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**DETERMINING THE IMPORTANCE OF
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CUSTOMER LOYALTY: CASE REVIEW OF 9
FUEL STATIONS IN DELHI REGION**

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Determining the Importance of Marketing Offerings in Influencing Customer Loyalty: Case Review of 9 Fuel Stations in Delhi Region

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Abstract – With increased globalization and competition, companies are increasingly adopting unique marketing strategies to improve their performance and retain their customer base. Although organizations are familiar with the importance of customer satisfaction and loyalty, fuel stations are still not aware about this. The objective of the study is to identify the effect of implementing market activities on customer satisfaction and loyalty. A sample of 150 customers frequenting to 9 different (BPCL, HPCL, IOC and Others) fuel stations in Delhi were surveyed, using systematic sampling technique to study the different market offerings provided by fuel stations. Correlation analysis results showed that banking services and petro card services are highly important and affected by the level of customer satisfaction in the fuel stations.

Regression analysis results revealed that the level of customer satisfaction get positively affected with services available at fuel station. Further, factor analysis identified that contests, scratch cards, lucky draws; annual rating point permanent card and anniversary schemes affect customer loyalty. Thus, it can be said that service offerings ensure customer loyalty.

Keywords: Promotional Offering, Petrol Pump, Marketing Strategies, Customer Loyalty and Satisfaction, Delhi NCR

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1.1 BACKGROUND OF THE STUDY

In today's competitive world, it has become crucial for organizations to develop relationship with customers and sustain them for a longer duration of time (Hallowell 1996). Relationship marketing is the type of market strategy adopted to enhance relationship with customers and more importantly to study customer's buying behavior (Dutsenwai et al. 2015). Relationship marketing strategy is employed within the business organization in order to develop and retain chain of committed customers by reducing effort and time spent on the same. It also brings confidence, social benefits and special treatment to the customers of an organization by improving complementary services promotion, thereby improving market share and overall profitability (Pisani et al. 1999). It is a rewarding strategy for both customers and organization as it fosters satisfaction and loyalty among customers (Li & Green 2011). Hence, relationship marketing strategies are positively associated to the performance of an organization (Bolton 1998).

In today's competitive world, petrol pumps are facing resource scarcity and difficulty in maintaining customers base. This study plays a critical role in

emphasizing petroleum industries to focus on marketing offering in order to sustain their customer base and gain market share. There is the need to examine the effect of market strategies like sales promotion, quality of products and services, ATM services, food outlet services, etc. and their influence on customer satisfaction and loyalty for this sector.

1.2 AIM AND OBJECTIVES

The aim of the present research study is to determine the impact relationship marketing strategies on the customer satisfaction and loyalty of the petroleum retaining sector. The objectives are:

1. To examine the effect of marketing offerings on customer satisfaction in petrol stations.
2. To study the effect of customer satisfaction on customer loyalty in the petrol station.

1.3 LITERATURE REVIEW

Njoku & Kalu (2015) conducted a case study on fast food industry in West Africa Region to identify various factors that impact customer loyalty and brand failure

with the sample size of 820 consumers, the objective of the study is to investigate the impact of fast food venture's services on customer satisfaction and loyalty. Through the study it was found that these types of the quick service restaurants attract large number of the customers as they are quickly served and could even take-out packages and thus have a significant impact on customer satisfaction and loyalty.

While in contrast to this, Jeon (2015) carried out a research to examine the impact of Wi-Fi services on loyalty of customers at different restaurants of South Korea with the sample size of 314 respondents, it was investigated that providing free Wi-Fi service is an effective tool to strengthen the relationship with the customers and thus increasing customer loyalty and satisfaction. It was also found that the service has shown a significant impact on attracting the customers to the company.

