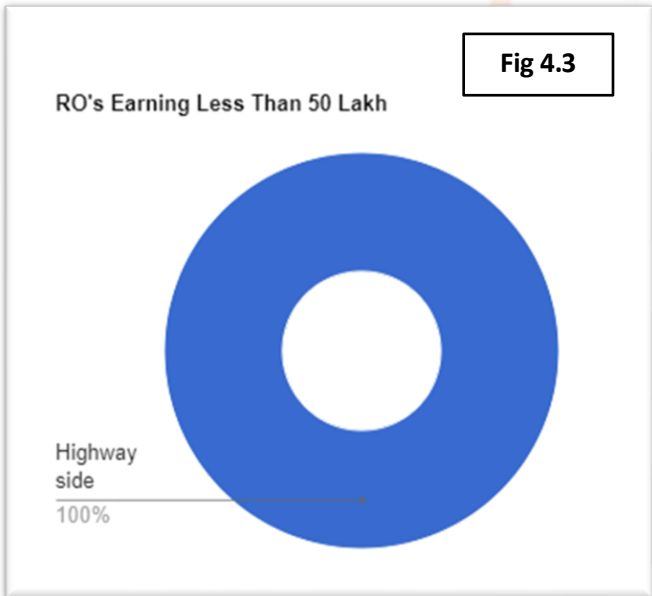
In Figure 4.1 , we can see that majority of the Retail Outlets, almost 80 % have their monthly income more than 50 Lakhs. While the rest 20% of the RO's have less than 50 Lakhs of monthly Revenue.



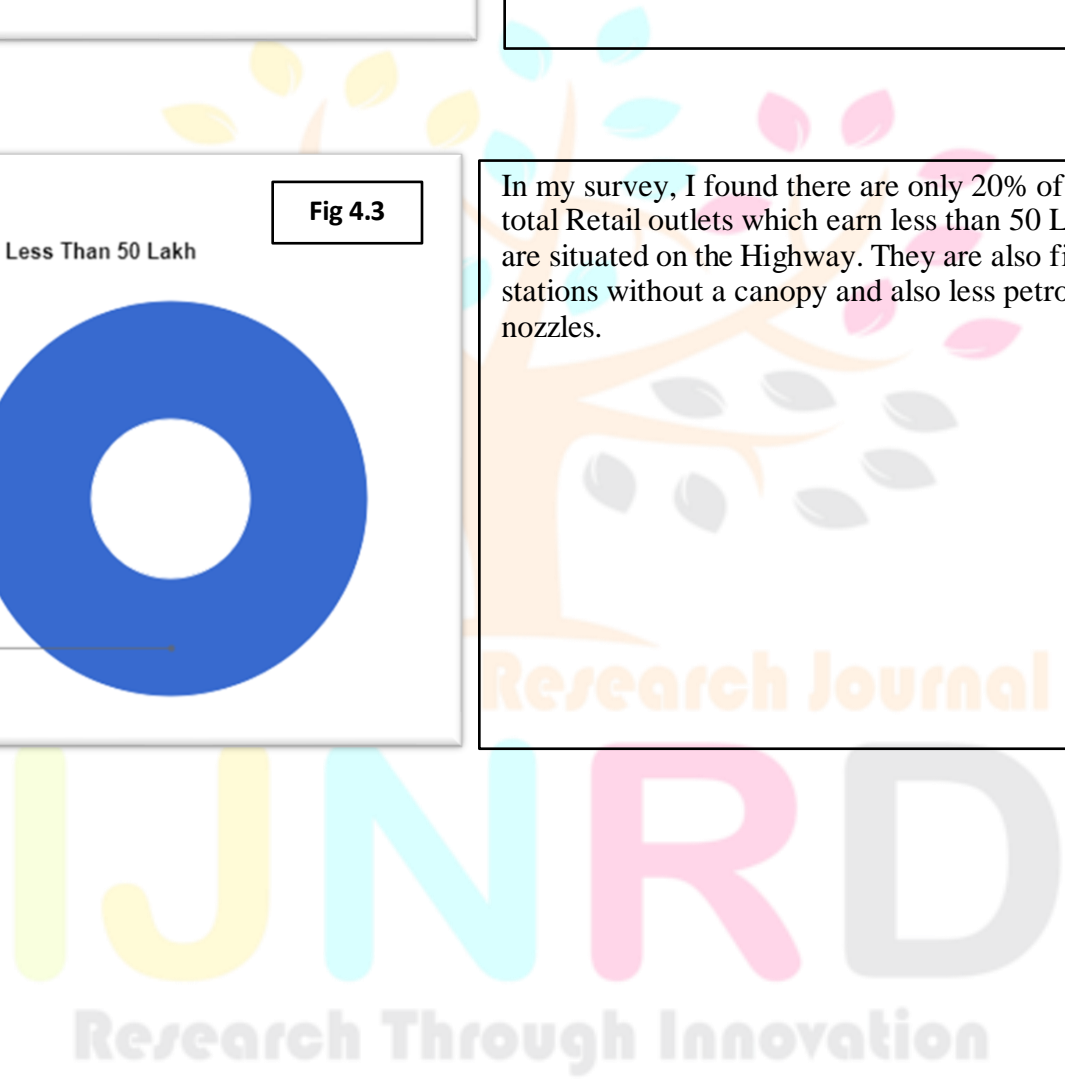


In Fig 4.2 we can see that 50% of the total Retail Outlets earn more than 50 Lakhs are situated on the side of a highway , the rest 30 % is located in the Locality areas.

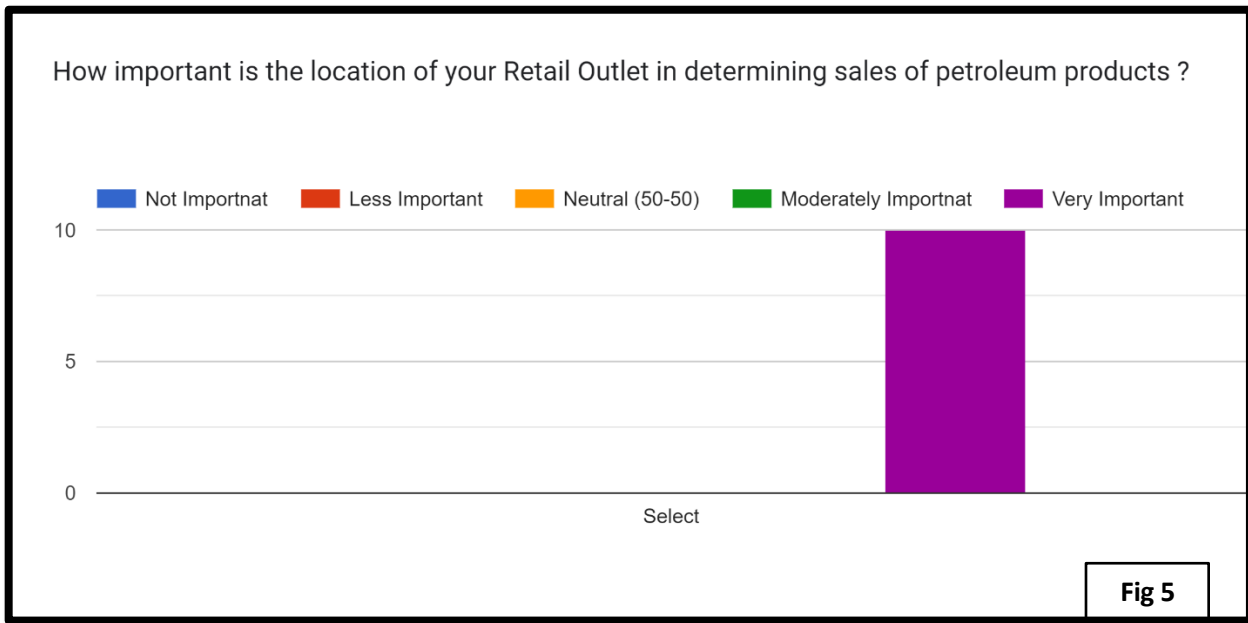
Hence , the revenue Generation is more in the Highway side Retail outlets.



In my survey, I found there are only 20% of the total Retail outlets which earn less than 50 Lakh , are situated on the Highway. They are also filling stations without a canopy and also less petroleum nozzles.



Location is ‘The Most Important’ factors that affects the sales of petroleum products in a RO. Below is the visual representation.



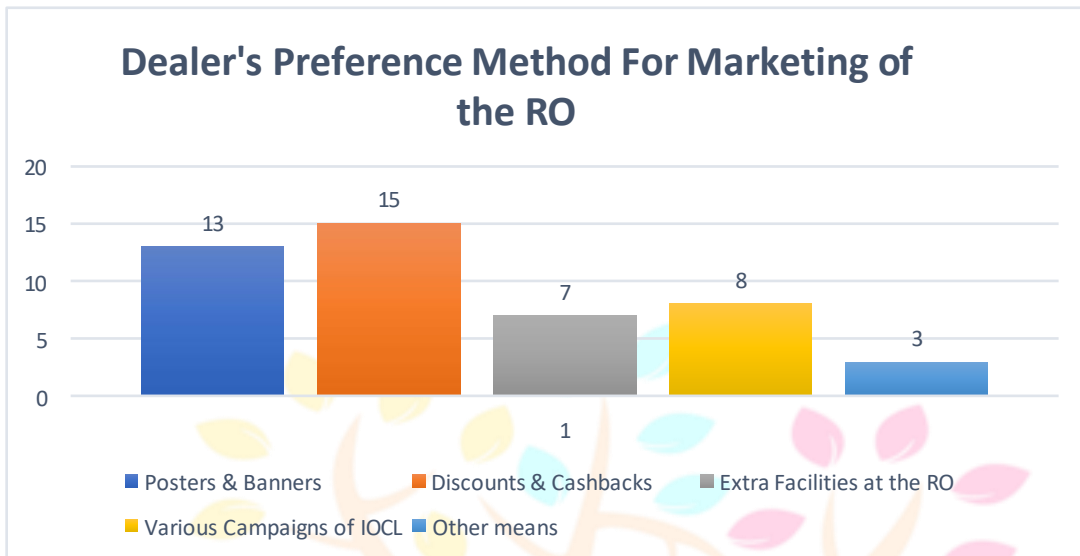
Location of the Retail Outlet also divides their overall customer base. A outlet situated on the highway side, would have customers of the big passing vehicles like trucks, buses and other cars. Whereas, an outlet situated in a locality would have mainly local customers with small vehicles likes motorbikes, domestic cars etc.

Coming to our next set of responses, we asked our respondents about their various promotional activities they undertake to increase their sales at a Retail Outlet. Promotional activities are crucial for a petroleum retail outlet to attract and retain customers, increase sales, and build brand loyalty. It is important for a petroleum retail outlet to carefully plan and execute promotional activities to ensure they align with the outlet's goals, target audience, and overall marketing



strategy. Evaluating the effectiveness of different promotional campaigns through metrics and customer feedback can help refine future promotional efforts for optimal results. Below is the diagrammatic representation of the preference of various promotional means that the RO dealers undertake.

Fig 6



In Fig we can see that the , marketing through 'Posters and Banners' top the list of preference for most of the Retail Outlets. This is because Posters and Banners, are very viable, a poster with bright colours can easily catch the eye of the customers. Also they are a sustainable means of promotion. Now lets take a look of the two area-wise retail outlet marketing method preferences.

Fig 6.1

Fig 6.1 shows us that most of the retail outlets (almost 33%) on the highway side chose to do their promotional activities through Discounts & Cashbacks, followed by 28% who went for Posters & Banners. 17% of the outlets chose the extra facilities, and the remaining 15% made the various campaigns of IOCL .