However, Scheidt & Bachmann (2012) studied management of petrol stations with sample size of 2000 respondents, fuel station offers prepaid cards to the customers so that they would find it convenient to utilize the services offered by the same. The services that were being provided through these prepaid cards consisted of fuel service, car wash service, café services, etc. Also car wash card was being provided to the frequent customers so that they can avail special discounts on the car wash service with ease and flexibility. In contrast, Ubeja & Bedia (2012) studied customer satisfaction in different shopping malls with sample size of 150 respondents, to figure out the impact of sales promotion on customer satisfaction in the malls of Gwalior and Jabalpur study. The study helped managers to identify various factors for sales promotion, namely Lucky by chance offers, gift and exchange offers, etc. that have a significant impact on customer loyalty. In contrast to the above, Jumaat et al. (2010) studied the impact of using loyalty card programs in different departmental stores of Malaysia among 160 respondents, the main objective of the research study was to identify loyalty card programs effectiveness in building customer loyalty. It was found that trust of the customer, attitude and its satisfaction has a significant impact on customer loyalty. Bearden & William (1977) conducted the study with 135 customers to examine the impact of convenience store facilities on the customer loyalty. It was found that convenience store location, atmosphere, friendliness, and attitude of the employee are factors that affect customer's loyalty and satisfaction. The findings of the study suggested that convenience store facilities have a direct influence on the customer loyalty toward the same. Through various empirical studies, it was determined that various market offerings like Wi-Fi services, pre-paid card services, trust, efficiency of services, loyalty card programs etc. have a positive impact on customer satisfaction and loyalty, as shown in Table 1.

Hypothesis	Dependent Variable	Independent Variable
Hypothesis 1	Customer satisfaction	Banking service, fast food outlets availability, medical stores availability, and convenient goods at stores, telephone or internet services, petro card services, vehicle cleaning services and car servicing products.
Hypothesis 2	Customer loyalty	Contests, scratch cards, lucky draw, annual rating point on permanent card, anniversary schemes, spot offers, product warranties, weekly offers, bonus, cash backs, free gifts, buy one get one free, stock clearing scale

Table 1: Hypothesis, Dependent and Independent Variables identified

1.4 METHODOLOGY

The study was conducted to examine the effect of market offerings on customer loyalty and satisfaction was evaluated on the basis of services provided by different fuel stations. For this purpose, a survey was carried out among customers frequenting 9 fuel stations in Delhi, using close-ended structured questionnaire. Sample of 150 respondents were chosen randomly using systematic sampling technique. The data collected from these respondents was analyzed using the statistical tools, specifically, correlation, regression analysis and factor analysis to determine the strength of relationship between the factors analyzed and to measure the impact of these factors on customer loyalty and satisfaction using SPSS v.21. Secondary data was collected from the newspapers, journals, magazines, websites, etc.

Hypotheses proposed for the study are:

H1: *Level of customer satisfaction is dependent on services provided within the fuel station.*

H2: *Customer loyalty towards a specific petrol pump is dependent on promotional offerings provided by the same*

1.5 FINDINGS

Through descriptive analysis, it was found that more number of respondents (28.7%) belonged to North

Delhi and (26.7%) to East Delhi region. It was also found that more number of customers (27.2%) prefer to go Bharat Petroleum and (29.3%) to the other fuel stations of Delhi. 43.3% of customers mentioned that fuel stations do not provide any reward or offers while 20.7% of the customers don't have any knowledge regarding it.

Demographic Profile	Frequency	Percent
Age		
Below 20 years	22	14.7
20-35 years	58	38.7
36- 50 years	45	30.7
Above 50 years	25	16.7
Area of Residence		
North Delhi	43	28.7
South Delhi	31	18.3
East Delhi	40	26.7
West Delhi	36	24.0
Vehicle Type		
Two Wheeler	25	16.6
Four Wheeler	125	83.3
Frequency of Visits		
Everyday	28	18.7
Once in a week	25	16.7
Twice a week	39	26.0
Rarely	58	38.7
Name of Fuel Station		
Bharat Petroleum (BPCL)	41	27.3
Hindustan Petroleum (HPCL)	47	31.3

Indian Oil (IOC)	18	12.0
Others	44	29.3
Contests & Rewards		
Yes	54	36.0
No	65	43.3
Not Sure	31	20.7

Table 2: Descriptive Results of the Respondents Surveyed

HYPOTHESES TESTING

H1: Level of customer satisfaction is dependent on services provided within the fuel station.

Correlation Analysis: Out of 8 dimensions, banking service (credit card service) and car servicing facility (automotive repair tools or spare parts) were found significant because of their higher value. It was found that banking service is positively correlated (0.921) to the level of satisfaction with services available at fuel station and is significant at 0.000. A similar study by (Limo & Kosgei 2014) found that service quality, sales promotion and product assortment are affected by loyalty of customers. Banking services or credit card service in fuel stations has $\beta = 0.664$ ($p = 0.000$) carries the highest value or weightage for level of customer satisfaction.