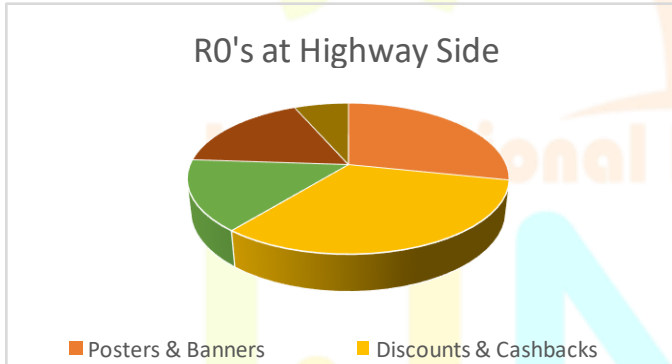


Fig 6.2

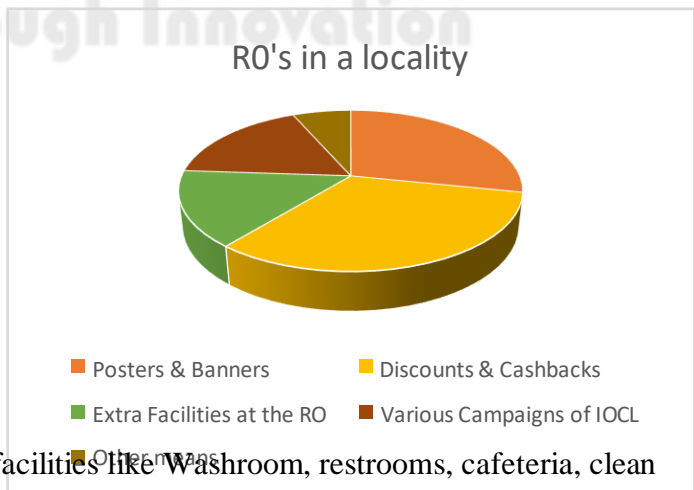
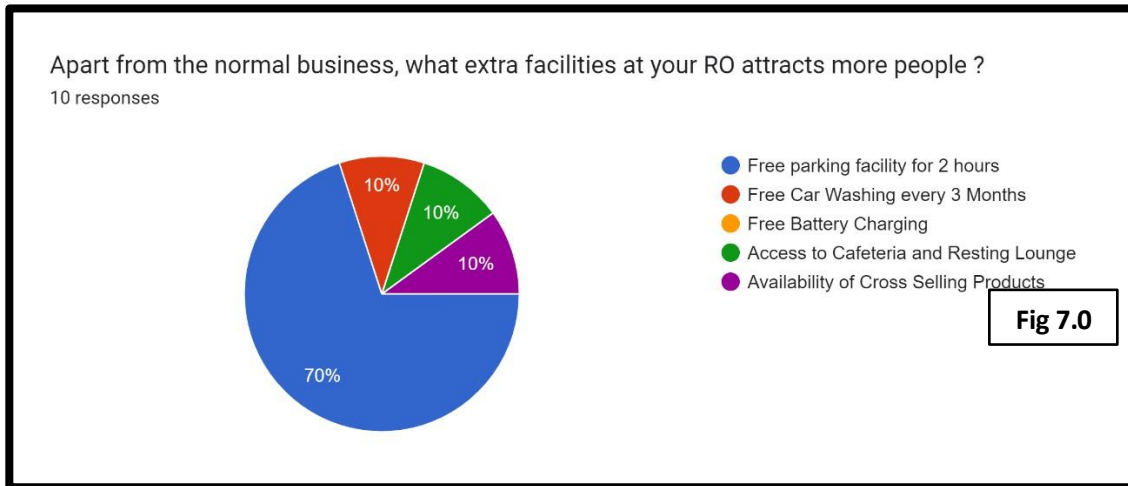


Fig 6.2 shows us that most of the retail outlets (almost 35%) on the highway side chose to do their promotional activities through Discounts & Cashbacks, followed by 27% who went for Posters & Banners. 19% of the outlets chose the extra facilities, and the remaining 13% made the various campaigns of IOCL .

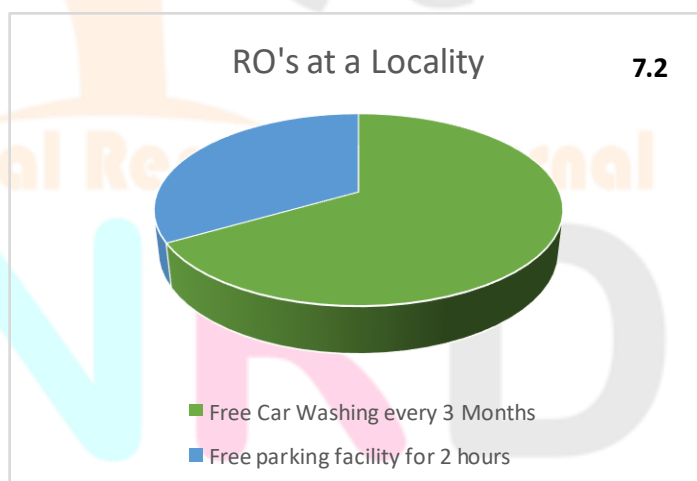
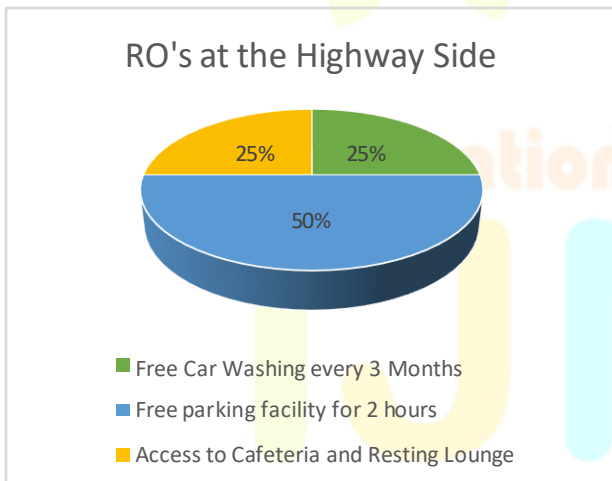
We know that the Retail Outlets provides a lot of extra facilities like Washroom, restrooms, cafeteria, clean

drinking water, free air etc. These services not only helps various customers, but also gives the RO's an edge to attract more customers over a time period. So in the coming question we asked the RO dealers which extra facility at the RO actually attracts more customers, and below in Fig 7 is the overall representation of their responses.