	Pearson Correlation	Sig. (2-tailed)	Beta	t	Sig.
Level of satisfaction with services available					
Banking service (credit card service)	0.921**	0.000	.664	13.087	0.000
Petro-card services (smart card or fleet card service)	0.836**	0.000	.424	5.250	0.000
Car servicing products	0.909**	0.000	-.194	-1.797	0.000

a. Dependent Variable: Level of satisfaction with services available

Table 3: Construct Correlation within the Dependent and Independent variables

Also it was found that car servicing products are positively correlated (0.909) to level of satisfaction with services available at fuel station ($p = 0.000$), but the $\beta = -.194$ suggesting that it carries the least value towards level of customer satisfaction in different fuel stations. These results show that if there is any change in fuel's station car servicing products would not affect level of customer satisfaction in fuel stations. This shows that banking services (credit card services) and petro card services (smart card or

fleet card services) are highly important and affected by the level of customer satisfaction in the fuel stations.

Regression Analysis: From this study it is found that R value (0.977) represents that the level of customer satisfaction with services available at fuel station is highly and positively affected by the independent variables. Hence the determinant of regression (R^2) is 0.955 shows that 95.5% of the variation in customer level satisfaction with services is available at fuel station which are explained by the independent variables. Also, the values of Adjusted R Square of all the dimensions being 0.953, suggests that more than 95% of the surveyed respondents of feel that their satisfaction and loyalty depends upon the services provided by fuel stations. Further, through the value of F which is 377.738, the variance degree is justified.

Model Summary						
Model	R	R Square	Adjusted R Square	F	Sig.	Cronbach's Alpha
1	.977 ^a	.955	.953	377.738	.000 ^b	.948
a. Predictors: (Constant), Car servicing products, Medical stores availability, Banking service, convenient goods at stores, Fast food outlets availability, Vehicle cleaning services, Telephone or internet services, Petro card services.						

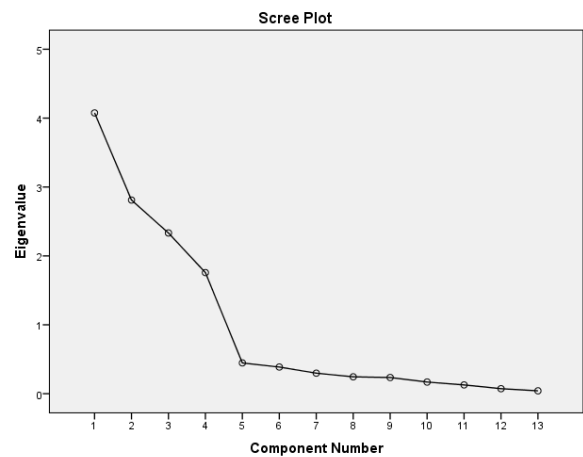
Table 4: Regression Model Summary

The F ratio has a value of 377.738, which at $p=0.000$ shows that result of regression does not occur by chance. The Cronbach's Alpha value was found to be 0.952, signifying that the data is highly reliable.

As per the above results, hypothesis was proved and accepted which signifies that “*Level of customer satisfaction is dependent on services provided within the fuel station*”

H2: *Customer loyalty towards a specific petrol pump is dependent on promotional offerings provided by the same*

Factor analysis was performed in order to examine the outcomes of marketing strategies on customer loyalty in different fuel stations of Delhi. The results of the correlation matrix reflect that most of the correlations were higher than .33 which shows variables have something common in them and hence factor analysis was further initiated. KMO test performed for the present study showed the KMO test value at 0.655, which is significant. Bartlett's test of sphericity revealed that the Approx. Chi Square was found to be 1668.989 which was significance at .000, according to which the data was apt for doing factor analysis.



The Screen test graph shows that only first 4 components whose Eigen value were greater than 1 were extracted after these factors the graph curve smoothens approximately to give straight line.

Rotated Component Matrix ^a				
	Component			
	1	2	3	4
Contests	.899			
Scratch Card	.863			
Lucky Draw	.910			
Annual Rating point on permanent card	.891			
Anniversary/Festival Schemes	.889			
Bonus/Extra		.953		
Refunds/Cash Back		.943		
Free Gift		.943		
Spot/ Movement Offers			.870	
Product Warranties			.890	
Weekly/Monthly offers			.954	
Buy one Get one free				.947
Stock clearing Sale				.946
a. Rotation converged in 4 iterations.				

Table 5: Rotated Component Analysis

The result of rotated component matrix shows that 4 marketing strategies (factors) are important for fuel stations to achieve customer loyalty and these were

contests, scratch cards, lucky draw, annual rating point permanent card and anniversary schemes. According to the responses from the several events are being organized all around the year. Fuel stations organize various types of contests like 'Diwali wali selfie' which is generally held during Diwali and digital photo contests for customers, wherein the photos are posted on Facebook and based on the photo which gets maximum like is give a prize. Further, scratch card offers like 'Jackpot Khelo Aur Jeeto', have also been conducted across different fuel stations which even offer high-end cars as a jackpot prize. Lucky draw events have also been conducted annually across different fuel stations. All these factors were studied through the quantitative questionnaire and get clustered according to their high correlation. These factors which were identified affect the customer loyalty in the fuel station.

Similar results were concluded by Dutsenwai et al. (2015) who proved the contests and the reward systems are critical to attract the consumers and thus retaining them.

As per the above results, hypothesis that is "Customer loyalty towards a specific petrol pump is dependent on promotional offerings provided by the same" was accepted.

1.6 DISCUSSION AND CONCLUSION

In conclusion, it can be concluded that the factors like banking services and car product services are critical to retain and satisfy customers in fuel stations and it was also examined that that promotional offerings like contests, scratch cards, lucky cards, anniversary offers, and annual rating point on permanent card are important factors to attain loyalty of customers. As the study is only limited to the attainment of customer loyalty through marketing strategies or promotional offerings, future study must be conducted that can underpin relationship marketing strategies like trust, effectiveness of communication, commitment of employees, ability to handle conflicts, etc. with an objective to attain customer satisfaction that would further affect overall customer loyalty.

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APPENDIX I: QUANTITATIVE QUESTIONNAIRE

The following questions are address to determine the impact of marketing offerings like cash back, discounts, etc. on customer satisfaction and loyalty. The objective of the study is to the effect of marketing offerings on customer satisfaction in petrol stations. With regards to the study following are the survey questions.

Your participation is deemed to be voluntary and your identity, as well as your answers to the questions will remain confidential.

Thank you.

Section A: Importance of services provided by fuel stations

1. What is the importance of availability of specific services at the Petrol pump for your satisfaction level?

- ☐ Very important
- ☐ Important
- ☐ Neutral
- ☐ Less Important
- ☐ Least Important

2. Rate the following statements to assess the level of satisfaction with services available at the Petrol Pump. The following questions are based on 5 point scale where 5 denotes Very Important and 1 denotes Least Important, with 3 being Neutral.

Services Provided	5	4	3	2	1
Availability of banking services (credit card services)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fast food outlets availability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Availability of medical stores	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Facility of convenient goods at stores	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Availability of telephone or internet services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Petro card services (smart card or fleet card services) availability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Provision of vehicle cleaning services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Services Provided	5	4	3	2	1
Provision of car servicing products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Section B: Impact of marketing offerings on customer loyalty

3. Is your loyalty to the petrol pump dependent on the marketing offerings of the station?

- ☐ Strongly disagree
- ☐ Disagree
- ☐ Neutral
- ☐ Agree
- ☐ Strongly agree

4. Loyalty towards a specific petrol pump is dependent on following promotional offerings. The following questions are based on 5 point scale (strongly agree), where 5 denotes Strongly Agree and 1 denotes Strongly Disagree, with 3 being Neutral.

Marketing Offerings	5	4	3	2	1
Spot/ Movement Offers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Contests	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Scratch Card	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lucky Draw	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Annual Rating point on permanent card	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Anniversary/Festival Schemes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Weekly/Monthly offers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bonus/Extra	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Refunds/Cash Back	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Free Gift	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Product Warranties	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Buy one Get one free	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stock clearing Sale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Section C: Demographic profile and general background of the respondents

1. What is your age?

Below 20 years ☐ *20- 35 years* ☐

36 – 50 years ☐ *Above 50 years* ☐

2. What is your residential area?

North Delhi ☐ *South Delhi* ☐

East Delhi ☐ *West Delhi* ☐

3. Type of vehicle you own?

Two wheeler ☐ *Four wheeler* ☐

4. How frequent do you visit petrol station?

Everyday ☐ *Once in a week* ☐

Twice a week ☐ *Rarely* ☐

5. You are a regular customer to which fuel station?

Bharat Petroleum ☐ *Hindustan Petroleum* ☐

Indian Oil Corporation ☐ *Others* ☐

6. Does the fuel station you frequent to, offer contests and reward opportunities?

Yes ☐ *No* ☐

Not Sure ☐

Any other comments

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