We can see in the above figure that the 70% of the total respondents , agreed that giving customers a parking facility for their vehicle for sometime (free of cost, if they purchase fuel at that moment) actually attracts more customers than those RO's which didn't have this facility. Other facilities got an equal weightage of 10% each.

7.1

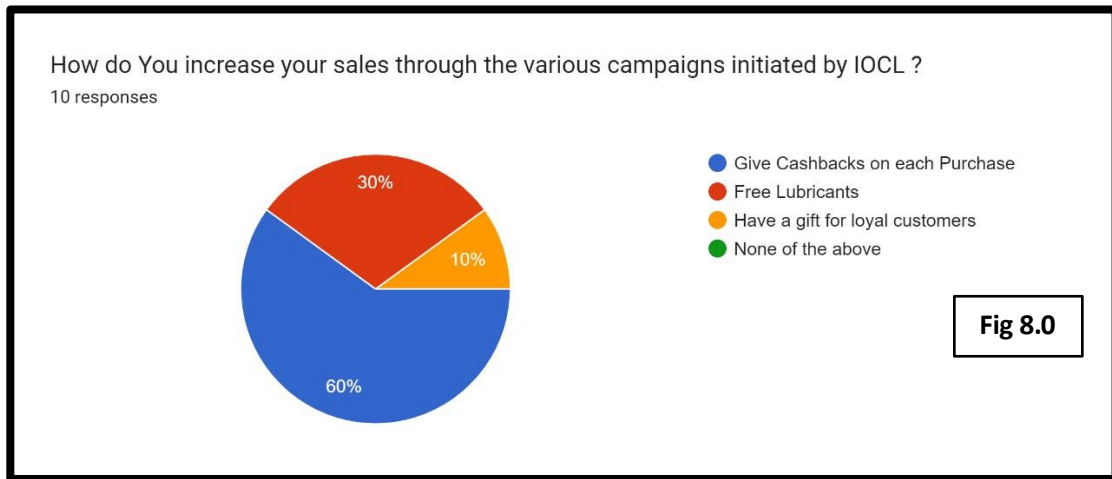


For the outlets on the highway side, we can see that the facility that allows many customers to park their vehicles attracts them the most. This is applicable for most trucks that pass through the outlets. The car washing facility and the access to the resting lounge comes after, with a response rate of 25% each.

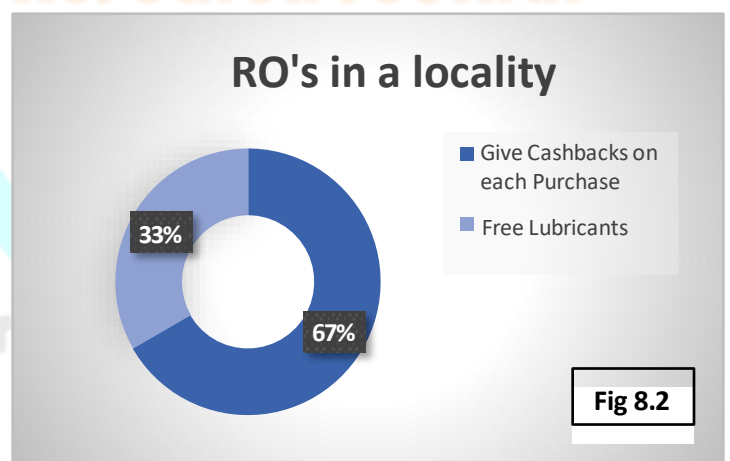
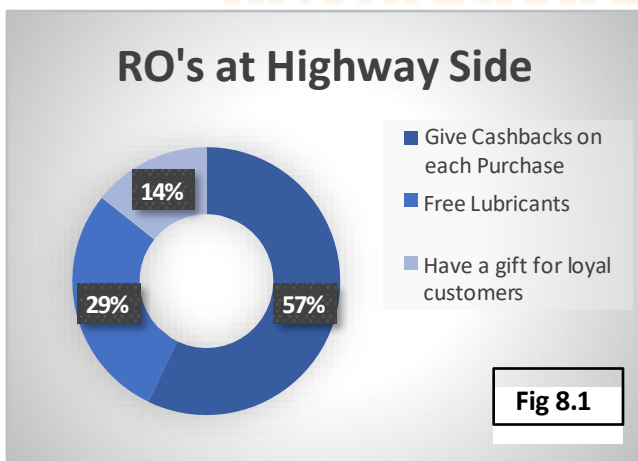
Fig 7.2 shows that 67% of the RO dealers of the outlets located in a locality prefer to have a Free car washing facility than anything else. It is followed by the free parking facility which is preferred by the remaining 33% of the dealers.

It is known that increasing sales in a petroleum retail outlet is crucial for sustaining operations, driving profitability, staying competitive, and supporting future growth opportunities. By employing effective marketing strategies, customer-centric approaches, and operational efficiencies, the outlet can work towards achieving sales growth objectives. Higher sales demonstrate the outlet's market viability, growth potential, and ability to generate returns on investment. So the next question we asked the RO dealers is what they do to increase their sales through the various campaigns launched by Indian Oil Corporation Ltd.

Below are the overall presentation in Fig 8.0.



In Fig 8.0 we can find that 60% of the Retail Outlet dealers give their customers cashbacks on each purchase of petroleum products from their retail outlet. This is currently covered under a campaign by IOCL named 'Xtra-reward'. 30% of the total dealers said that they go for giving free lubricants to the customers, and the remaining 10% prefer to have a small gift for the loyal customers.



From the set of our responses, the dealers of the outlets in the highway side, 57% of them give cashbacks on each purchase, 29% of them give free lubricants along with fuel purchase, and the rest 14% give a gift to loyal customers.

Fig 8.2 shows that, of all the dealers of the outlets 67% are those who give cashbacks on each purchase. It is followed by 33% of the dealers who prefer to give free lubricants to the customers, in order to attract more of them and increase the overall sales.

Retail Outlets under IOCL also keeps a lot of other petroleum products in their stores apart from the usual stock. The products list can go from various lubricants to distilled water. Offering a variety of petroleum products allows the retail outlet to cater to a broader range of customer needs and preferences. Different customers may require different types of fuel, such as gasoline, diesel, or alternative fuels. By providing a diverse selection, the outlet can attract and retain a larger customer base, leading to increased revenue. In the coming question we asked the dealer about this, and how much they agree to this statement.

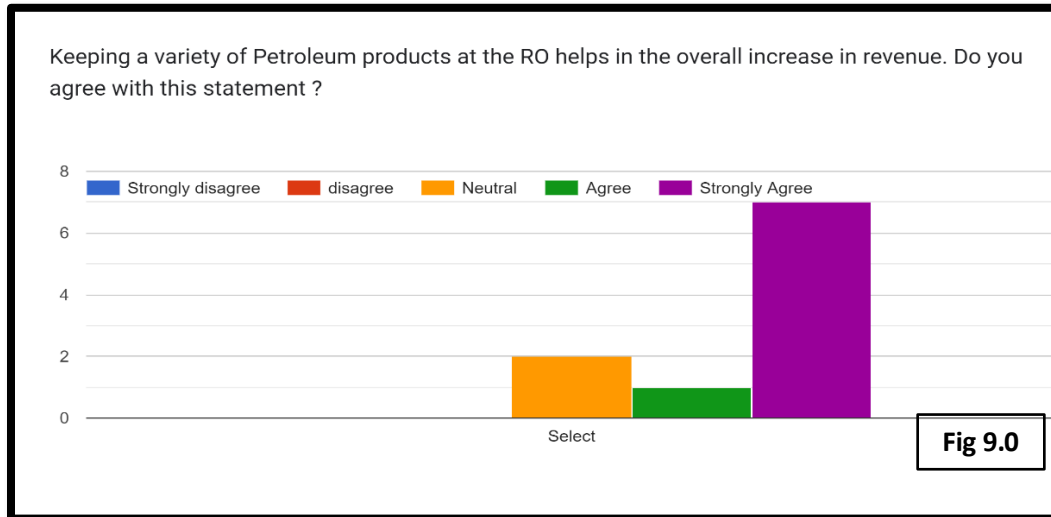
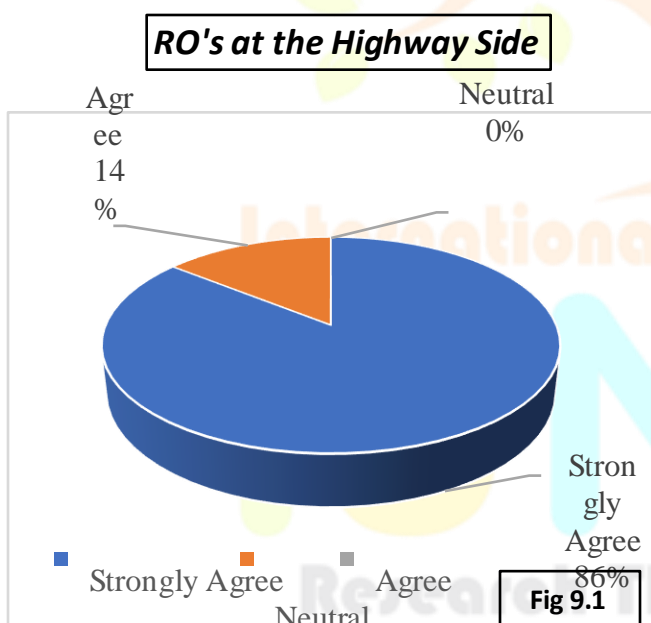


Fig 9.0 shows us that among the respondents, who here is the dealers of various Retail Outlets, 70% of them “Strongly Agree” to the fact that keeping a variety of petroleum products at the Retail Outlet apart from the regular Motor Spirit and HSD shows a great increase in the overall revenue of the outlet. There were 20% of the dealers who reminded neutral ,and the rest 10% only agreed to the fact.



Almost 86% of the dealers of the outlets at the highway believe that keeping a variety of petroleum products at the Retail Outlet will increase the overall revenue. 14% of the dealers agree but no so strongly .

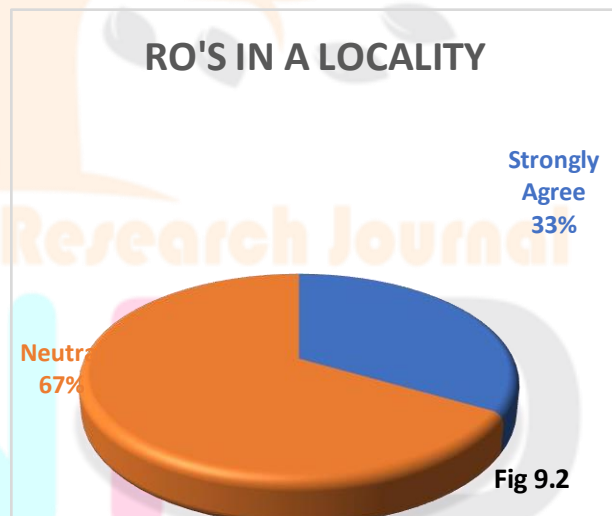
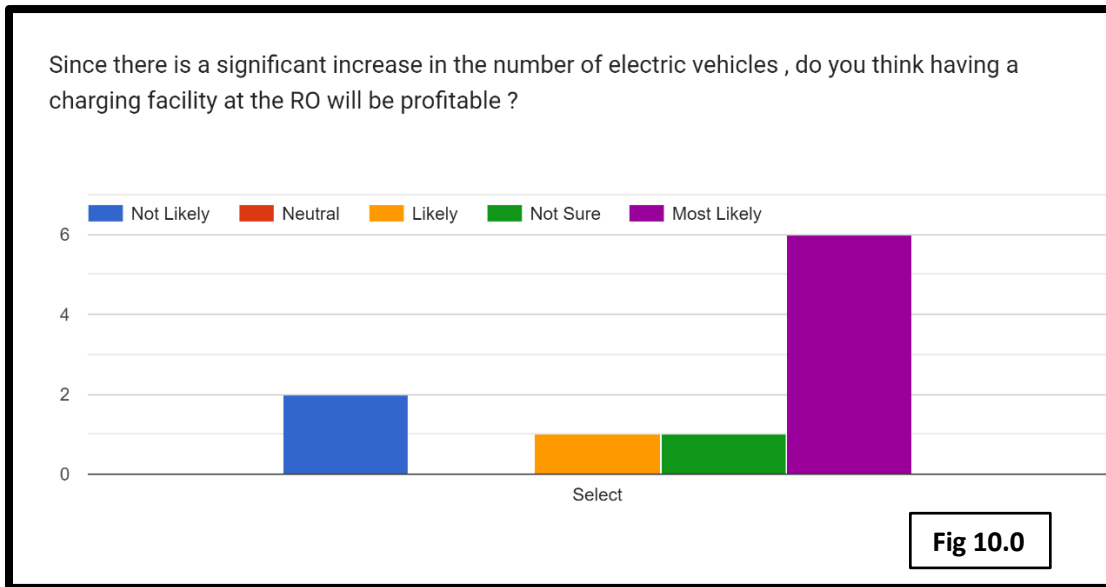


Fig 9.2 shows us that out of the dealers of outlets in a locality 33% of them strongly agree to keep other products, remaining 67% gave a neutral response that they are not very sure about it.

we asked the Retail Outlet Dealers that due to the significant increase in the electric vehicles whether putting a charging facility at the RO would be profitable or not. Below are their responses.



Among the respondents, 60% of the dealers agreed that most likely the facility would be profitable for the retail outlet. 10% of the dealers were not sure, other 10% also agreed, but to the fact the this facility will only profit the RO, not the company as a whole. Remaining 20% dealers said that Charging Facility at a petroleum Retail Outlet is not at all profitable.

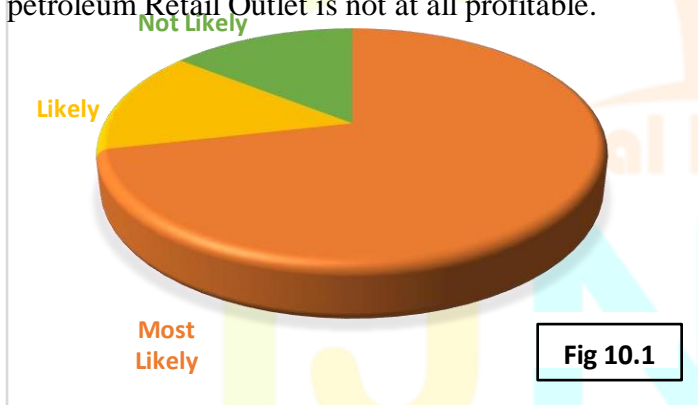


Fig 10.1 shows that 71% dealers managing the outlets on the highway side most likely believe that that a charging facility at the RO for the electric vehicles will be profitable to the RO. 14% says that it is likely to be profitable, followed by the remaining 14% dealers, who don't believe that a charging facility will be of any profit to the RO.

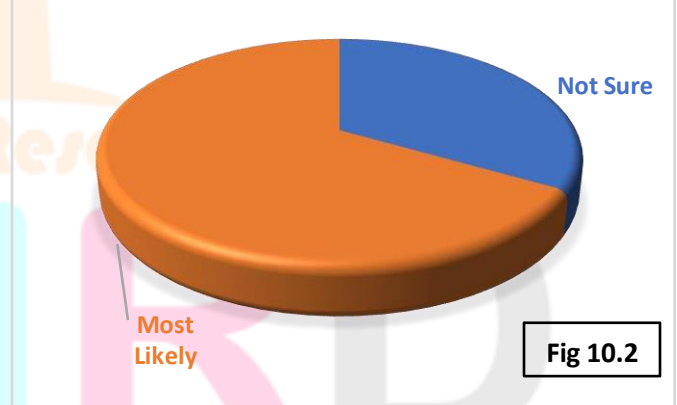
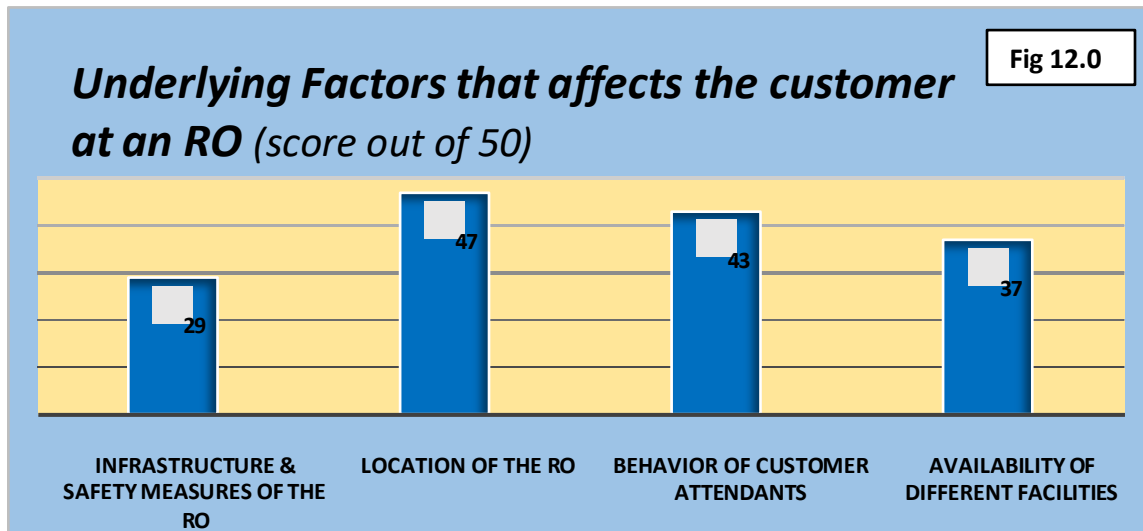
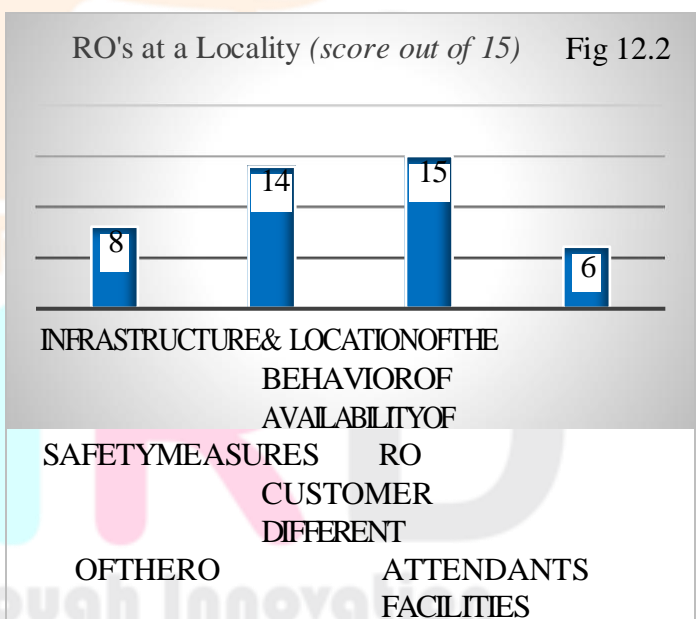
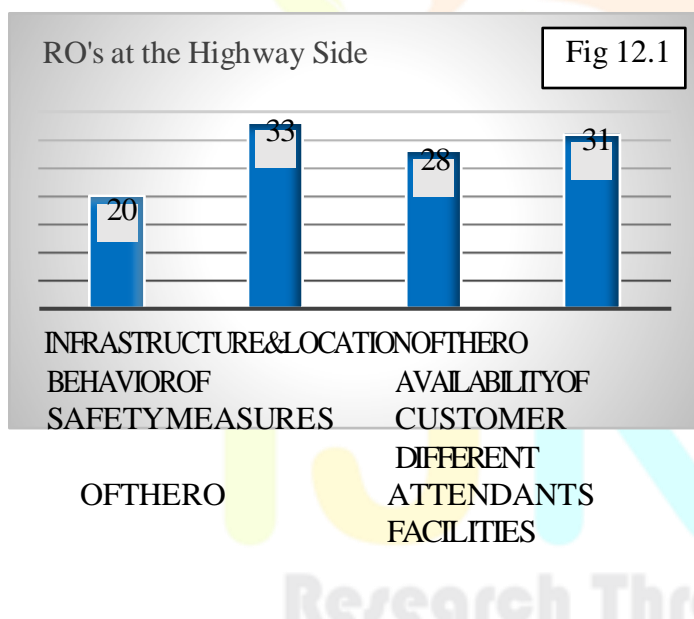


Fig 10.2 shows that 67% dealers managing the outlets situated in a locality area most likely believe that that a charging facility at the RO for the electric vehicles will be profitable to the RO. Remaining 33% dealers, who don't believe that a charging facility will be of any profit to the RO.

Apart from the availability of the fuels and proper services, there are also many underlying factors which affects the customer to a great extent. For example a customer would likely never to go back to a Retail Outlet where the Customer Attendants treated him rudely. So in this question I asked the dealers about the various underlying factors that they take care of and which factors according to them affects the customer the most. Here I have used the Likert scale so that the respondents can properly rate the factors. Below Fig 12.0 shows the overall representation of the responses.



We can see that most of the Retail Outlet dealers got gave Location of the Retail outlet as the most important underlying factor with a score of 47, followed by the behaviour of the customer attendants. Availability of Different resources got a third position, finally followed by the overall infrastructure of the RO. Now lets see category wise.

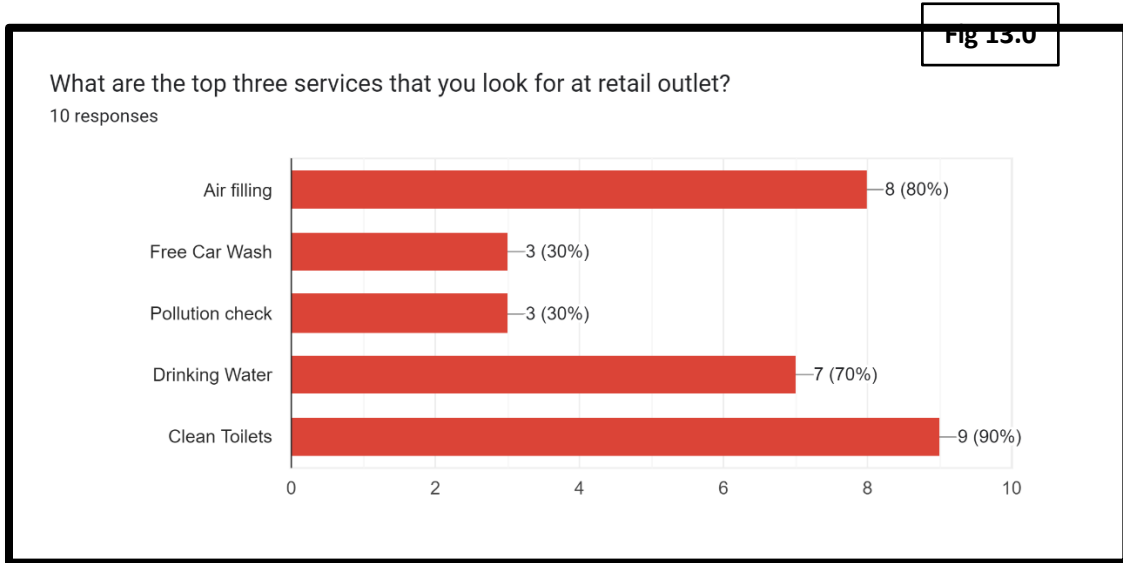


From Fig 12.1, we can see that to the dealers managing the highway-side-outlets , location of the Retail Outlet is the most important underlying factor, followed by the availability of different facilities at the RO , behaviour of the Customer attendants. The dealers believe that the infrastructure and safety measures is the least important underlying factor to attract customers.

From Fig 12.2, we can see that to the dealers managing the locality-located-outlets , behaviour of the customer attendants is the most important underlying factor, followed by the location of the RO ,infrastructure and safety measures of the RO. The dealers believe that the availability of the different facilities is the least important underlying factor to attract customers.

In the last question of our questionnaire, I asked the Retail Outlet dealers about the top 3 services that most customer looks for in the Retail Outlet apart from the usual business of petroleum products. Here, also to collected the responses properly, every RO dealer was asked to select 3 services from the given 5 options.

Below is the representation of the responses.



From the above chart, we can see that from all the respondents, almost 90% of the dealers agree that customers are more often looking to use clean washroom facility at the RO, the Air filling facility to be the second one which was selected by 80% of the dealers. Third important service that many customers look for is the supply of clean drinking water at the RO. Other facilities like 'Free Car Wash' and 'pollution Check' are taken by the customers less number of times as compared to the other three. So only 30% of the total respondents actually voted for these. Below in the two charts we categorized the needs into two categories of Retail outlets based on their area of location, the Highway side and 'In a locality'.

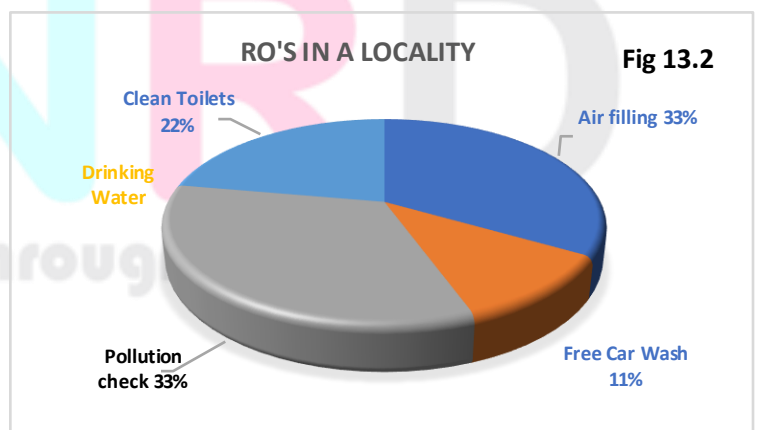
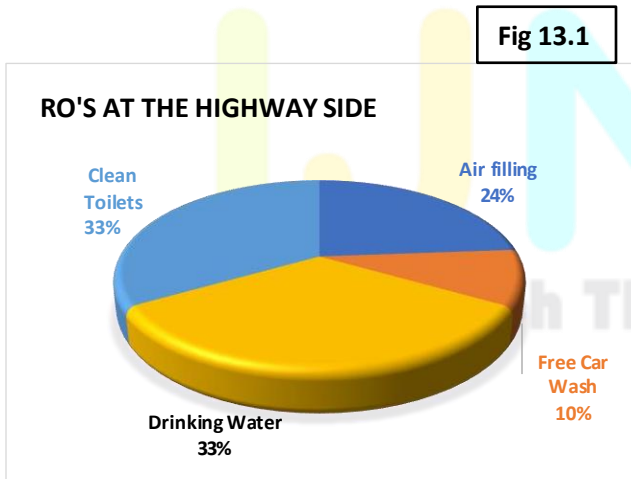


Fig 13.1 shows that 33% dealers managing the highway-side-outlets, says that apart from the normal services, the customers look for drinking water, clean toilets and air filling facilities. These are the top 3 extra services most customers look for.

Fig 13.2 shows that 33% dealers managing the locality-located-outlets, says that apart from the normal services, the customers look for pollution checks, air filling facilities and clean toilets. These are the top 3 extra services most customers look for in a RO located in a locality.

Findings

After thoroughly analyzing the responses of the Retail Outlet Owners and also going through the demographics, we have found out a number of things that would be very beneficial for any person aspiring to come in the field of managing Retail Outlets . They are given below in bullet points.

- Out of the samples , we have taken , it is found that most RO s situated on the highway side earn more than the ones situated in a locality.
- Most of the Retail Outlet dealers has a experience of more than 5 years, so any amateur should first prefer to take abundance guidance or work in the RO for few years before starting to manage it.
- Location of the Retail Outlet is the ‘Most Important’ thing which decides the monthly sales figure of the RO. Any location away from regular traffic would result in losses for the RO.
- Since there are a lot of marketing techniques available for the retail outlets, but the traditional methods of putting Posters and Banners in front of the RO still remains the first choice for most dealers.
- Providing extra facilities at the RO do attracts a lot of customers. From all the facilities, letting the customer park his vehicle in the RO for a few hours without any extra cost, makes the customers choose that RO from the others.
- Giving a certain amount of cashback on each purchase actually helps to increase the sales. This happens more with the Retail Outlets in a locality where many people buys fuel regularly.
- Keeping other petroleum products in the RO gives an increase in monthly revenue .
- Most of the dealers think that having a charging facility in the RO for the electric vehicles would be profitable, since in the future there would be a significant increase in the electric vehicles and the sale of petroleum products may drop.
- Proper infrastructure plays an very important role to attract customers.
- Many underlying factors like behaviour of the Customer Attendant , location and extra facilities at the RO determine its overall sales.
- Many people look for some facilities like Clean Toilets, Clean drinking water, air filling etc , which the RO should definitely have.

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